AIS

AMALGAMATED INDUSTRIAL STEEL BERHAD

196901000692 (9118-M)

ANNUAL REPORT 2019

WHAT'S INSIDE

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ghazali Bin Mat Ariff
Chairman,
Independent Non-Executive Director

Datuk Hew Lee Lam Sang
Independent Non-Executive Director

Tuan Haji Fauzi Bin Mustapha
Independent Non-Executive Director

Dato' Ronnie Lim Yew Boon
Executive Director

Mr. Lim Chin Sean
Executive Director

Dr. Goh Swee Por
(Alternate Director to Mr. Lim Chin Sean)

KEY SENIOR MANAGEMENT

Mr. Chan Keen Wai
Chief Operating Officer

Mr. Casey Choh Kim Chiew
Chief Financial Officer

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Datuk Hew Lee Lam Sang

Members
Dato' Ghazali Bin Mat Ariff
Tuan Haji Fauzi Bin Mustapha

NOMINATION COMMITTEE

Chairman
Datuk Hew Lee Lam Sang

Members
Dato' Ghazali Bin Mat Ariff
Tuan Haji Fauzi Bin Mustapha

REMUNERATION COMMITTEE

Chairman
Dato' Ghazali Bin Mat Ariff

Members
Tuan Haji Fauzi Bin Mustapha
Datuk Hew Lee Lam Sang

COMPANY SECRETARIES

Chen Bee Ling
(MAICSA 7046517)
SSM P.C. No. 202008001623

Nurly Salmi Binti Ruhaiza
(MAICSA 7073753)
SSM P.C. No. 202008000293

AUDITORS

Crowe Malaysia PLT 201906000005
(LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 603-2788 9999
Fax : 603-2788 9998

Corporate Information

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

Unit 8-02, Level 8
Menara LGB
No.1, Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel : 603-2788 9322
Fax : 603-2788 9340
E-mail : admin@aisberhad.com.my
Website : www.aisberhad.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(Reg. No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor, Malaysia
Tel : 603-7890 4700
Fax : 603-7890 4670

PRINCIPAL BANKERS

(In alphabetical order)
CIMB Bank Berhad
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Code : **2682**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Ninth Annual General Meeting ("49th AGM") of Amalgamated Industrial Steel Berhad [Registration No. 196901000692 (9118-M)] ("the Company") will be conducted fully virtual at the **Broadcast Venue** at **Level 3, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur** on **Thursday**, **18 June 2020** at **11.00 a.m.** for the following purposes:

AGENDA

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' and Auditors' Reports thereon. (Please refer to Explanatory Notes to the Agenda)

2. To approve the payment of Directors' fees of RM96,000.00 for the financial year ended 31 December 2019. Ordinary Resolution 1

3. To approve the payment of Directors' benefits (other than Directors' fees) up to an amount of RM132,724.00 for the period from 19 June 2020 until the next AGM of the Company. Ordinary Resolution 2

4. To re-elect the following Directors who retire by rotation pursuant to Clause 123 of the Company's Constitution:

   4.1 Dato' Lim Yew Boon; and Ordinary Resolution 3
   4.2 Dato' Ghazali Bin Mat Ariff Ordinary Resolution 4

5. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Ordinary Resolution 5

SPECIAL BUSINESS:-

To consider and, if thought fit, pass with or without modifications, the following ordinary resolutions:

6. **Authority for Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016** Ordinary Resolution 6

   "**THAT** subject always to the Companies Act, 2016, the Company's Constitution and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Companies Act, 2016 to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being."

7. **Continuing in Office as Independent Non-Executive Director** Ordinary Resolution 7

   "**THAT** approval be and is hereby given to Tuan Haji Fauzi Bin Mustapha who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company in accordance with Clause 106 of the Company's Constitution and Practice 4.2 of the Malaysian Code on Corporate Governance ("MCCG") 2017."

8. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

BY ORDER OF THE BOARD

CHEN BEE LING (MAICSA 7046517)
(SSM Practising Certificate No. 202008001623)

NURLY SALMI BINTI RUHAIZA (MAICSA 7073753)
(SSM Practising Certificate No. 202008000293)

Company Secretaries

Selangor Darul Ehsan
20 May 2020

Notice of Annual General Meeting

Notes: -

1. The Meeting will be conducted as fully virtual meeting where shareholders are only allowed to participate remotely via live streaming and online voting Remote Participation and Electronic Voting ("RPEV") facilities which are available on Boardroom Smart Investor Portal at https://web.lumiagm.com/. With RPEV facilities, a shareholder may exercise his right to participate and vote at the 49th AGM via the following mode of communication: i) Typed text in the Meeting Platform ii) E-mail questions to bsr.helpdesk@boardroomlimited.com prior to the Meeting. Please follow the procedures provided in the Administrative Guide for the 49th AGM in order to register, participate and vote remotely via RPEV facilities.

2. The venue of the Meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue (Broadcast Venue). No shareholders/proxy(ies) from the public shall be physically present at nor admitted to the Broadcast Venue.

3. In regard of deposited securities, only members whose names appear in the Record of Depositors as at **12 June 2020** ("General Meeting Record of Depositors") shall be eligible to participate and vote at the Meeting.

4. If a member entitled to attend and vote at the Meeting is not able to participate at the 49th AGM via RPEV facilities, he may appoint a proxy to participate and vote at the Meeting on his behalf. The proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and there shall be no restrictions as to the qualification of the proxy. A proxy appointed to participate and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.

6. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

7. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he may appoint at least one proxy in respect of each securities' account he holds with ordinary shares of the Company standing to the credit of the said securities account.

8. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

9. The instrument appointing a proxy must be deposited with the Share Registrar, Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or adjourned meeting, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, or by electronic means through Boardroom Smart Investor Online Portal at https://www.boardroomlimited.my/ not later than 48 hours before the Meeting.

Explanatory Notes to the Agenda:

Item 1 of the Agenda

This item of the Agenda is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

Item 3 of the Agenda - Ordinary Resolution 2

Payment of Directors' benefits (other than Directors' fees)

In compliance with Section 230(1) of the Companies Act, 2016, the Company is seeking for shareholders' approval for payment of Directors' benefits (other than Directors' fees) up to an amount of RM132,724.00 for the period from 19 June 2020 until the conclusion of the next AGM of the Company as follows:

	RM
Directors' meeting allowances for the period from 19 June 2020 up to next AGM	56,800.00
Directors' benefits in kind for the period from 19 June 2020 up to next AGM	75,924.00
Total	**132,724.00**

The calculation is based on the estimated number of scheduled and/or special Board and Board Committees' meetings and on the assumption that all the Directors will remain in office until the next AGM

Notice of Annual General Meeting

Explanatory Notes to the Agenda (Cont'd):

Item 6 of the Agenda - Ordinary Resolution 6

Authority for Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016

This resolution is a renewal of the previous year mandate and if passed, will empower the Directors of the Company to issue and allot shares up to an aggregate number not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next AGM.

This resolution is in line with the Company's plans for expansion/diversification. The Company is actively looking into prospective areas to broaden the operating base and earnings potential of the Company. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued share capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is considered appropriate that the Directors be empowered to issue shares in the Company up to an aggregate number not exceeding in total 10% of the number of issued shares of the Company for the time being for such purpose.

The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

Item 7 of the Agenda - Ordinary Resolution 7

Continuing in Office as Independent Non-Executive Director

The Nomination Committee has assessed the independence of Tuan Haji Fauzi Bin Mustapha, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and arising therefrom, the Board recommended that he continues to act as an Independent Non-Executive Director of the Company based on the following justifications:-

a. He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

b. He has vast experience in a diverse range of businesses which enable him to provide constructive and independent judgment in the best interest of the Company;

c. He has ensured that there is effective check and balance in proceedings of the Board and Board Committees and have actively participated in Board's deliberations, provided objective and independent opinion to the Board; and

d. He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company and exercised due care in the interest of the Company and shareholders.

Personal Data Privacy:

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to participate, speak and vote at the 49th AGM and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the members' personal data by the Company (or its agents) for the 49th AGM and matters related thereto, including but not limited to : (a) for the purpose of the processing and administration of proxies and representatives appointed for the 49th AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the 49th AGM (including any adjournment thereof); and (c) for the Company (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) undertakes and warrants that he/she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company (or its agents) processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes, and (iii) agrees that the member will fully indemnify the Company for any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the member's failure to provide accurate and correct information of the personal data or breach of the member's undertaking and/or warranty as set out herein.

ADMINISTRATIVE GUIDE
Forty-Ninth Annual General Meeting

Meeting Platform	:	https://web.lumiagm.com/
Day and Date	:	Thursday, 18 June 2020
Time	:	11.00 a.m.
Broadcast Venue	:	Level 3, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.
Mode of Communication	:	1) Typed text in the Meeting Platform 2) E-mail questions to bsr.helpdesk@boardroomlimited.com prior to the Meeting.

Dear Shareholders,

As a precautionary measure amid COVID-19 outbreak, the Company's Forty-Ninth Annual General Meeting ("AGM") will be conducted virtually through live streaming and remote voting using Remote Participation and Electronic Voting ("RPEV") facilities which are available on Boardroom Smart Investor Portal at https://web.lumiagm.com/ ("Virtual AGM"), as the safety of our members, Directors, staff and other stakeholders who will attend the AGM is of paramount importance to us.

In line with the Malaysian Code on Corporate Governance Practice 12.3, by conducting a Virtual AGM, this would facilitate greater shareholder participation as it facilitates electronic voting and remote shareholders' participation. With the RPEV facilities, you may exercise your right as a member of the Company to participate **remotely** (including to pose questions to the Board of Directors and/or Management of the Company) and vote via **electronic voting** at the Virtual AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the Virtual AGM.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when our Virtual AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

Broadcast Venue

The venue of the Meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue (Broadcast Venue).

Shareholders are not allowed to present and participate the AGM via the Broadcast Venue as the venue is only meant to facilitate the conduct of the virtual AGM.

Digital Copies of Annual General Meeting Documents

1. As part of our dedicated commitment to sustainable practices, the following documents can be downloaded from the Company's website www.aisberhad.com.my.:

    i. Annual Report 2019;
    ii. Corporate Governance Report 2019; **and**
    iii. Notice of the 49th AGM, Form of Proxy and Administrative Guide for 49th AGM

2. If you need a copy of the printed Annual Report 2019, kindly complete the enclosed Request Slip and sending the same to our Share Registrar, Boardroom Share Registrars Sdn Bhd.

3. Any request for the Annual Report 2019 would be forwarded to the requestor within four (4) market days after the Conditional Movement Restriction Order has been lifted or from the date of receipt of the written request, whichever is later.

No Door Gift

1. There will be **NO door gift** for members/proxies who participate at the Virtual AGM.

Entitlement to Participate the Virtual AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors as at 12 June 2020 (General Meeting Record of Depositors) shall be eligible to participate and vote at the Virtual AGM or appoint proxy(ies) to participate and vote on his/her behalf.

Administrative Guide
Forty-Ninth Annual General Meeting

Proxy

1. Shareholders are encouraged to go online, participate, and vote at the 49th AGM using RPEV facilities. Shareholders who are unable to join the Virtual AGM are encouraged to appoint the Chairman of the Meeting or their proxy to vote on their behalf.

2. If you wish to attend the Virtual AGM yourself, please do not submit any Form of Proxy. You will not be allowed to attend the Virtual AGM together with a proxy appointed by you.

3. The Form of Proxy can be deposited with our Share Registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or by electronic means through Boardroom Smart Investor Online Portal, not later than 48 hours before the Meeting. Kindly follow the link at https://www.boardroomlimited.my/ to login and deposit your Form of Proxy electronically.

Revocation of Proxy

1. If you have submitted your Form of Proxy prior to the Virtual AGM and subsequently decide to appoint another person or wish to participate in our virtual AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before the Meeting.

Corporate Member

1. Any corporate member who wishes to appoint a representative instead of a proxy to attend the Meeting should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar/the Secretary at any time before the time appointed for holding the Virtual AGM.

Polling Voting (For Virtual AGM)

1. The voting will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting (e-Voting) and Boardroom Corporate Services Sdn Bhd as Scrutineers to verify the poll results.

2. During the Virtual AGM, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules.

3. For the purposes of the Virtual AGM, the remote participation and e-Voting will be carried out via the following voting devices:

    a. Personal smart mobile phones ; **OR**
    b. Tablets ; **OR**
    c. Laptops

4. There are 3 methods for members and proxies who wish to use their personal voting device to vote as follows:

    a. Download the free **Lumi AGM** from Apple App Store or Google Play Store prior to the Meeting; **OR**
    b. Using QR Scanner Code given in the email to you; **OR**
    c. Using website URL https://web.lumiagm.com/

5. Members and proxies can login immediately after registering their attendance, but polling will only be opened after announcement of poll voting session open by the Chairman and until such time when the Chairman announces the closure of poll.

6. Once voting has been opened, the polling icon will appear with the resolutions and your voting choices.
    - To vote simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received.
    - To change your vote, simply select another voting direction.
    - If you wish to cancel your vote, please press "Cancel".

7. The Scrutineers will verify the poll result reports upon closing of the poll voting session by the Chairman. Thereafter, Scrutineers will announce the results and the Chairman will declare whether the resolutions put to vote were successfully carried or not.

Administrative Guide
Forty-Ninth Annual General Meeting

Remote Participation and Electronic Voting

8. Please note that the remote participation and electronic voting ("RPEV") facilities is available to:
   (i) Individual member;
   (ii) Corporate shareholder;
   (iii) Authorised Nominee; and
   (iv) Exempt Authorised Nominee

9. If you choose to participate in the Virtual AGM, you will be able to view a live webcast of the AGM proceedings, pose questions to the Board, and submit your votes in real-time whilst the Meeting is in progress.

10. Kindly follow the steps below on how to request for login ID and password.

Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)
[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2. Submit request for Remote Participation user ID and password.]

a. Access website https://boardroomlimited.my
b. Click <<Login>> and click <<Register>> to sign up as a user.
c. Complete registration and upload softcopy of MyKAD (front and back) or Passport.
d. Please enter a valid email address.
e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

Step 2 – Submit Request for Remote Participation User ID and Password
[Note: The registration for remote access will be opened on 20 May 2020 (Date of Notice)]

Individual Members
- Login to https://boardroomlimited.my using your user ID and password above.
- Select "Virtual Meeting" from main menu and select the correct Corporate Event "**AISB 49th Virtual AGM**"
- Enter your CDS Account.
- Read and agree to the terms & condition and thereafter submit your request.

Corporate Shareholders
- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.
- Please provide a copy of Corporate Representative's MyKad (Front and Back) or Passport as well as his/her email address.

Authorised Nominee and Exempt Authorised Nominee
- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Form of Proxy to submit the request.
- Authorised Nominee and Exempt Authorised Nominee must also provide a copy of the Proxy Holder's MyKad (Front and Back) or Passport as well as his/her email address.

   a. You will receive a notification from Boardroom that your request has been received and is being verified.
   b. Upon system verification against the General Meeting Record of Depositors as at **12 June 2020**, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
   c. You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
   d. Please note that the closing time to submit your request is at **11.00 a.m. on 16 June 2020** (48 hours before the AGM).

Administrative Guide
Forty-Ninth Annual General Meeting

Step 3 – Login to Virtual Meeting Portal
[Please note that the quality of the connectivity to Virtual Meeting Portal for live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]

a. The Virtual Meeting Portal will be open for login starting one (1) hour before the commencement of Virtual AGM at 10.00 a.m. **on 18 June 2020**.
b. Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting portal. (Refer to Step 2(c) above)
c. The steps will also guide you how to view live web cast, ask questions and vote.
d. The live web cast will end and the Messaging window will be disabled upon announcement by the Chairman on the closure of the virtual AGM.

Live Webcast, Question and Voting at the Virtual AGM

The Login User Guide for participation, posing questions and voting at the 49th AGM, will be emailed to you together with your remote access user ID and password once your registration has been approved.

Shareholders who participate the Virtual AGM are able to view the Company's presentation or slides via the live web-streaming.

The Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by shareholders which are related to the resolutions to be tabled at the 49th AGM, as well as financial performance/prospect of the Company.

[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition. All questions and messages will be presented with the full name and identity of the participant raising the question.]

i. If you would like to view the live webcast, select the broadcast icon.
ii. If you would like to ask a question during the Virtual AGM, select the messaging icon.
iii. Type your message within the chat box, once completed click the send button.

Shareholders may proceed to cast votes on each of the proposed resolutions, to be tabled at the 49th AGM, after the Chairman has opened the poll voting session on the resolutions. Shareholders are reminded to cast their votes before the poll is closed.

No recording or photography of the Virtual AGM proceedings is allowed without the prior written permission of the Company.

Shareholders/Proxies must ensure that you are connected to the internet at all times in order to participate and vote when the Virtual AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the Meeting is maintained. Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

Enquiry

Please email to the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at bsr.helpdesk@boardroomlimited.com if you have queries pertaining to the remote participation and electronic voting, prior to the Virtual AGM.

Personal Data Privacy

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to participate, speak and vote at the 49th AGM and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the members' personal data by the Company (or its agents) for the 49th AGM and matters related thereto, including but not limited to : (a) for the purpose of the processing and administration of proxies and representatives appointed for the 49th AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the 49th AGM (including any adjournment thereof); and (c) for the Company (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) undertakes and warrants that he/she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company (or its agents) processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes, and (iii) agrees that the member will fully indemnify the Company for any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the member's failure to provide accurate and correct information of the personal data or breach of the member's undertaking and/or warranty as set out herein.

PROFILE OF DIRECTORS

DATO' GHAZALI BIN MAT ARIFF

Chairman,
Independent Non-Executive Director

- Malaysian
- Aged 78
- Male

Dato' Ghazali Bin Mat Ariff, is an Independent Non-Executive Director of Amalgamated Industrial Steel Berhad. He was appointed to the Board on 9 December 2003 and assumed the position as Chairman of the Company on 26 September 2007. He also serves as Chairman to the Remuneration Committee and is a member of the Audit and Risk Management Committee and Nomination Committee.

Dato' Ghazali is an Advocate and Solicitor. He qualified as a Barrister-at Law from Lincoln's Inn, London and was called to the English Bar on 21 November 1978. He was admitted as an Advocate & Solicitor of the High Court of Malaya on 27 September 1979. He set up a legal firm under the name of Messrs. Ghazali Ariff & Partners in March 1980 and is currently the Senior Partner of the firm.

From 1979 to 1980 he worked as a legal assistant at Messrs. Nik Hussain, Ibrahim & Abdullah, Kuala Lumpur. Prior to that, he was a college trained teacher at Chung Hwa Confucian High School Penang from 1962 to 1968 and a lecturer at Sultan Hassanal Bolkiah Teachers' Training College Brunei Darussalam from 1968 to 1974.

Apart from Amalgamated Industrial Steel Berhad, Dato' Ghazali sits on the Board of Advanced Packaging Technology (M) Berhad. He also sits on the Board of several private limited companies.

Dato' Ghazali was the vice president of Jemaah Dato'- Dato' Perlis. He was appointed as a Commissioner for Oaths from 1995 till 2005. From September 1995 to December 1999, he was the Honorary Vice Consul of the Republic of Finland in Kuala Lumpur. Dato' Ghazali was also the Honorary Legal Advisor of Malaysia Thai Association from 1999 to 2002. He is currently the Honorary Life President of The Malay College Old Boys Association.

Dato' Ghazali attended four (4) out of five (5) Board meetings held during the financial year ended 31 December 2019.

DATUK HEW LEE LAM SANG

Independent
Non-Executive Director

- Malaysian
- Aged 56
- Male

Datuk Hew Lee Lam Sang, joined the Board of Amalgamated Industrial Steel Berhad on 29 January 2019 as an Independent Non-Executive Director. He served as the Chairman of the Audit and Risk Management Committee since 29 January 2019. He also serves as the Chairman of the Nomination Committee and is a member of the Remuneration Committee.

He is a qualified Accountant with the Malaysian Institute of Certified Public Accountants and is a member of the Malaysian Institute of Accountants. Datuk Hew Lee Lam Sang has more than 32 years of experience in the auditing and business advisory profession with KPMG in Malaysia. Datuk Hew Lee was the head of the consulting practice of KPMG in Malaysia before he was elected to manage the whole advisory practice in Malaysia until his retirement from practice at the end of 2015. His vast experience includes external auditing, initial public offerings, review of financial forecast and projections, corporate restructuring, share valuation, etc.

Datuk Hew Lee Lam Sang attended all five (5) Board meetings held during the financial year ended 31 December 2019.

Profile of Directors

TUAN HAJI FAUZI BIN MUSTAPHA

Independent
Non-Executive Director
- Malaysian
- Aged 75
- Male

Tuan Haji Fauzi Bin Mustapha, joined the Board of Amalgamated Industrial Steel Berhad in November 1993 as a Non-Independent Non-Executive Director representing Permodalan Nasional Berhad ("PNB"). Following his retirement from the PNB Group and upon his declaration as such, he was re-designated as an Independent Non-Executive Director of the Company. He is a member of the Audit and Risk Management Committee and as well as the Nomination Committee and the Remuneration Committee. He served as Chairman to the Risk Management Committee from November 2007 till December 2017. He ceased to be the Chairman to the Risk Management Committee following the merger of the Audit and Risk Management Committee on 1 January 2018.

In the PNB Group, Tuan Haji Fauzi, who holds a Diploma in Marketing, the Chartered Institute of Marketing, UK, and a Bachelor of Arts (Honours) Degree from University Malaya, served for almost 19 years with Amanah Saham Nasional Berhad ("ASNB"), and the last position he held was as Head of Department of the Services and Quality Assurance Management Department. From January 2000 until March 2002, he held the position of Director of Human Resources in HeiTech Padu Berhad ("HPB"). He was, thereafter, designated as a Consultant to initiate HPB's quality improvements until December 2002.

Tuan Haji Fauzi attended all five (5) Board meetings held during the financial year ended 31 December 2019.

DATO' RONNIE LIM YEW BOON

Executive Director

- Malaysian
- Aged 61
- Male

Dato' Ronnie Lim Yew Boon, is an Executive Director of Amalgamated Industrial Steel Berhad. He was appointed to the Board on 9 December 2003. He had served as a member of the Audit Committee from 16 December 2003 till 22 November 2007. He was a member of the Risk Management Committee up to the merger of the Audit Committee and Risk Management Committee on 1 January 2018.

Apart from Amalgamated Industrial Steel Berhad, Dato' Ronnie Lim also sits on the Board of Taliworks Corporation Berhad and several private limited companies, namely Grand Saga Sdn Bhd, SWM Environment Sdn Bhd and a few others.

Prior to his appointment to the Board of Amalgamated Industrial Steel Berhad, Dato' Ronnie Lim served as the Group Chief Operating Officer in LGB Group of Companies. He holds a Diploma in Civil Engineering and started his career in the field of construction with consultant engineers. With over thirty years of varied corporate and management experience, he has wide-in-depth exposure in various key industries covering construction, manufacturing, property development and public utilities.

Dato' Ronnie Lim is a cousin of Mr. Lim Chin Sean, who is an Executive Director and a substantial shareholder of the Company.

Dato' Ronnie Lim attended all five (5) Board meetings held during the financial year ended 31 December 2019.

Profile of Directors

MR. LIM CHIN SEAN

Executive Director

- Malaysian
- Aged 38
- Male

Mr. Lim Chin Sean, is an Executive Director of Amalgamated Industrial Steel Berhad. Prior to his appointment to the Board as a Non-Independent Non- Executive Director on 26 September 2007, he was an alternate director to Dato' Ghazali Bin Mat Ariff since 23 November 2005. He was then re-designated from Non-Independent Non-Executive Director to Executive Director on 23 November 2016.

Mr. Lim Chin Sean holds a Bachelor of Computer System Engineering Degree (Honours) from University of Kent, United Kingdom.

He joined the LGB Group of Companies since September 2003 and is currently involved in property development, construction projects, manufacturing and IT advisory services. He also sits on the board of Taliworks Corporation Berhad and several private limited companies.

Mr. Lim Chin Sean is a cousin of Dato' Ronnie Lim, who is an Executive Director of the Company.

Mr. Lim Chin Sean is a substantial shareholder of the Company by virtue of his substantial shareholdings in Telaxis Sdn Bhd, which is a substantial shareholder of the Company.

Mr. Lim Chin Sean attended all five (5) Board meetings held during the financial year ended 31 December 2019.

DR. GOH SWEE POR

(Alternate Director to Mr. Lim Chin Sean)

- Malaysian
- Aged 45
- Male

Dr. Goh Swee Por, was appointed as Alternate Director to Mr. Lim Chin Sean on 26 August 2015.

Dr. Goh holds a First Class Honours Degree in Mechatronic Engineering and a PhD in Advance Control Engineering from the University of Leeds, U.K.

Dr. Goh started his career in 1996 as an Equipment Engineer at Knowles Electronics, Senior Engineer at Agilent Technologies (Semiconductor Product Group) and was eventually promoted to Senior Engineering Manager at Vista Point Technologies (an ODM subsidiary of Flextronics). Specialising in new technology and product Research & Development ("R&D"), system design, product testing, process automation, lean manufacturing, yield improvement, cost reduction, operations management, project management and business support, he was awarded Young Engineer Award in 2006 besides authoring several technical publications and providing consulting services.

He had also worked with Smartrac Technology Ltd. as a Senior Engineering Manager and was eventually promoted to Deputy Head of Operations, managing operations of radio-frequency identification product manufacturing. Prior to joining LGB Group, he was a Personal Assistant to Chairman cum Head of Operations for 3 subsidiaries within Tan Chong Motor Holdings with full accountability in profit & loss, business development, purchasing, R&D, manufacturing, assembly, finance, human resource, administration, audit control and customer service. He has experiences working in Malaysia, China and Thailand besides managing staff of various nationalities. He is a registered Property Manager and also a registered Electrical Energy Manager.

Save as disclosed, none of the Directors has family relationship with any director and/or major shareholder of the Company.

None of the Directors of the Company has entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. All Directors have no convictions for offences within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT PROFILE

CHAN KEEN WAI

Chief Operating Officer

- Malaysian
- Aged 51
- Male

Mr. Chan Keen Wai, was appointed as Chief Operating Officer of Amalgamated Industrial Steel Berhad in June 2017. He holds a Master of Real Estate (with Distinction) from the University of Malaya, a Master of Business Administration (MBA) from the Southern Cross University, Australia and a bachelor's degree in Construction Management & Economics from the Curtin University of Technology, Australia. He is also a member of the Royal Institution of Chartered Surveyors (MRICS), U.K and the Royal Institution of Surveyors, Malaysia (MRISM).

Mr. Chan, a Chartered Surveyor by profession has more than 25 years of experience in the built environment spanning across real estate development, contract management and built asset management. His wealth of experiences includes management of property development processes encompassing both upstream and downstream activities of the business; project financial and contract management aiming at minimising project exposure to financial and contractual risks; and management of commercial and residential properties with the overall objective of enhancing/preserving the value of properties to investors and end-users. The companies that he had previously served at include TA Global Bhd, IJM Land Bhd and WCT Land Sdn Bhd.

CHOH KIM CHIEW

Chief Financial Officer

- Malaysian
- Aged 44
- Male

Mr. Choh Kim Chiew, was appointed as Chief Financial Officer of Amalgamated Industrial Steel Berhad in November 2017.

Mr. Choh, is a Chartered Accountant by profession, a member of the Malaysian Institute of Accountants (MIA) and a Fellow of the Association of Chartered Certified Accountants (FCCA) of UK.

Mr. Choh began his career with Renaissance Kuala Lumpur International Hotel in 1996, he has held various positions in finance, sales and marketing and front office within the hotel before moving on to group finance reporting in a diversified public listed company in 2002. Armed with more than 20 years of financial reporting and compliances, corporate finance, financial restructuring and general management experiences in variety of industries including hospitality, golf club, property development, trading and leasing of construction materials & equipment, construction and property investment companies.

Prior to joining the Company, he was the Group Financial Controller of Magna Prima Berhad in 2010 where he was later appointed as the Executive Director of Magna Prima Berhad in April 2012 to June 2014 before moving on to JYC Development Sdn Bhd as the Chief Financial Officer.

Save as disclosed, none of the Key Senior Management has family relationship with any director and/or major shareholder of the Company.

None of the Key Senior Management of the Company has entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. All Key Senior Management have no convictions for offences within the past five (5) years.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders

"On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Amalgamated Industrial Steel Berhad and its group of companies ("the Group" or "AISB") for the financial year ended 31 December 2019. The pertinent details of the Group's business and performance are presented under the Management Discussion and Analysis Report."

OVERVIEW

During the year under review, we experienced a soft property market stemming from a host of unwavering effects from global and regional economic headwinds, despite the anticipated improving economic confidence arising from various government's initiatives to encourage home ownership as unveiled in Budget 2020. The property market remained plagued by the weak sentiment in the face of a multitude of challenges, including low affordability and unresolved property overhang. In tandem with the prospect of weak property price appreciation, homebuyers adopted a more cautious stance while developers continued to focus on monetising unsold inventories with various attractive incentives. The ringgit weakening against major currencies also had a significant impact on local businesses during the financial year and continues to be of concern. The single most unpropitious impact on the Malaysian economy, however, was the outbreak of novel coronavirus in Wuhan, China during the last quarter of the financial year which soon became a deadly global pandemic – the COVID-19 as classified by the World Health Organisation (WHO).

The advance of the COVID-19 pandemic on a global scale is pervasive and instantaneous. It is apparent that the continuous proliferation of the COVID-19 pandemic without an effective antidote and vaccine has led to extensive lockdown and/or movement control in many countries and adversely affecting the global business ecosystem. The ramifications could be severe and may take years to recover. The alarming surge of new cases of infections has indeed disrupted the global supply chain and shook the world economy which is now in a state of massive uncertainty.

Recently, the International Monetary Fund announced that the pandemic will cause a global recession in 2020 and could be worse than the one triggered by the subprime mortgage crisis of 2008. According to a report by Bank Negara Malaysia, the forecast Gross Domestic Product (GDP) growth of Malaysia for 2020 will be unprecedentedly in the range of -2.0% to 0.5%. For the foreseeable future, the country's economy will recover after the COVID-19 crisis ends, but it is expected to take a longer time as the fundamentals must be rebuilt.

In the fight against the COVID-19 pandemic, we applaud the government's various initiatives to break the COVID-19 chain of infection and reduce the negative economic effects by implementing recovery policies involving various economy stimulus packages and to proceed with the implementation of the projects announced under Budget 2020. This includes the East Coast Rail Link (ECRL), Mass Rapid Transit 2 (MRT2) and National Fiberisation & Connectivity Plan (NFCP). Nevertheless, it is difficult to predict when the economy will fully recover if the COVID-19 pandemic is still not contained.

Chairman's Statement

FINANCIAL PERFORMANCE

Amid the challenging operating environment, the Group recorded a revenue of RM5.01 million and a loss after tax of RM2.75million for FY2019 in comparison to a revenue of RM4.26 million and a loss after tax of RM4.17 million in the preceding financial year respectively. The Group's revenue of RM5.01 million for FY2019 was derived mainly from rental income and revenue recognition from its property development business, albeit lower trading activities in steel-related products.

The loss per ordinary share for the financial year ended 31 December 2019 remained at 2.0 sen based on the total number of issued shares of the Company of 137,585,442. As at 31 December 2019, shareholders' funds stood at RM135.00 million whilst net assets per share was 98.12 sen. The Group's cash position remains healthy at RM34.77 million or 26% of net assets and would continue to manage its financial resources prudently for project development and administrative expenses.

CORPORATE DEVELOPMENT

In line with the need to ensure long-term business sustainability and to improve income stream, the Group continues to source for more strategic lands in the Klang Valley to bolster its property development business. Our maiden project, Utamara Residences was launched in April 2019 and managed to garner 20% sale for FY2019 in spite of the prevailing market sentiment. Construction works have commenced, and the project is expected to be completed by 3rd quarter of 2021.

On 14 November 2019, Parkwood Damai Sdn Bhd (formerly known as AIS Manufacturing Sdn Bhd) entered into a sale and purchase agreement to acquire five parcels of leasehold commercial land together with a single-storey sports centre and a one-and-half-storey reconditioned car showroom in Damansara Damai totalling 3.55 acres for a total cash consideration of RM31.00 million as part of business expansion initiative of the Group in property development. The Group will also be looking for prospective buyers for the purchase of a proposed build-to-suit warehouse or factory (Avant Industrial Park Phase 2) at Shah Alam Section 15, to enhance its income stream.

Staffing and organization structure remains lean with a few of the operating functions outsourced to professional services for better competitive advantage and higher productivity. Strategic measures are being formulated and put in practice for full compliance with the latest requirements of the Malaysian Anti-Corruption Commission (MACC) Act on anti-bribery. Clear and unambiguous policy statement supported by sound standard operating procedures have been implemented to enhance efficiency and effectiveness of the operations of the Group across all level of the organisation.

Chairman's Statement

INDUSTRY OUTLOOK

We have entered into the next decade against a backdrop of weaker consumer sentiments, fast technological advancements, evolving lifestyles and an unprecedented challenge of a worldwide pandemic. The past financial year continued to be encouraging despite a still challenging market for most property developers. Factors such as sharp hikes in the cost of living and lower rates of loan approvals have resulted in a lower consumer sentiment for big ticket items and put the number of unsold residential properties in Malaysia at an all-time high. The property market slowdown has been further exacerbated by the difficulties faced by buyers to secure end-financing due to strict lending requirements for property purchase. The high rejection rate for housing loan approvals have affected the demand for new property purchases in Malaysia and constrained the pace of growth in this sector. Market condition is expected to remain soft in the near term in view of the tight credit control by banks, the large market supply of properties remaining unabated and the increasing cost of living, market vulnerabilities and economic uncertainties resulting in more restrained consumer spending.

Additionally, conditions are likely to deteriorate further in the wake of recent developments pertaining to the virus outbreak and the movement control order (MCO) which was enforced nationwide to fight the virus since 18 March 2020. The outbreak of the COVID-19 worldwide and its resulting effects on the economy has significantly reduced the average sales of businesses across multiple industries and will affect negatively on the local property market.

Against a highly challenging global economic outlook due mainly to the COVID-19 pandemic, Malaysia's Gross Domestic Product (GDP) is projected at between - 2.0% to 0.5% in 2020 from 4.3% in 2019 *(source: BNM Report April 2020)*.

Nonetheless, we reckon that an economic recovery after the pandemic will see the gradual growth of the property sector evolving with changing demographics and the emergence of new technologies and lifestyles. In the meantime, we will adopt a very cautious approach in our business operations and focus on delivering the right product-to-market fit complemented with a land bank of well-developed and connected locations.

Against the backdrop of a challenging environment, the Group remains resilient and is well-equipped financially and operationally to sustain positively even if the property market continues to witness a slowdown in activities. We are also exploring possibilities of business collaborations in the property development scene, which will enhance the earnings visibility of the Group and create higher value for its shareholders.

Over the years, the Group has maintained prudence in its financial management to ensure liquidity and a strong financial position. Our balance sheet remains healthy, with sufficient capital to take advantage of any prospective opportunities in the current soft property market environment.

Last but not least, while the Group is still able to weather the anticipated weak economic outlook at its current business operational level, uncertainties in both the national and global economies clouding the horizon are expected to dim the Group's growth prospects in short to medium terms.

DIVIDEND

The Board of Directors has decided not to recommend the payment of any dividend for the financial year ended 31 December 2019.

APPRECIATION

On behalf of the Board, I wish to express my appreciation to the Management and Staff for their loyal and dedicated services to the Group, and to various government authorities and agencies, bankers, valued customers, suppliers and business associates for their co-operation and continued support.

Finally, I wish to thank my fellow Board members for their support and the shareholders for their confidence in the Board and Management of the Group.

Dato Ghazali Bin Mat Ariff
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the operating performance and financial condition of Amalgamated Industrial Steel Berhad ("the Company") should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and notes related thereto.

ANALYSIS OF FINANCIAL RESULTS

The Group recorded a revenue of RM5.01 million for the financial year ended 31 December 2019, representing a slight increase of 17.61% as compared to RM4.26 million for the financial year ended 31 December 2019.

The property development business per se of the Group recorded a revenue of RM3 million in 2019. The contribution was mainly from the development activities in Kayu Ara Damansara. Nonetheless, the higher revenue recorded during the financial year was impacted by the initial start-up cost in marketing and construction activities, resulting in a loss from operations before tax of RM3.94 million as compared to RM2.18 million in the preceding financial year. Given the competitive market environment and overall sluggish sentiment, our property segment needed to be aggressive in the marketing and promotion of our Utamara Residences project at Kayu Ara while continuing to drive brand appeal and equity. Thus, there were many marketing campaigns launched across both conventional and digital/social media channels as well as activities undertaken with collaborative partners.

On 7 May 2019, Parkwood Sdn Bhd, a wholly owned subsidiary of the Company had accepted a fixed term loan and bridging loan facilities of RM15 million offered by Hong Leong Bank Berhad for the development of its Utamara Residences project. Property development segment is gradually becoming the key driver of the Group's business operations and accounts for 60% of the Group's total revenue.

The Group has also identified internal growth drivers, preparing itself to be even more resilient to market uncertainties and business challenges. This augurs well for the Company's sustainability vision and its growth path into the future with prudent management of capital inputs, efficient and leaner operations resulting in the strengthening of its financial position. In the interim, financial year 2020 is expected to be very challenging, as we are affected not only by local events and competition, but also by global events.

As at 31 December 2019, shareholders' funds remain at RM135.00 million which provides a net asset value per share of RM0.98 (2019: RM1.00). The loss per ordinary share for the financial year ended 31 December 2019 was 2.00 sen compared to 3.03 sen for the previous year.

Management Discussion and Analysis

REVIEW OF OPERATIONS

Generally, the year under review has been challenging given the wait-and-see attitude, cautious sentiment and less-than-stellar market outlook. Amid this tepid market conditions, we have seen the introduction of homeownership schemes, the Home Ownership Campaign (HOC) and alternatives such as property crowdfunding and rent-to-owns (RTOs). The incentives from the HOC/stamp duty exemption and waivers, which were extended until 31 December 2019, were also an impetus to assist and encourage homeownership. Additionally, the lowering of the threshold prices provided opportunities to monetise the oversupply units and create cash flows in the market which is the latest market trend to capitalise on this opportunity to dispose of overhang properties. These were measures introduced in 2020 Budget to address specific issues in Malaysia's property landscape to give the market a much-needed shake-up.

As narrated in an article by The Edge in 2019, the property arm of the Group is prioritising boutique developments in strategic locales in the Klang Valley. Its maiden project, Utamara Boutique Residences, an exclusive low-rise condominium aimed at higher-end market with a GDV of RM105 million was successfully launched in April 2019 and managed to garner 20% sale for FY2019 along with encouraging bookings in spite of the prevailing market sentiment.

In the interim, our property development segment had on 14 November 2019, entered into a sale and purchase agreement to acquire five parcels of land near the under-construction Damansara Damai MRT station in Sungai Buloh for RM31million as part of the Group's business expansion initiative. The property is located about 15km from Kuala Lumpur and is within an area with mixed commercial and residential development. We are confident that property development activities done here will enhance future revenue after taking into consideration the surrounding development within vicinity of these lands. Given this plot's good location, we shall strive to build competitively priced homes and achieve a low land cost-to-GDV ratio for better contribution to revenue and earnings.

The Group remains cognisant of the volatility and competitiveness of the soft market in Malaysia and has also maintained a conservative stance in its business expansion efforts - prioritising stability and balance sheet health and pursuing less aggressive projects and investments.

We will continue to persevere and weather the storm, to the best of our ability with concerted efforts to focus on cost and cash flow management.

Management Discussion and Analysis

PROSPECT

We envisage the property industry outlook for the year ahead to be lacklustre and challenging in the near term. The Group will actively monitor developments in the property sector and adapt strategies in line with market sentiment.

Meanwhile, in light of the current uncertainties and the significant economic repercussions arising from the COVID-19 pandemic, the Group's prospects are considerably impacted and expected to tilt to the downside in 2020.

While registering a GDP growth of 4.3% in 2019, the COVID-19 pandemic is expected to take an unprecedented toll on the Malaysian economy, posing downside risk to the already bearish revision of real gross domestic product ("GDP") growth in 2020 to the range of -2.0% to 0.5% from 4.5% previously.

The Movement Control Order ("MCO") implemented as a preventive measure to control the spread of the virus had instantaneous and dramatic effects on daily economic activity. Heightened financial market volatility due to on-going external uncertainties may lead to tighter domestic financial market conditions. Aside from this unprecedented pandemic outbreak, the various trade negotiations and geopolitical risks, as well as domestic factors, including weaknesses in the commodities sector and delays in project implementation are also some downside risks to GDP growth.

Hence, the property market condition is expected to remain soft and uncertain in 2020 with affordability, property overhang and the cautious stance of banks in approving loans remaining as major issues.

Additionally, prevailing issues such as affordability, increased competition within the affordable mid-market residential segment and the need for a more accommodating stance on mortgage financing continue to cloud market sentiments. In such an environment, we are mindful on the earnest need to accentuate on our business processes, operational efficiency and understanding of consumer demands in introducing products into the marketplace that will be well received and that are able to sustain our sales momentum.

Meanwhile, affordable housing and finding the right solutions to property overhang may continue to be one of the government's main agenda. The launching of the National Housing Policy 2.0 (2018-2025) and the incentives introduced in HOC 2019 are anticipated to have a direct and indirect impact on the property sector.

Notwithstanding all the above, the Group is cautiously optimistic for the next decade. The next 10 years may see the commencement and completion of various mega infrastructure projects like the MRT2, MRT3, ECRL, HSR, RTS, West Coast Expressway, Pan Borneo, Tun Razak Exchange and Bandar Malaysia which could provide the catalyst for property development along the corridors of these new projects.

The Group is looking to acquire more land in the Klang Valley while focusing on niche developments that are well conceptualised and that would appeal to the various segments of the market in terms of value and innovation in designs. Its property segment is poised to focus on market-driven products with competitively price offering to attract potential sales and unlock the value of our future landbank.

Additionally, we may plan to come up with smaller size units to cater to the significant rise of the millennials and incorporate their needs and wants into our future development, and subsequently benefit our customers with future product offerings of higher quality and better niche.

The Group is also seeking to address the sustainability aspects of our developments, delivering lifestyle requirements while remaining passionate about translating this vision. We are confident of stabilising the business and will continue investing in strategic activities to provide better quality and value to customers as well as shareholders going forward.

Management

GROUP FINANCIAL HIGHLIGHTS

	2015 RM' 000	2016 RM' 000	2017 RM' 000	2018 RM' 000	2019 RM' 000
1 RESULT OF OPERATIONS					
Gross Revenue	69,758	57,836	19,740	4,259	5,015
(Loss) / Profit Before Interest, Tax and Depreciation	(1,577)	7,191	6,690	(4,863)	(3,316)
(Loss) / Profit Before Tax	(4,580)	5,281	5,925	(4,975)	(4,093)
(Loss) / Profit After Tax	(6,503)	4,634	6,273	(4,170)	(2,750)
2 FINANCIAL POSITION					
Equity And Long Term Liabilities					
Authorized Share Capital	100,000	100,000	N/A	N/A	N/A
Paid-Up Share Capital	13,187	13,187	19,566	19,566	22,161
Treasury Shares	(3,725)	(3,725)	(3,725)	(3,725)	(3,725)
Share Premium	2,655	2,655	2,595	2,595	-
Asset Revaluation Reserve	50,204	60,926	24,540	24,540	24,540
Capital Reserve	48,209	48,209	48,209	48,209	48,209
Unappropriated Profit	2,825	8,166	50,825	46,655	43,816
Shareholders' Fund	113,356	129,419	142,010	137,840	135,001
Retirement Gratuities	212	228	234	126	130
Deferred Tax Liabilities	4,433	8,689	5,480	1,681	156
Long Term Assets					
Property, Plant & Equipment	49,146	1,259	573	671	709
Investment Properties	61,000	66,000	76,500	36,600	36,600
Other Investment	13	13	12	12	12
Other Assets	158	32	32	32	32
Other Assets And Liabilities					
Current Assets	40,582	50,605	74,624	107,380	105,363
Current Liabilities	32,897	41,982	4,017	5,048	4,002
Net Current Assets	7,685	8,623	70,607	102,332	101,361
Non-Current Assets Held for Sale	-	62,410	-	-	-
Total Assets	150,899	180,318	151,741	144,695	143,792
3 FINANCIAL RATIO					
Return on Equity (%)	(5.74)	3.58	4.42	(3.03)	(2.04)
(Loss) / Profit Before Interest, Tax and Depreciation on Revenue (%)	(2.26)	12.43	33.89	(114.18)	(66.13)
(Loss) / Profit Before Tax on Revenue (%)	(6.57)	9.13	30.02	(116.83)	(81.63)
Debt Equity Ratio (times)	0.26	0.21	-	-	0.03
Current Ratio (times)	1.23	1.21	18.58	21.27	26.33
Liquidity Ratio (times)	0.75	0.87	18.58	21.27	26.33
4 PER SHARE					
(Loss) / Earnings Per Share (Sen)	(5.32)	3.71	4.74	(3.03)	(2.00)
Share Price (Sen)	32	44	36	26	26
Net Asset Per Share (Sen)	90.63	103.47	103.22	100.19	98.12

LIST OF PROPERTIES

Tenure	Leasehold
Size	Lot PT 329: 6,752 sq. meters Lot PT 330: 182 sq. meters Total: 6,934 sq. meters
Carrying Value (RM)	27,416,170
Location	Both located at Kg Sg Kayu Ara Mukim of Sungai Buloh Daerah Petaling Selangor Darul Ehsan
Description / Existing Use	Property Development 99 years lease (expiring in 2117)

Tenure	Leasehold
Size	46,509 sq. meter
Carrying Value (RM)	73,920,018
Address	Lot 22, Jalan Pelaya 15/1, Section 15 40200 Shah Alam Selangor Darul Ehsan
Location	H.S.(D) 172552 Bandar Shah Alam Daerah Petaling Selangor Darul Ehsan
Description / Existing Use	Investment Property and Property Development 99 years lease (expiring in 2074) Buildings approximately 4 years

ANALYSIS OF SHAREHOLDINGS
As At 9 April 2020

Share Classification and Voting Rights

Class of Shares	:	Ordinary Shares
Voting Rights by show of hand	:	One vote for every member
Voting Rights by poll	:	One vote for every share held
Issued and Paid-up Capital	:	144,382,742 Ordinary Shares (including 6,797,300 ordinary shares retained as Treasury Shares)

1. Distribution of Shareholdings and Number of Shareholders as at 9 April 2020

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholdings	No. of Shares Held	Percentage (%) of Issued Shares
Less than 100	473	14.63	16,885	0.01
100 – 1,000	251	7.76	105,565	0.08
1,001 – 10 ,000	1,937	59.89	6,496,636	4.70
10,001 – 100,000	484	14.97	14,791,325	10.75
100,001 – 6,879,271	87	2.69	76,430,056	55.55
6,879,272 and above**	2	0.06	39,771,975	28.91
Total	3,234	100.00	137,585,442	100.00

** - Less than 5% of issued shares*
*** - 5% and above of issued shares*

2. List of Thirty (30) Largest Shareholders as per Records of Depositors as at 9 April 2020

No.	Name of Shareholders	No. of Shares	Percentage (%)
1	Telaxis Sdn Bhd	31,475,175	22.88
2	Telaxis Sdn Bhd	8,296,800	6.03
3	Mass Ocean Sdn Bhd	6,417,679	4.66
4	Excel Impression Sdn Bhd	6,326,642	4.60
5	Era Erat Sdn Bhd	6,194,829	4.50
6	Kenanga Nominees (Asing) Sdn Bhd *Pledged Securities Account for Ra Wha Hyun (009)*	4,882,400	3.55
7	Ertidaya Sdn Bhd	4,813,430	3.50
8	Tan Chee Fatt	4,096,200	2.98
9	Siew Min Chung	3,664,500	2.66
10	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Boon Kheong*	3,134,700	2.28
11	Mohamad Nadziff Bin Bustari	2,941,200	2.14
12	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Low Keng Siong*	2,550,000	1.85
13	Lim Seng Chee	2,194,950	1.60
14	Ng Boon Kheong	1,960,000	1.42
15	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	1,828,720	1.33
16	Yap Kiew @ Yap Yoke Ho	1,509,000	1.10
17	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kong Teck Fong*	1,400,000	1.02
18	Teoh Hunt Thuim	1,220,000	0.89
19	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Kim Meng (M10)*	1,083,200	0.79
20	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Liew Yoon Peck*	1,013,400	0.74

Analysis of Shareholdings
As At 9 April 2020

2. List of Thirty (30) Largest Shareholders as per Records of Depositors as at 9 April 2020

No.	Name of Shareholders	No. of Shares	Percentage (%)
21	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ong Chew Huat (E-SPG)*	1,000,025	0.73
22	Wong Seng Poh	947,100	0.69
23	Chia Kah Ying	858,600	0.62
24	Ho Chin Kong	761,700	0.55
25	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Joseph Salang Anak Gandum (M05)*	700,050	0.51
26	Lim Kian Wat	690,182	0.50
27	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lai Chin Yang (T Mutiara-CL)*	622,000	0.45
28	MH Steel Sdn Bhd	572,500	0.42
29	Soong Chee Keong	518,400	0.38
30	Lim Seng Qwee	504,000	0.37
	Total	104,177,382	75.74

3. List of Substantial Shareholders as per Register of Substantial Shareholders as at 9 April 2020

Name	No. of Shares			
	Direct	%	Indirect	%
Telaxis Sdn Bhd	39,771,975	28.91	-	-
Dato' Lim Chee Meng	15,750	0.01	*39,771,975	28.91
Mr Lim Chin Sean	-	-	*39,771,975	28.91
LGB Holdings Sdn Bhd	-	-	#39,771,975	28.91
Adil Cita Sdn Bhd	-	-	#39,771,975	28.91

Notes:-

* *Deemed interest by virtue of his interest in Telaxis Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

Deemed interest by virtue of its interest in Telaxis Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

4. List of Directors' Shareholdings as per Register of Directors' Shareholdings as at 9 April 2020

	Name	No. of Shares			
		Direct	%	Indirect	%
a.	Dato' Ghazali Bin Mat Ariff	317,125	0.23	-	-
b.	Tuan Haji Fauzi Bin Mustapha	20,000	0.01	-	-
c.	Dato' Lim Yew Boon	10,000	0.01	-	-
d.	Mr. Lim Chin Sean	-	-	*39,771,975	28.91
e.	Datuk Hew Lee Lam Sang	-	-	-	-
f.	Dr. Goh Swee Por *(Alternate Drector to Lim Chin Sean)*	-	-	-	-

Notes:-

* *Deemed interest by virtue of his interest in Telaxis Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

SUSTAINABILITY STATEMENT

1. REPORTING PROFILE AND SCOPE

Our 2nd Sustainability Statement covers our sustainability efforts for the financial year ended 31 December 2019 which highlights the Company's commitment towards sustainability by developing and implementing sustainability initiatives across our business units. Regular engagement and communication with our stakeholders allow us to anticipate and respond to economic, social, environmental and regulatory changes when they arise.

2. OUR APPROACH TO SUSTAINABILITY

Sustainability is an integral part of our business strategy, which is built on the three pillars of Economy, Environment and Social. As a property developer, we understand the importance of undertaking sustainability initiatives in our business practices and bringing together humanistic, community-focused, energy-saving and environmentally sustainable elements to build quality developments in which people want to live, work and play. We place our customers and their interests at the heart of our business, and in developing a robust strategy for sustainable growth that appeals to our key stakeholders, we explore and identify opportunities that create shared value. As we strive to become a sustainable property developer, we manage our supply chain across the entire life cycle of the project from its initiation and development stages to subsequent construction and operation stages. We have high expectations of our contractors who are held accountable for their activities and products. We also encourage our contractors and suppliers to be in line with industry best practices. Internal systems and policies have been put in place for us to effectively manage our consultants, contractors and suppliers. Without compromising the quality and integrity of our work, we intend to continue new and effective ways to adopt sustainability into our daily operations.

ECONOMIC SUSTAINABILITY	ENVIROMENTAL SUSTAINABILITY	SOCIAL SUSTAINABILITY
• Business strategies moving forward amidst global and economic environment impact on financial results. • Sustainable Development • Creation of short, medium and long-term value for shareholders and added value for all the Company's stakeholders.	• Protecting and preserving the environment by incorporating elements of green design and innovation in our projects. • Managing waste responsibly. • Reducing energy and water consumption.	• Employees' Wellfare and Well-being • Contribution to the Community • Health and Safety • Engagement with the related stakeholders

In selecting our main contractors for new projects, contractors are assessed under stringent criteria. These include good track record in respect of financial capability, past performance, timely delivery, commitment towards high quality standards, as well as health, safety and environmental standards. Other relevant criteria such as best price and contractor's workload are also taken into consideration.

ECONOMIC SUSTAINABILITY

i. Business strategies moving forward amidst global and economic environment impact on financial results

World economy's prospects look bleak owing to Covid-19 outbreak and US trade policy. From a long-term perspective, United States and China are engaged in a prolonged economic decoupling, within the context of a broader process of de-globalisation. A breakdown in the phased U.S.-China trade talks continues to be a key risk in the year ahead, particularly as the focus of negotiations broadens to include more complex topics. There is also mounting fears that the Covid-19 (coronavirus) outbreak poses a greater threat to global growth than first envisaged. Its economic consequences are likely to be compounded by unfavourable conditions – beginning with China's increased economic vulnerability.

Meanwhile, countries on three continents had reported their first cases of the coronavirus at end February 2020 as the world prepared for a pandemic of the disease and investors dumped equities in expectation of a global recession. The rapid spread of the coronavirus is forcing companies globally to reassess the impact on earnings from supply chain disruptions, as optimistic forecasts of a quick resolution to the crisis are replaced with gloomier expectations. Covid-19 has already caused more deaths than its predecessor SARS.

Sustainability Statement

ECONOMIC SUSTAINABILITY (CONT'D)

i. Business strategies moving forward amidst global and economic environment impact on financial results (Cont'd)

Closer to home, Malaysia's economic growth in year 2020 is projected at negative growth from 4.3% in 2019 (4.7% in 2018) mainly due to weaker global economic conditions and the unprecedented impact of the COVID-19 outbreak on businesses. The severity of the economic impact depends on how the virus spreads and evolves.

Growth in the real estate sector is anticipated to come from construction-related services, like those involved in the building of the Mass Rail Transit Line 2 and the Light Rail Transit Line 3 projects. The introduction of the East Coast Rail Link and Bandar Malaysia megaprojects will also encourage expansion.

Residential and commercial properties will still see an overhang, although the rent to own financing scheme should cushion the impact on the economy. We are likely looking towards a sluggish downward pressure on prices for the rest of 2020, despite the threshold for foreign ownership reduced from RM1,000,000 to RM600,000 in certain locations.

In the midst of all the existing challenges, our business strategy is to focus on continuously rebalancing the Group's income by improving operational efficiencies and expanding into new growth areas.

We will also closely monitor our operations on the ground and minimise any negative impacts on the environment, the eco-systems and the communities surrounding our maiden project. With our financial capability, we will not lose focus on retaining the value of our capital investments and accelerating income opportunities. We recognise that without financial capital, we will be unable to deploy other capitals for sustainable and planned growth.

For instance, our emphasis on human capital and efforts to address talent development positively which contributes to enhancing our productivity and the overall performance of our financial capital. Finally, our strategy to develop our intellectual capital, i.e., the strength of our Parkwood brand which will enhance our capacity to innovate and strengthen our Parkwood brand equity and reputation.

For more information about the Group's financial performance, please refer to the Group Financial Summary and Highlights on page 21 of Amalgamated Industrial Steel Berhad Annual Report 2019.

ii. Sustainable Development

The Company endeavours to create a positive impact by supporting procurement of products and services from locally established business entities in-line with the Government's effort to spur the economy through local spending.

We are also focused on effective people management to groom talent and optimise work strength across all operations.

In the context of our business and our continuing mission to create value for our multiple stakeholders, efficient systems and processes, meaningful economic growth, innovation, and partnerships contribute to sustainable development. We therefore emphasise on the economic value generated and distributed for greater benefit of the employees, our supply chain partners, the government as well as the community.

We aim to contribute towards building sustainable communities, expanding our product solutions to niche customer segments, building resilience against a cyclical operating environment, and meaningfully contributing to our future profitability.

iii. Value creation for Stakeholders

- Value creation is the hallmark of our business operations. We strive to deliver value for all of our development projects throughout the entire value chain from up-stream to down-stream to ensure customer confidence and sustainable brand recognition.
- Product quality can have far reaching impact on our reputation, as well as business plans. The everchanging customer expectations in relation to timely delivery and quality products challenges us to meet the constantly evolving market needs by delivering the right products at the right price. Concurrently, ensuring operational efficiency from the product design up to hand over stage.
- Externally, due to the price and market volatility, there is always a risk of increasing costs and diminishing margins in the short-term. But in the long-term, with our uncompromising stand on quality product, systems and solutions, we believe that we will see an incremental surge in our future development portfolio income.
- On balance, we will be mindful of our operation risks and aim to reduce our development cycle by optimising processes, enhancing our procurement strategy, implementing strategic sourcing and value engineering through efficient management of our projects. These in turn will help enhance productivity and reduce cost.
- Ensure full compliance to the applicable regulations and requirements governing the Company's business activities.

Sustainability Statement

ENVIRONMENTAL SUSTAINABILITY

i. Protecting and Conservation of the Environment

- Our projects will incorporate elements of green design that promote energy conservation and innovation.
- Given that the construction process would typically generate large volumes of waste, concerted efforts will be taken to mitigate the problem through positive measures to reduce waste generated.
- Creating awareness amongst the employees on green issues and their contribution to global warming and encouraging the practice of the 3Rs (reduce, reuse and recycle) within the organisation including water conservation in some of our operations.

ii. Managing Waste Responsibly

- The Group ensures that all waste and by-products (of all segments) are economically channelled for recyclers and/or disposed by professional handlers with minimum impact on the environment.
- We encourage the use of recycled paper for general paperwork such as photocopying, single-page printing and scrap paper for notes.
- We also leverage on the advances in the field of technology by conducting paperless e-meetings, where permissible, to minimise usage of papers.
- Our paper usage at the office is also minimised by encouraging our employees to communicate through emails or online channels, furthering our commitment to reduce waste.

iii. Reducing Energy and Water Consumption

- We have extended our sustainability initiatives to include design criteria that promote natural lighting and ventilation in our development projects to reduce energy consumption.
- Our maiden project is incorporated with rainwater harvesting system and water efficient fittings to reduce water consumption and wastage.

SOCIAL SUSTAINABILITY

i. Employees' Welfare and Well-Being

We strive to maintain our standards in the development of our employees to ensure that the pool of human talent remains with us. We subscribe to the principle that our employees are one of the main pillars of our success and they remain our most valuable asset.

Among the pertinent human resource initiatives to advance the welfare and well-being of our employees and to enhance the overall human capabilities and competitiveness within the organisation include:

- Promoting a safe working environment that foster mutual respect where employees irrespective of status, position and gender are treated with dignity and free from sexual harassment;
- The Board formalised a revised Employee Handbook in 2018, which details the Group's expectations of its employees while also outlining acceptable behaviour during their employment period. The Handbook also includes a list of benefits that are the entitlement of fulltime employees;
- Ensuring continuous human resource development by making available training and career advancement opportunities;
- Providing suitable sporting and recreational amenities to our employees to lead a balanced and healthy lifestyle;
- Diversity and equal opportunity are a key component to develop a fair workplace, hence we have adopted a merit-based and non-discriminatory hiring practices;
- Providing staff with medical, dental, hospitalisation and insurance benefits including certain benefits to extended family members.

Sustainability Statement

SOCIAL SUSTAINABILITY (CONT'D)

ii. Contribution to the Community

The Company recognises the importance of being a responsible corporate citizen. In this regard, the Company has been providing financial and non-financial support to those in need, with a special focus on aiding programmes targeted at the younger generation and the less privileged in society.

- The Corporate Social Responsibility ("CSR") initiatives encourage our employees to be involved and engaged in meaningful activities for the society and supporting numerous charitable causes both in cash and kind to help the needs of communities.
- Philanthropy or donations to charitable causes has been one of the corporate social events carried out by the Group in 2019.
- Organising Back-To-School supplies for underprivileged students.

The Company initiated three (3) meaningful community engagement programmes during the reporting period as listed below: -

- Contributed a sponsorship package and participated in REHDA Youth CRS programme at Ulu Yam to build a home for Orang Asli community working with EPIC Homes, a social enterprise recognised by Jabatan Kemajuan Orang Asli (JAKOA).
- Ebenezer Home, Shah Alam on 16th December 2019 with the objective of providing donation to purchase food and medication.
- Persatuan Kebajikan Amal Da Ai Malaysia on 16th December 2019 with the objective of providing donation for their daily expenses.

iii. Health and Safety

- The diversity of the business activities at AISB requires us to pay special attention to how our practices prioritise our employee and public safety. On the matter of health and safety at our manufacturing plant and construction sites, we have regulations and policies that promote safe practices among our employees and workers at the workplace. We strive to comply with relevant laws and legislations to ensure that health and safety in the workplace are not being compromised.
- We are committed to ensure that all our contractors comply with the relevant laws and regulations pertaining to health and safety at construction site.
- AISB is also supportive of the government's policy in providing a smoke-free environment at the workplace to protect non-smokers.

iv. Engagement with the Related Stakeholders

We recognise the need for effective channels of communication and high standards in the provision of services in our continuous efforts to build a long-term relationship with our shareholders, investors, members of the media, regulators, customers and financiers. We believe that reaching out to these stakeholders and maintaining strong and cordial relationship with them is a crucial component of our business growth strategy.

Among the related initiatives to promote engagement with related stakeholders include:

- Continued participation in the CMDF-Bursa Research Scheme ("CBRS") administered by Bursa Malaysia with the aim of ensuring wider research coverage on our Company;
- Facilitating members of the media to interview directors and authorised spokespersons of the Company from time to time;
- Providing stakeholders with dedicated email at admin@aisberhad.com.my for them to communicate with the Company on any matters.

3. REGULATORY COMPLIANCE

Meeting the compliance demands and expectations of our stakeholders requires regular audits, inspections and reporting, which we prioritise as it sets the foundation of a healthy and transparent business operation and in effect, reduces incidents of non-compliance.

Non-compliance to laws and regulations could result in the Company being reprimanded or penalised by the relevant authority or regulatory body. Therefore, we remain vigilant of the changes and updates made to regulations relating to the Group's business operations.

4. COMMITMENT TO ANTI-CORRUPTION

We are committed to the highest standard of integrity and maintaining a high standard of accountability in the way we conduct our business and operations. We believe that risk management and consolidating information on risks enable consistent decision-making across all risk categories and can guide the Group in seizing opportunities, staying a step ahead of uncertainty, meeting stakeholder expectations and capturing emerging risks.

Corruption is prohibited within our Group and everyone does their part in preventing it. To ensure transparency and protect our values, we have a Whistleblowing Policy that provides a safe channel for employees to report any suspected misconduct within the Group.

The aim of this Policy is to provide an avenue for employees and others who have serious concerns about any suspected misconduct to come forward and voice those concerns. It strives to foster and maintain an environment where employees can act appropriately without fear of punishment or unfair treatment and help maintain a safe workplace, while protecting the company's reputation.

Our commitment to preventing corruption is in line with the government policy where we ensure that proper care and judgment is exercised in our daily business activities including awarding contracts. The Group has zero tolerance for unethical and illegal conduct by Group employees. We will conduct due diligence to assess the integrity of prospective business counterparties to avoid any allegations of bribery and corruption. We shall not enter any business dealings with any third party reasonably suspected of engaging in bribery and improper business practices unless those suspicions are investigated and resolved.

We are in the midst of establishing Anti-Bribery and Corruption procedures which shall be in compliance with Section 17A of the MACC Act. An Anti-Bribery Committee has also been formed and will be trained on the new anti-bribery act on the procedures, processes and governance structures to be included into our Risk Management Policies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

Throughout the years, Amalgamated Industrial Steel Berhad ("AISB" or "the Company") and its Board of Directors ("the Board") have been resolute in ensuring that the Company and its subsidiaries' ("the Group") business and affairs strictly adhere to the doctrine and principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct.

The Board of AISB is committed in ensuring a high standard of corporate governance is practiced whilst pursuing its corporate objectives in enhancing the shareholders' value and competitiveness. The Board is mindful of the importance of governance and acknowledges to continue delivering sustainable performance and instilling best corporate governance practices in building a sustainable business.

The Group will continue its efforts in evaluating its governance practices in response to evolving best practices and the changing requirements of the Group. The Board is pleased to present the Corporate Governance Overview Statement for the year ended 31 December 2019 outlining the application of the principles and recommendations as set out in the following guides:

1. Companies Act, 2016 ("CA2016");
2. Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities");
3. Malaysian Code on Corporate Governance 2017 ("the Code"); and
4. Third Edition of Corporate Governance Guide issued by Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The responsibilities of the Board, which was set out in a Board Charter, include Management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings. AISB is led by an experienced Board comprising members who are specialist in various business sectors supported by a wide range of other professionals in the accounting, economics, IT, engineering and legal sectors. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of an accountable and competent Board of Directors.

Board Charter

The Board Charter established clearly the functions reserved for the Board, Directors roles and responsibilities and those delegated to the Management. It acts as a reference in providing the Board members and Management insight into the functions of the Board of Directors. The core areas of the Board Charter are as follows:

1. Company Goals, Mission and Vision
2. Board Governance Process
3. Board and Management Relationship
4. Board and Shareholders Relationship
5. Stakeholders Relationship
6. Schedule of Board Matters

The Board Charter will be reviewed from time to time to ensure its consistency with the Board's objectives and current laws and practices.

The Board Charter is accessible through the Company's website at www.aisberhad.com.my.

Duties and Responsibilities of the Board

The Board is dedicated to practice clear demarcation of duties, responsibilities and authority within the Company. Its key responsibilities pursuant to the recommendations of the Code include:

- Reviewing of the strategic direction of the Group, establishing goals for management and monitoring achievement of these goals;
- Overseeing the conduct of the Group's business operations and performance;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- Reviewing the adequacy and integrity of the Group's internal controls system of the Company;
- Implement succession planning for business and functional continuity; and
- Overseeing the development and implementation of a policy to enable effective communication with its shareholders and other stakeholders.

Corporate Governance Overview Statement

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

I. Board Responsibilities (Cont'd)

Duties and Responsibilities of the Board (Cont'd)

There is a schedule of matters reserved specifically for the Board's decision, which includes approval of corporate plans and annual budgets, announcement of quarterly results, major capital expenditure, significant financial matters and the adequacy and integrity of internal controls, including risk assessment.

The Board delegated certain responsibilities to the Management or Board Committees namely the Nomination Committee, the Remuneration Committee, the Audit and Risk Management Committee. These Committees have the authority to examine specific issues and forward their recommendations to the Board. The final decisions on all matters, however, rest with the Board.

Separation of positions of Independent Non-Executive Chairman ("the Chairman") and Executive Directors

The Group practices and faithfully observed division of responsibilities between the Chairman and Executive Directors. The roles of the Chairman and Executive Directors are separate with clear distinctions of responsibilities between them to ensure balance of power and authority. The Chairman, Dato' Ghazali Bin Mat Ariff is primarily responsible for the orderly conduct of the Board meetings and ensure effectiveness of the Board and the Executive Directors, Dato' Ronnie Lim Yew Boon and Mr. Lim Chin Sean are responsible for the day-to-day operations of the Group whereby operational issues and problems are discussed, major transactions and matters relating to the Group are reviewed and also to formulate operational strategies.

The Independent Non-Executive Directors are independent of Management and free of any relationship which could materially interfere with the exercise of their independent judgement. They provide a check and balance on the performance of Management.

Code of Conducts and Ethics

Directors are expected to conduct themselves, as per the Directors' Code of Ethics ("the Directors' Code"), with the highest ethical standards, to behave ethically and professionally at all times to promote and protect reputation and performance of the Company.

The Directors' Code covers the principles of conflict of interest, insider dealings, integrity, compliance to law and etc. The Directors' Code, adopted by the Board in 2013, is accessible through the Company's website at www.aisberhad.com.my.

The Board believed that having a Whistle-Blowing Policy and Procedure in place will strengthen, support good management and at the same time demonstrates accountability, good risk management and sound corporate governance practices. A Whistle-Blowing Policy, recommended by the ARMC, was adopted by the Board in year 2013. The Whistle-Blowing Policy is accessible through the Company's website at www.aisberhad.com.my.

The Board aimed to provide an avenue and to act as a mechanism for parties to channel their complaints or to provide information on fraud, wrongdoings or non-compliance to any rules or procedures by the employee or Management of the Company. The policy outlines when, how and to who a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistle-blower the opportunity to raise a concern outside their management line and in confidence. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal or retribution. All whistleblowing reports or complaints are to be addressed to the Chairman of the Audit and Risk Management Committee or the Executive Directors.

Diversity Policy on Gender Diversity

The Company takes diversity not only in Boardroom but also workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company. Diversity encapsulates not only gender but also age and ethnicity, if well-managed, can drive performance and strengthen governance.

As at the date of this statement, no gender diversity policies, targets and measures have been set by the Company. The Board through the Nomination Committee will take the necessary steps to ensure that women candidates are sought as part of its recruitment exercise.

Despite the importance of Boardroom diversity, the Board is of the view that the selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority, not to compromise on qualification, experience and capabilities.

Corporate Governance Overview Statement

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

I. Board Responsibilities (Cont'd)

Sustainability

The Board recognises the importance of sustainability and its increasing significance in the business. The Board is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the need of the wider community, the requirements of shareholders and stakeholders and economic success.

The Company has formalised a Sustainability Policy which aims to integrate the principles of sustainability into the Company's strategies, policies and procedures and ensure that the Board and Senior Management are involved in implementation of this policy, review of the sustainability performance and create a culture of sustainability within the Company, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

The Non-Executive Directors are to deliberate and discuss policies and strategies formulated and proposed by Management with the view of the long-term interests of all stakeholders. They contributed to the formulation of policies, and decision making using their expertise and experience. They also provide guidance and promote professionalism to the Management. The Independent Non-Executive Directors fulfilled a pivotal role in corporate accountability, providing independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision making process to ensure that the long term interests of all stakeholders and the community are well protected.

The policies on governance, the environment and social responsibility is disclosed in the Sustainability Statement set out on pages 25 to 29 of this Annual Report.

Succession Planning

The Board is responsible for reviewing candidates for key positions namely, the Non-Executive Chairman, Executive and Non-Executive Directors and all head of divisions; the succession planning to ensure all candidates appointed to Senior Management positions are of sufficient expertise. The Board had adopted a Succession Planning Policy to ensure that there are avenues in place to provide for the orderly succession of Senior Management.

Supply and Access to Information

The Directors are supplied with and have unrestricted access to information pertaining to the Group's business and affairs to enable them to discharge their duties effectively. The information provided includes both verbal and written details.

All scheduled meetings held during the year were preceded by a formal agenda issued by the Company Secretaries in consultation with the Management. Prior to meetings, appropriate documents which include the agenda and reports relevant to the issues of the meetings are circulated to all members. All Directors have full and timely access to information with board papers distributed in advance of meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at meetings which in turn enhances the decision making process.

All Directors have access to further information which they may require in discharging their duties including seeking independent professional advice, if necessary, at the Company's expense. They also have access to the advice and services of the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities.

Qualified and Competent Company Secretaries

The Board is supported by two (2) experienced and competent Company Secretaries, who are qualified to act under Section 235(2) of the CA 2016. The Company Secretaries are responsible to the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group. The Company Secretaries also highlights all compliance and governance issues which they feel ought to be brought to the Board's attention. The Companies Secretaries had and will constantly keep themselves abreast, through continuous training on the regulatory changes and development in corporate governance.

The Company Secretaries provides support to the Chairman of the Company to ensure the effective functioning of the Board. The Company Secretaries and/or representative organise and attend all Board Meetings and Board Committees' Meetings ensuring that the accurate and proper record of deliberation of issues discussed, decisions made and conclusions taken. The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and Senior Management.

In ensuring the uniformity of Board conduct and effective boardroom practices throughout the Group, the Company Secretaries have oversight on overall corporate secretarial functions of the Group and maintains all secretarial and statutory records of the Group.

The Board is satisfied with the performances and support rendered by the Company Secretaries to the Board in the discharge of its functions.

Corporate Governance Overview Statement

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

II. Board Composition

Board Balance

The Board consists of five (5) principal directors and one (1) alternate director. Out of the five (5) principal directors, two (2) are Executive Directors and three (3) are Non-Executive Directors. Three (3) of the Directors are independent, which is in compliance with the Main LR of Bursa Securities in respect of the board composition.

The composition of the Board reflects a balance of Executive, Non-Executive and Independent Directors with a wide range of professional skills, which are relevant and necessary for the business direction of the Group. A brief profile of each Director is presented on pages 11 to 13 of this Annual Report.

Board Committees

The following Board Committees have acted within the framework specified by the Board. These committees have sporadically made proposals to improve and enhance the role of the Board in governance processes. The Chairman of each of these Board Committees will report to the Board on the outcome of the Committee Meetings.

Below is a general description of some of the basic functions of the respective Board Committees.

a. Audit and Risk Management Committee

On 14 December 2017, the Board had approved the merger of the Audit Committee and Risk Management Committee to be known as the "Audit and Risk Management Committee" effective from 1 January 2018. The Audit and Risk Management Committee, which comprises exclusively of Independent Non-Executive Directors, is responsible for reviewing and monitoring the Group's internal audit processes, its external auditors, and of the integrity of the Group's financial statements. It is also responsible for reviewing the effectiveness of internal controls system.

The full details of the composition, terms of reference and summary of the activities of the Audit and Risk Management Committee during the year are set out in the Audit and Risk Management Committee Report on pages 45 to 49 of this Annual Report.

b. Nomination Committee

The Board established a Nomination Committee in May 2002, which consists exclusively of Independent Non-Executive Directors. The Chair of the Nomination Committee is an Independent Non-Executive Director identified by the Board.

Chairman :	Datuk Hew Lee Lam Sang (appointed on 29 January 2019)	Independent Non-Executive Director
Members :	Dato' Ghazali Bin Mat Ariff	Independent Non-Executive Director
	Tuan Haji Fauzi Bin Mustapha	Independent Non-Executive Director

The functions of the Nomination Committee are to assist the Board in discharging its responsibilities, particularly in:

- Assessing the effectiveness of the Board, respective Committees and contribution of each Director;
- Identifying, appointing and orientating new directors;
- Identifying the required mix of skills, experience and other core competencies the Board needs for it to function effectively and efficiently;
- Developing, maintaining and reviewing the criteria to be used in the recruitment process and annual assessment of Directors;
- Developing the criteria for annual assessment of independence of the Independent Directors of the Company by the Board and recommending to the Board for continuation in service of Independent Director(s) who have served the Board for a cumulative term of more than nine (9) years; and
- Establishing measures to approach the boardroom diversity.

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

b. Nomination Committee (Cont'd)

To carry out the tasks of reviewing on an annual basis the effectiveness of the Board as a whole, Independent Directors, Board Committees and the contribution of each individual Director, the Nomination Committee has adopted the following performance evaluation forms in assessing and evaluating the required mix of skills and experience, including core competences, which the Directors should bring to the Board:

(a) Audit Committee Evaluation Questionnaire;
(b) Independent Directors' Self-Assessment Checklist;
(c) Directors'/Key Officers' Self-Assessment Evaluation Form;
(d) Board Skills Matrix Form; and
(e) Board and Board committees Evaluation Form.

The Nomination Committee held two (2) meetings during the financial year ended 31 December 2019. The summary of activities of the Nomination Committee during the financial year ended 31 December 2019 is as follows:

- Assessed the effectiveness of the Board as a whole, the Board Committees and contribution of individual Directors for the financial year ended 31 December 2018;
- Reviewed and recommended to the Board, re-election of Directors who are retiring by rotation; and
- Assessed the independence of Independent Directors, who have served the Board for a cumulative term of more than nine (9) years;
- Assessed the term of office and performance of the Audit and Risk Management Committee and each of its members in respect of financial year ended 31 December 2018; and
- Reviewed the independence, experience and skill set of a proposed candidate i.e. Datuk Hew Lee Lam Sang and recommended to the Board on the appointment of the same for the positions as Independent Non-Executive Director and Chairman of the Audit and Risk Management Committee and Nomination Committee and also member of the Remuneration Committee.

c. Remuneration Committee

The Board established a Remuneration Committee in May 2002, which consists exclusively of Independent Non-Executive Directors:

Chairman :	Dato' Ghazali Bin Mat Ariff	Independent Non-Executive Director
Members :	Tuan Haji Fauzi Bin Mustapha	Independent Non-Executive Director
	Datuk Hew Lee Lam Sang	Independent Non-Executive Director

The Remuneration Committee is responsible to review the remuneration and benefits package to the Executive Directors, the Directors' fees and benefits to the Non-Executive Directors of the Company and also the meetings allowances to all Directors.

The Remuneration Committee held one (1) meeting during the financial year ended 31 December 2019. The summary of activities during the financial year ended 31 December 2019 is as follows:

- Reviewed and recommended to the Board, payment of Directors' fees to the Non-Executive Directors for the financial year ended 31 December 2018;
- Reviewed and recommended to the Board, payment of Directors' benefits (other than Directors' fees) for the period from 20 June 2019 until the next Annual General Meeting of the Company; and
- Reviewed and recommended to the Board, remuneration package of the Executive Directors of the Company.

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

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

II. Board Composition (Cont'd)

Appointment to the Board

The Board recognizes its responsibility to carefully appraise and consider the appointment of new and existing Directors so as to continue functioning effectively. Thus, whilst the initial appraisal of new candidates is delegated to the Nomination Committee, the Board will ensure that the appointment or reappointment of each Director will maintain the good balance of skills and experience in its composition. In assessing suitability of candidates, considerations will be given to the competencies, commitment, contribution and performance. Management will facilitate board induction by providing the new Director with relevant information about the Group.

The Nomination Committee is responsible for identifying, assessing and recommending to the Board, suitable nominees for appointment to the Board and Board Committees. Candidates are normally sourced through recommendations by existing Board members, Management or major shareholder. Nevertheless, the Nomination Committee is also open to utilise independent sources to identify suitable qualified candidates.

Retirement and Re-Election

The Company's Constitution requires a Director to retire at the Annual General Meeting ("AGM") following his appointment but he shall be eligible for re-election. The Company's Constitution also provides that one third (1/3) or the number nearest to one third (1/3) of the Directors in office are to retire by rotation at each AGM and the Directors may offer themselves for re-election.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.

With the enforcement of the CA 2016, there is no requirement for Directors who are of or over the age of seventy (70) years to seek for re-appointment to the Board annually.

In February 2020, the Board approved the recommendation of the Nomination Committee that Dato' Ronnie Lim Yew Boon and Dato' Ghazali Bin Mat Ariff, who are due for retirement by rotation at the Forty-Ninth AGM pursuant to Clause 123 of the Company's Constitution, are eligible to stand for re-election at the Forty-Ninth AGM. Dato' Ronnie Lim Yew Boon and Dato' Ghazali Bin Mat Ariff had expressed their intention to seek re-election at the Forty-Ninth AGM.

Annual Assessment of Independent Directors

The Independent Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberation and decision making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning to the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

The Nomination Committee has developed the criteria to assess independence of the Independent Directors. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops.

The Board with assistance from the Nomination Committee will undertake to carry out annual assessment of the effectiveness of the Board as a whole, including Independent Non-Executive Directors and consider whether the Independent Directors can continue to bring independent and objective judgment to the Board deliberations.

For the financial year ended 31 December 2019, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria developed by the Nomination Committee of the Company. The Board is satisfied with the level of Independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

Tenure of Independent Directors

The Board has not developed a policy which limits the tenure of its Independent Directors to nine (9) years. However, the Board is mindful that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and upon completion of nine (9) years, to re-designate the director as Non-Independent Director if he continues to serve on the Board pursuant to the Code. If the Board intends to retain an Independent Director beyond nine (9) years, the Company should justify and seek shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek shareholders' approval through a two-tier voting process and the manner to obtain the shareholders' approval on the resolution shall follow the recommendation of the Code.

The Board further recognises that the tenure is not the absolute indicator of a Director's independence and objectivity wherein the spirit, intention, purpose and attitude, background and current activities should also be considered.

Shareholders' approval was sought at the last Annual General Meeting on retention of Tuan Haji Fauzi Bin Mustapha, who has served more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company through a two-tier poll voting process in accordance with the recommendation of the Code.

The Nomination Committee and the Board have performed an assessment on the independence of the Independent Directors based on the criteria approved by the Board. Upon the Nomination Committee's recommendation, the Board recommended for shareholders' approval at the Forty-Ninth AGM the retention of Tuan Haji Fauzi Bin Mustapha as Independent Non-Executive Director, based on the following justifications:

- He has fulfilled the criteria under the definition of Independent Directors as stated in the Main LR of Bursa Securities;
- He has vast experience in a diverse range of businesses which enable him to provide constructive and independent judgment in the best interest of the Company;
- He has ensured that there is effective check and balance in proceedings of the Board and Board Committees and have actively participated in Board's deliberations, provided objective and independent opinion to the Board; and
- He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company and exercised due care in the interest of the Company and shareholders.

Number of Directorship

Pursuant to Paragraph 15.06 of the Main LR of Bursa Securities, Directors of the Company must not hold more than five (5) directorships in public listed companies.

The Directors of the Company are required to first notify the Chairman, prior to acceptance of new directorship in other public listed companies, including the estimated time commitment required, to ensure that such appointment would not affect their commitments and focus for an effective input to the Board.

As at the date of this statement, none of the Directors of the Company hold more than five (5) directorships in public listed companies. The directorships of each Director are set out in the Profile of Directors on pages 11 to 13 of this Annual Report.

Board Meetings

The Board of Directors meets on a quarterly basis with additional meetings convened as and when necessary, to inter-alia approve quarterly financial results, business plans, budgets, governance matters and other business development activities. Special Board meetings may be convened to consider urgent proposal or matters which require the expeditious review or consideration by the Board.

Senior Management, both external and internal auditors and/or advisers may be invited to attend the Board meetings, if required, to provide additional information on the relevant agenda tabled at the Board Meetings.

Strategic issues such as acquisition and disposal of the group's investments or assets; announcements to regulators; corporate and restructuring exercises are presented to the Board for its decision to ensure that the direction and control of the Group is firmly in the Board's control. Besides Board Meetings, the Board also exercises control on matters that require Board's approval through circulation of Directors' resolutions.

Where a transaction is required to be approved by the shareholders, interested directors will abstain from deliberations and voting in respect of their shareholdings in the Company and they will further undertake to ensure that persons connected to them will similarly abstain from voting.

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

Board Meetings (Cont'd)

Board meetings for the ensuing financial year are scheduled in advance to facilitate the Directors to plan ahead. All meetings are furnished with proper agendas with due notice issued. Board papers and reports are prepared by the Management, which provide updates on financial, operational, legal matters. These are circulated prior to the meetings to all Directors to allow sufficient time for review so as to ensure effective discussions and decision making during the meetings.

During the financial year ended 31 December 2019, five (5) board meetings were held. All Directors in office have attended more than 50% of the total board meetings held and therefore, have complied with paragraph 15.05(3) of the Main LR of Bursa Securities. Details of the board meetings and their attendances at these meetings are set out below:

Name of Directors	Total Meetings Attended by Directors	Percentage
Dato' Ghazali Bin Mat Ariff	4/5	80%
Tuan Haji Fauzi Bin Mustapha	5/5	100%
Datuk Hew Lee Lam Sang	5/5	100%
Dato' Ronnie Lim Yew Boon	5/5	100%
Mr. Lim Chin Sean	5/5	100%

Level of Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board Meetings as set out in the table above.

Directors' Training

The Directors have participated and continue to undergo the relevant training programmes to further enhance their skill and knowledge as well as the latest statutory and/or regulatory requirements in discharging their fiduciary duties to the Company.

During the financial year ended 31 December 2019, the Directors attended the following training programmes:

Directors	Training / Seminar Attended	Date
Dato' Ghazali Bin Mat Ariff	• Housing Conference 2019 (Making Affordability the New Normal) - conducted by REHDA Institute Secretariat	20.11.2019
Tuan Haji Fauzi Bin Mustapha	• Housing Conference 2019 (Making Affordability the New Normal) - conducted by REHDA Institute Secretariat	20.11.2019
Datuk Hew Lee Lam Sang	• Tax and Business Summit 2019 - conducted by KPMG Tax Services Sdn Bhd • Housing Conference 2019 (Making Affordability the New Normal) - conducted by REHDA Institute Secretariat	30.10.2019 20.11.2019
Dato' Lim Yew Boon	• Directors' Duties and Responsibilities - conducted by Boardroom Corporate Services Sdn Bhd • Corporate Liability Provision (Section 17A) of the MACC Act 2009 - conducted by Bursa Malaysia Berhad	28.05.2019 5.11.2019
Mr Lim Chin Sean	• Directors' Duties and Responsibilities - conducted by Boardroom Corporate Services Sdn Bhd	28.05.2019
Dr. Goh Swee Por *(Alternate Director to Lim Chin Sean)*	• Leadership Development Program - Conducted by Maslow Trainers & Consultants • Energy Manager Training Course - Conducted by Malaysian Association of Energy Service Companies (MAESCO) • Housing Conference 2019 (Making Affordability the New Normal) - Conducted by REHDA Institute Secretariat	23.04.2019, 20-21.06.2019, 31.07.2019-01.08.2019 24-28.06.2019 20.11.2019

Corporate Governance Overview Statement

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

III. Remuneration

All Directors receive directors' fees determined by the Board based on the level of responsibilities. Meeting allowances are also paid to Directors at each Board and Committee meetings.

The Executive Directors' remuneration package comprises a fixed component which includes a monthly salary and benefits-in-kind or emoluments, and a variable component which includes performance-based bonus.

The details of Directors' fees, benefits in-kind and Directors' remuneration for the financial year ended 31 December 2019 including remuneration for services rendered to the Company and its subsidiaries are as follows:

	Salaries & Bonus (RM)	Defined Contribution Benefits (RM)	Fees (RM)	Meeting Allowances (RM)	Benefits In-Kind (RM)	TOTAL (RM)
Executive Directors						
Dato' Ronnie Lim Yew Boon	294,000	35,280	-	6,000	8,922	344,202
Mr. Lim Chin Sean	210,000	25,200	24,000	6,000	-	265,200
Non-Executive Directors						
Dato' Ghazali Bin Mat Ariff	-	-	24,000	13,400	59,700	97,100
Datuk Hew Lee Lam Sang	-	-	-	14,400	-	14,400
Tuan Haji Fauzi Bin Mustapha	-	-	24,000	14,000	-	38,000
Dr. Goh Swee Por *(Alternate Director to Lim Chin Sean)*	-	-	-	-	-	-

Set out below are directors' remuneration paid or payable by the Company for financial year ended 31 December 2019, in aggregation and analysed into bands of RM50,000:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Less than RM50,000	-	2
From RM50,001- RM100,000	-	1
From RM250,001 to RM300,000	1	-
From RM300,001 to RM350,000	1	-

The Board acknowledges the recommendation of the Code for transparency in the disclosure of its key Senior Management remuneration. For the financial year ended 31 December 2019, the top 5 Senior Management of the Company whose total remuneration (including benefits-in-kind and other emoluments) falls within the following bands are as follows:

Range of Remuneration	Number of Senior Management
Less than RM50,000	-
From RM50,001- RM100,000	-
From RM100,001 to RM150,000	1
From RM150,001 to RM200,000	2
Above RM200,000	2

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Audit and Risk Management Committee, which comprises exclusively of Independent Non-Executive Directors, is responsible for reviewing and monitoring the Group's internal audit processes, its external auditors, and of the integrity of the Group's financial statements. It is also responsible for reviewing the effectiveness of internal controls system.

The composition of the Audit and Risk Management Committee members, comprising exclusively of Independent Non-Executive Directors as compliance to the Main LR of Bursa Securities, are as follows:

Chairman :	Datuk Hew Lee Lam Sang (appointed on 29 January 2019)	Independent Non-Executive Director
Members :	Dato' Ghazali Bin Mat Ariff	Independent Non-Executive Director
	Tuan Haji Fauzi Bin Mustapha	Independent Non-Executive Director

Further details of the Audit and Risk Management Committee are contained in the Audit and Risk Management Committee Report on pages 45 to 49 of this Annual Report.

Financial Reporting

The Board is firmly resolved to present a proper and meaningful assessment of the Group's financial performance and prospects in every interim and annual report. In this connection, it is supported by the Audit and Risk Management Committee, which diligently ensures the accuracy, adequacy and reasonableness of information prior to reporting.

Internal Control

The Board has taken the responsibility of identifying and reviewing the adequacy of the Group's internal control systems in compliance with the applicable laws, regulations, rules, directives and guidelines. The Statement on Risk Management and Internal Control is presented on pages 43 to 44 of this Annual Report. The Board will ensure the continuous process of identifying, evaluating and managing the internal control systems within the Group for review by the Audit and Risk Management Committee.

Relationship with External Auditors

The role of the Audit and Risk Management Committee in relation to the external auditors may be found in the Audit and Risk Management Committee Report set out on pages 45 to 49 of this Annual Report. The Company has always maintained a transparent and appropriate relationship with its auditors in seeking professional advice and ensuring compliance with relevant accounting standards in Malaysia.

The Audit and Risk Management Committee undertakes an annual assessment of the suitability and independence of the external auditors. Upon satisfactory assessment of their performance, the Audit and Risk Management Committee will recommend their re-appointment to the Board, upon which shareholders' approval will be sought at the AGM of the Company.

It is a policy of the Audit and Risk Management Committee that it meets with the external auditors at least twice (2) a year to discuss their audit plan, audit findings and the Company's financial statements as well as any other issues without the presence of the Executive Directors and Management.

II. Risk Management and Internal Control Framework

Sound Framework to Manage Risk

The Board acknowledges its responsibility to maintain a sound Risk Management and Internal Control system covering not only financial controls but also operational and compliance controls to identify risks in operations and finance and to design measures to manage those risks. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board, through the Audit and Risk Management Committee, seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the Internal Auditors and the External Auditors.

As per its Terms of Reference, the Audit and Risk Management Committee has been explicitly accorded the power to appoint, and to decide on the remuneration and the resignation/dismissal of the Internal Auditors. It has also been empowered to ensure that the internal audit function reports directly to the Audit and Risk Management Committee, that it is independent of the functions it audits and has the authorities and resources necessary to carry out its responsibilities. It will also approve the Internal Audit Plan and review and assess the performance of the internal audit function.

Corporate Governance Overview Statement

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

II. Risk Management and Internal Control Framework (Cont'd)

Internal Audit Function

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investments and the Group's assets, the Board has outsourced the internal audit function to a professional internal audit service provider firm during the financial year.

The Internal Auditors conduct regular audits to review the adequacy and effectiveness of the Group's Risk Management and Internal Control system in identifying and managing principal risks, ensuring compliance with the law and regulations and preserving the quality of assets and the integrity of the management information system.

Please refer to the Audit and Risk Management Committee Report on pages 45 to 49 of this Annual Report for more details.

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

I. Communication with Stakeholders

The Group recognises the importance of timely and thorough dissemination of information to shareholders and investors on all business matters. The Company is committed to keeping shareholders duly informed about the Group's performance, corporate governance and other matters affecting shareholders' interests, while always mindful of the laws and regulations governing the release of specific information.

The primary tool of communication with the shareholders of the Company is currently done through published annual reports and timely statutory periodic announcements to Bursa Securities. In order to enhance the Company's communication with the stakeholders, the Company has established a website at www.aisberhad.com.my as a channel of communication and information dissemination. Various announcements made by the Company during the year and annual reports are available on the Company's website. The Company also disseminates information through press releases on corporate events and business as well as any significant developments of the Group.

Corporate Disclosure Policy

The Board acknowledges the importance of timely and thorough dissemination of information to its investors and shareholders. The Board regards regular communications with the public via various announcements and the issuance of Annual Reports, circulars and press releases as key to building a good relationship with its shareholders.

In line with the Main LR of Bursa Securities and best practices recommended by the Code, the Company must disclose to the public all material information necessary for informed investment decisions and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information. The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's website at www.aisberhad.com.my, and to ensure that such information is handled properly to avoid leakage and improper use of such information.

The Company shall disclose all material information required to be disclosed under applicable securities laws, in accordance with a consistent procedure and in accordance with such laws, as per the disclosure principles listed below:

- Material information will be immediately announced to Bursa Securities first and later made available at the Company website;
- Material information will be kept confidential temporarily if the immediate release of such information would be unduly detrimental to the interests of the Company;
- Content of disclosure must be factual and non-speculative and include any information the omission of which would cause the rest of the disclosure misleading;
- The disclosure must be corrected immediately if the Company learns that an earlier disclosure by the Company contained a material error at the time it was originally disclosed;
- The Company does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the internet. Should Bursa Securities request that the Company to make a definitive statement in response to a market rumour that is causing significant volatility in the price of the Company's securities, the Executive Directors will respond appropriately after consulting with the Board for advice if time permits, before a reply is given to Bursa Securities; and
- All investors must have equal access to material information. Selective disclosure is not allowed.

Information is considered material if it is reasonably expected to have a material effect on the price, value and market activity of the Company's securities or the decision of a holder of security or an investor in determining his/her choice of actions.

Corporate Governance Overview Statement

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

I. Communication with Stakeholders (Cont'd)

Corporate Disclosure Policy (Cont'd)

The Company Secretaries are assigned to compile such information for the approval of the Board as soon as possible and for releasing such information to the market as stipulated by Bursa Securities.

Leverage on Information Technology

The Company disseminates information in relation to its financial performance, operations and corporate developments through the Annual Reports, Quarterly Interim Financial Reports, circulars and various general announcements. The Company releases all material information publicly through Bursa Securities and via its IR portal at www.aisberhad.com.my.

Shareholders and investors are also encouraged to convey their queries and concerns to the Company via the Company's website at www.aisberhad.com.my or via email to admin@aisberhad.com.my. The queries will be attended by the Company's Senior Management or the Board, as the case may be.

II. Conduct of General Meetings

Annual General Meetings or Extraordinary General Meetings ("General Meetings")

General Meetings remain the principal forum for dialogue between the Company and its shareholders, as the Company's General Meetings provide a means of communication with shareholders.

Notices of General Meetings, the related circulars and the Annual Reports of the Company are sent to the shareholders in accordance with the regulatory and statutory provisions. Where special business items appear in the Notices of General Meetings, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact when shareholders deliberate on such resolution. The Notices of General Meetings are advertised in a national English newspaper within the prescribed deadlines. Notice for an AGM should be given to the shareholders at least twenty eight (28) days prior to the meeting.

The Board notes the recommendation of the Code that Notice for an AGM should be given to the shareholders at least twenty eight (28) days prior to the meeting, which is earlier than the minimum notice periods stipulated in the Company's Constitution and the CA 2016. In the past years, the Company serves the Notice for AGM more than twenty eight (28) days prior to the meeting. From year 2020 onwards, the Annual Reports and Notice for General Meetings will be circulated electronically. Hard copies of the Annual Reports will be made available upon request.

The Company holds its General Meetings at places that are easily accessible and at a time convenient to the shareholders to encourage them to attend the meetings.

If a shareholder is unable to attend and vote in person at the General Meetings, the Company allows him/her to appoint any person, who may but need not be a member of the Company, to be his/her proxy without limitation and there shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at the General Meetings shall have the same rights as the shareholder to speak at the General Meetings.

At the General Meetings, the Board encourages and gives sufficient opportunity for the shareholders to ask questions regarding the affairs of the Group, its financial performance and the resolutions being proposed at the meetings. The Chairman, when presenting the agenda items at the meetings, will give a brief background on the items to be voted on and shareholders are invited to give their views and raise question before voting takes place. Shareholders' suggestions received during the General Meetings are reviewed and considered for implementation, wherever possible.

All Directors attend the General Meetings. The Chairman of the Nomination, Remuneration and Audit and Risk Management Committees and Senior Management are also present at the General Meetings to respond to shareholders' queries addressed to them during the meetings. The external auditors and advisers of corporate exercises, where applicable, attend General Meetings upon invitation and are available to answer questions or clarify queries from shareholders relating to the subject matter.

Other than shareholders of the Company, representative from the Minority Shareholders Watchdog Group ("MSWG") will also be invited as observer at the Company's General Meetings if prior requests have been made. Queries raised by the MSWG and the Company's reply thereto are presented at the General Meetings.

All meetings are recorded by the Company Secretaries and the summary of key matters discussed at the General Meetings is available for inspection at the Company's website.

Corporate Governance Overview Statement

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

II. Conduct of General Meetings (Cont'd)

Poll Voting

In compliance with the Main LR of Bursa Securities, all resolutions that set out in the Notice of General Meetings will be voted via poll voting.

The polling process will be conducted by the share registrar as the Poll Administrator and an independent scrutineer will be appointed to oversee the conduct of the poll and verify the results of the poll.

ADDITIONAL COMPLIANCE INFORMATION

a. Audit and Non-Audit Fees

During the financial year ended 31 December 2019, the amount of audit fees paid or payable to the External Auditors, Crowe Malaysia PLT 201906000005 (LLP0018817-LCA) & AF 1018 by AISB and its subsidiaries were as follows:

Fees paid by AISB	:	RM45,000
Fees paid by AISB subsidiaries	:	RM52,000

For the financial year ended 31 December 2019, the non-audit fee of RM34,700 was paid by the Company to the External Auditors and its affiliated corporation.

b. Material contracts

There were no material contracts entered into by the Company and/or the Group, which involved directors and shareholders, still subsisting at the end of the financial year or entered into since the end of the previous financial year.

c. Utilisation of Proceeds

There were no corporate proposals undertaken by the Company during the financial year ended 31 December 2019 and thus no proceeds were raised and utilised.

d. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

There were no RRPT of a revenue or trading nature between the Company and/or the Group and its related parties which required shareholders' mandate during the financial year under review.

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

The Directors are required by the CA 2016, to state whether, in their opinion, the Group and Company's financial statements for the financial year are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, Main LR of Bursa Securities and CA 2016 so as to provide a true and fair view of the Group and Company's financial position and the performance and cash flow for the financial year.

Towards this, the Directors ensure that relevant accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made, in the preparation of financial statements. The Directors also ensure that applicable approved accounting standards have been followed and that proper accounting records are being kept so as to enable disclosure of the Group's and Company's financial position in compliance with laws and regulations.

The Board is satisfied that in preparing the financial statements of the Company and the Group as at 31 December 2019, the Company and the Group have used appropriate accounting policies and applied them consistently and prudently.

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and has made it a corporate policy to continuously improve on its corporate governance practices and structure to achieve an optimal governance framework.

This Corporate Governance Overview Statement was approved by the Board of Directors of AISB on 4 May 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("the Board") is pleased to issue this statement on risk management and internal control of the Group for the financial year ended 31 December 2019 in compliance with the Principles and Best Practices as stipulated in the Malaysian Code on Corporate Governance 2017.

2. BOARD'S RESPONSIBILITY

The Board acknowledges the importance of systems of internal control and recognises that it is their responsibility to maintain a sound system of internal control to safeguard shareholders' investment. In this connection, the Board confirms that there is on-going effort to identify risks and to introduce or improve controls in the functional areas.

In line with its responsibilities, the Audit Committee ("AC") and Risk Management Committee ("RMC") have been merged and to be known as the Audit and Risk Management Committee ("ARMC") effective from 1 January 2018.

The Board has established the ARMC to oversee the effective implementation of the risk management process and systems of internal control.

The role of ARMC is to provide an independent assessment of the effectiveness, adequacy and reliability of the risk management process, compliance with risk policies, applicable laws, regulations, rules, directives, guidelines and systems of internal control as established by management. These assessments are assisted by an independent internal audit function.

As there are limitations inherent in any systems of internal control, therefore, it shall be noted that the controls are designed and positioned to mitigate risks but not eliminating the present and future risks. In this connection, it shall also be noted that systems of internal control can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

3. RISK MANAGEMENT FRAMEWORK

The ARMC was established to adopt the Risk Management Framework designed for the Group. This framework provides guidance and facilitates a structured approach for identifying, evaluating and managing significant risks that could inadvertently prevent the achievement of business objectives.

The Board has approved the following Terms of Reference for the ARMC:

a. To review the Group's overall objectives by assessing the adequacy and effectiveness of the risk portfolio composition and risk mitigation controls in determining the desired exposures of each major area on a periodic basis.
b. To promote and ensure that the risk management process and culture are embedded.
c. To review and assess the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks and their effectiveness.
d. To ensure adequate infrastructure, resources and systems are in place for managing risks.
e. To identify other corporate risk areas such as regulatory compliances, new business development and financial issues.
f. To establish a task force to oversee the proper conduct of regular review and control of risk in the functional activities.

The ARMC had approved the Risk Handbook, which was developed by the Risk Management Working Group ("RMWG"). The aim of the Risk Handbook is to introduce a standardised approach for Management to adopt and assist in identification, analysis and management of risks.

The RMWG has invited the Internal Auditors to observe the risk assessment exercise in 2019. In this exercise, a structured risk management framework was reviewed and key risks that could affect the achievement of the Group's objectives, the control and mitigating action plans were identified and documented. The risk report was presented to the Board for discussion and formalisation of actions plan and updated by the RMWG.

4. INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group was outsourced to a professional internal audit service provider firm ("Internal Auditor"), which includes performing regular reviews of the business processes, checking compliance with policies/ procedure, evaluating the adequacy and effectiveness of internal control, risk management and governance processes established by Management and/or the Board within the Group. The Internal Audit function highlights significant findings and corrective measures in respect of any non-compliance to Management and the ARMC on a timely basis. The annual audit plan is reviewed and approved by the ARMC. Further activities of the Internal Audit function are set out in the ARMC report on pages 45 to 49.

The costs incurred by the Group in relation to the Internal Audit function for the financial year ended 31 December 2019 amounted to approximately RM40,000.

Statement on Risk Management and Internal Control

5. INTERNAL CONTROL

The Group's systems of internal control during the financial year ended 31 December 2019 and up to the date of approval of this statement for inclusion into the annual report encompasses inter alia, the key elements as follows:

- A functional organisational structure that defines the level of authority and responsibilities of management.
- Policies and procedures, updated as necessary, are documented and communicated to personnel for compliance.
- An ARMC with defined responsibilities as set out on pages 45 to 49.
- An internal audit function, which is accountable to the ARMC, objectively reviews and reports on the effectiveness of control processes.
- An annual operating budget and strategic business plan approved by the Board.
- Appropriate human resource guidelines for hiring and terminating staff, formal training programmes, annual performance appraisals and other relevant procedures are in place to ensure employees' competency.
- The Group's performance is monitored by using key performance indicators, monthly management reports and periodic management meetings. These performance reports are benchmarked against budgets. Any exceptions noted will be investigated and reported.
- Quarterly monitoring of financial results by the Board.

In making this statement, the Board had considered the Bursa's Guidance on Statement on Internal Control for all subsidiaries. The Board is of the view that there has been no significant breakdown or weaknesses in the systems of internal control of the Group that may result in material losses incurred for the financial year ended 31 December 2019. Nevertheless, remedial actions and corrective measures have been or are being taken to address the weaknesses noted, if any.

6. MANAGEMENT RESPONSIBILITIES

The Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and systems of internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.

7. REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was conducted in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in Annual Report, issued by the Malaysian Institute of Accountants ("MIA"). AAPG 3 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the Group's risk management and systems of internal control.

8. CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and systems of internal control. The Board has received assurance from the Executive Directors and CFO that the Group's risk management and systems of internal control, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 4 May 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

MEMBERSHIP

The Board had on 14 December 2017 approved the merger of the Audit Committee and the Risk Management Committee to be known as the "Audit and Risk Management Committee" effective from 1 January 2018. The rationale of the merger of the two (2) Board Committees is to enhance the efficiency of the Board Committee in discharging its duties and responsibilities.

Members of the Audit and Risk Management Committee, their respective designation and directorate are as follows:

Name	Designation	Directorship
Datuk Hew Lee Lam Sang (appointed on 29 January 2019)	Chairman	Independent Non-Executive Director
Tuan Haji Fauzi Bin Mustapha	Member	Independent Non-Executive Director
Dato' Ghazali Bin Mat Ariff	Member	Independent Non-Executive Director

All Audit and Risk Management Committee members of the Company are Independent Non-Executive Directors.

SUMMARY OF TERMS OF REFERENCE

1. COMPOSITION, MEETINGS, MINUTES AND ACTIVITIES

The Audit and Risk Management Committee shall be appointed by the Board amongst the Directors and shall consist of not less than three (3) members. All Audit and Risk Management Committee members must be Non-Executive Directors, with a majority of them being Independent Directors. The Chairman shall be an Independent Non-Executive Director appointed by the Nomination Committee.

If a member of the Audit and Risk Management Committee resigns or for any reason ceases to be a member resulting in the number of members to be reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint a replacement to make up the minimum of three (3). The vacancy of the Independent Chairman of the Audit and Risk Management Committee must also be filled within three (3) months.

The Board shall review the terms of reference and performance of the Audit and Risk Management Committee and each of its members annually to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference.

The Audit and Risk Management Committee shall meet at least four (4) times annually or at more frequent intervals as required. The Audit and Risk Management Committee shall meet with the external auditors at least twice (2) a year and with internal auditors at least once (1) a year, without the Executive Directors and Management present. The Chief Operating Officer and the Chief Financial Officer are normally invited to attend the Audit and Risk Management Committee meetings. The presence of the external auditors shall be requested, if required. Other Board members and employees may attend Audit and Risk Management Committee meetings upon the invitation of the Audit and Risk Management Committee.

The Company Secretaries shall be the Secretary to the Audit and Risk Management Committee. Minutes of each meeting shall be distributed to each member prior to the meeting. The Chairman shall report to the Board, a summary of significant matters arising at each meeting.

The Audit and Risk Management Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Audit and Risk Management Committee is also authorised by the Board to seek and accept independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, whenever deemed necessary.

During the financial year ended 31 December 2019, the Audit and Risk Management Committee held a total of five (5) meetings. The members of the Audit and Risk Management Committee together with their attendance are set out below:

Name	Attendance at Meetings
Datuk Hew Lee Lam Sang	5/5 (100%)
Tuan Haji Fauzi Bin Mustapha	5/5 (100%)
Dato' Ghazali Bin Mat Ariff	4/5 (80%)

Audit and Risk Management Committee Report

SUMMARY OF TERMS OF REFERENCE (CONT'D)

2. KEY FUNCTIONS, ROLE AND RESPONSIBILITIES

The Audit and Risk Management Committee's duties and responsibilities are as follow:

- To consider the appointment and re-appointment of the external auditors and the audit fee.
- To recommend the nomination of a person or persons as external auditors.
- To discuss on the resignation or removal of external auditors and the reasons thereof.
- To discuss with the external auditors the nature and scope of any audit exercise prior to its commencement and to ensure coordination of such exercise where more than one audit firm is involved.
- To review the quarterly and annual financial statements of the Company and the Group, before submission to the Board whilst ensuring that they are prepared in an accurate manner focusing particularly on:

    (i) Changes in or implementation of major accounting policies and principles changes.

    (ii) Significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed.

    (iii) Significant adjustments arising from the audit.

    (iv) The going concern assumption.

    (v) Compliance with accounting standards and relevant statutory and regulatory requirements.

- To discuss issues, concerns and reservations arising from interim and final external audits, and such other matters the external auditors may wish to raise.
- To review the external auditors' management letter and management's response to specific matters raise therein.
- To assess the suitability and independence of external auditors.
- To do the following in connection with the internal audit function:

    (i) Review the adequacy of its scope, functions, competency and resources and that it has the necessary authority to carry out its work.

    (ii) Review and discuss the nature and scope of the audit programme with internal auditors and the follow-up thereto, ensuring that appropriate actions are taken as recommended.

    (iii) Review any performance appraisals or assessment of its staff.

    (iv) Approve the appointment, resignation or termination of its senior members.

    (v) Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning.

- To monitor any related-party transaction and conflict of interests situation which may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.

Audit and Risk Management Committee Report

SUMMARY OF TERMS OF REFERENCE (CONT'D)

2. KEY FUNCTIONS, ROLE AND RESPONSIBILITIES (CONT'D)

- To review the adequacy and efficacy of the Group's system of internal control.

  With the merger of the Audit Committee and Risk Management Committee on 1 January 2018, the functions of the Audit and Risk Management Committee shall include the functions of the Risk Management Committee to assist the Board in discharging its responsibilities, particularly in:

  - Reviewing the Group's overall objectives by assessing the adequacy and effectiveness of risk portfolio composition and risk mitigation controls to determine the desired exposures of each major area of risk on a periodic basis.
  - Promoting and ensuring risk management process and culture are embedded throughout the Group.
  - Reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively.
  - Ensuring adequate infrastructure, resources and systems are established to make risk management effective.
  - Identifying other corporate risk areas such as regulatory compliances, new business development and financial issues.
  - Establishing a task force as the main risk management unit to oversee the proper operating, reviewing and controlling of risk pertaining to functional activities.

The Board has established a Risk Management Working Group ("RMWG"), which is headed by the Chief Operating Officer, Mr. Chan Keen Wai and comprise of all head of departments in ensuring that all risk classes particularly the Group strategic risks, risks related to the manufacturing and trading of steel products and project development businesses, are considered at an appropriately senior level in a consistent manner and that the Board through the Audit and Risk Management Committee receives periodic reporting on the risk environment and management's actions to mitigate and manage significant risks in a manner consistent with the Group's risk appetite.

The RMWG is responsible to oversee the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies across the Group as well as identifying and managing strategic business risks of the Group. In fulfilling the primary objectives, the RMWG is tasked to undertake the following responsibilities and duties:

(a) to promote good risk management practices and effective governance within the Group and in ensuring that roles, responsibilities and accountability in managing risks are clearly established, defined and communicated;

(b) to create high level risk policies aligned with the Group's strategic business objectives;

(c) to review the enterprise risk management framework for the effective identification, assessment, measurement, monitoring, reporting and mitigation of risks within the Group; and

(d) to identify and communicate existing and potential critical risk areas faced by the Group and the management action plans to mitigate such risks by working with the internal auditors in providing periodic reports and updates to the Audit and Risk Management Committee.

Audit and Risk Management Committee Report

SUMMARY OF ACTIVITIES OF AUDIT AND RISK MANAGEMENT COMMITTEE

In line with its terms of reference, the Audit and Risk Management Committee discharged its duties and responsibilities in the financial year ended 31 December 2019 through the following activities:

a. External Audit

- Reviewed the Audit Review Memorandum by the external auditors for the financial year ended 31 December 2018 and discussed the results of their audit report and management letter together with Management's response to their findings;
- Reviewed the annual audited financial statements of the Group to ensure compliance with the CA 2016, Main LR of Bursa Securities, applicable accounting standards and other legal and regulatory requirements prior to submission to the Board for consideration and approval;
- Carried out an annual review of the performance of the External Auditors, including assessment of their independence in performing their obligations, and then recommended to the Board for re-appointment as External Auditors and remuneration of the External Auditors;
- Conducted independent meetings with the External Auditors during the year without the presence of the Executive Directors and Management; and
- Reviewed the Audit Planning Memorandum, which includes reporting responsibilities and deliverables, audit approach and scope for the statutory audits of the Group accounts for the financial year ended 31 December 2019 with the external auditors prior to the commencement of audit.

b. Internal Audit

- Reviewed and approved the Internal Audit Plan of the Group with the selected auditable areas for each reporting quarter of 2019;
- Reviewed and deliberated on the Internal Audit reports, recommendations and management responses;
- Reviewed the corrective actions taken on the audit findings, outstanding audit issues from previous audits to ensure that actions have been taken timely and effectively; and
- Conducted independent meeting with the Internal Auditors during the year without the presence of the Executive Directors and Management.

c. Risk Management

- Reviewed the risk profiles of the Group, including action plans and strategies to address these risks identified; and
- Reviewed the risk policy and risk appetite of the Group and recommended to the Board for approval and inclusion in the Statement on Risk Management and Internal Control.

d. Financial Reporting

- Reviewed the unaudited quarterly reports before recommending for Board's approval for submission to Bursa Securities and Securities Commission Malaysia.

e. Related Party Transactions

- Reviewed, with the assistance of the Internal Auditors, the related party transactions entered into by the Company and the Group to ensure that the transactions entered into were in adherence to Main LR of Bursa Securities and the recurrent related party transactions entered were within the approved limits of the shareholders' mandate on recurrent related party transactions and also conflict of interest situations which arose within the Group during the year.

f. Annual Report

- Reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval and inclusion in the 2018 Annual Report; and
- Presented the Audit and Risk Management Committee Report to the Board for approval and inclusion in the 2018 Annual Report.

Audit and Risk Management Committee Report

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2019, the Audit and Risk Management Committee is supported by an outsourced internal audit service provider firm, GRC Consulting Services Sdn Bhd ("GRC"), in the discharge of its duties and responsibilities.

GRC is an independent professional consultant firm which is sufficiently resourced and is a member of the Institute of the Internal Auditors Malaysia to provide the services that meet with the Group's required service level. The Internal Auditors are able to provide reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

The Internal Auditor reports directly to the Audit and Risk Management Committee and is independent of the activities it audits. The primary responsibility of the Internal Auditor is to undertake regular and systematic reviews of the risk management process, systems of internal controls and governance practices of the Company and the Group in conformance with the International Professional Practices Framework so as to provide reasonable assurance that the risk management process, systems of internal controls and governance practices are operating satisfactorily and effectively and are in line with the Group's goals and objectives. The results of the internal audits provided in the Internal Audit Reports together with the findings and recommendation for improvements were presented to the Audit and Risk Management Committee for deliberations. The resulting reports from the internal audits were also forwarded to the Management for attention and necessary corrective actions. The functions and responsibilities of the Internal Audit Function are embodied in the Internal Audit Charter.

All Internal Audit personnel in the service provider firm do not have family relationships with any Directors or major shareholders of the Company and the Group. They also do not have any conflicts of interest which could impair their objectivity and independence.

The internal audit activities carried out by Internal Auditors for the financial year ended 31 December 2019 included, inter alia, the following:

- reviewed and assessed the adequacy and integrity of control environment and systems of internal control of the Group;
- reported on findings noted from high level assessment and benchmarking on overall design of the control environment of AISB;
- conducted risk assessment for the implementation of an enterprise risk management framework;
- reviewed and reported on the follow-up status of previous audit findings on the following areas:

  (i) Prolonged in Launching of Kayu Ara Project
  (ii) Non-Conformance of Design / Changes in Design
  (iii) Changes in Government Policies & Regulatory
  (iv) Project Management
  (v) Discretionary authority limit (Financial and Non-Financial)
  (vi) Compliance with organisation policies, contracts, laws and regulations.
  (vii) Human Resource Function
  (viii) Debtor Aging & Related Party Transactions
  (ix) Information Technology and Inventory Management

- presented the Internal Audit Plan of the Group to the Audit and Risk Management Committee for review and approval.

The costs incurred by the Group in relation to the Internal Audit function for the financial year ended 31 December 2019 amounted to approximately RM40,000.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and property development.

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(2,750,025)	(573,528)
Attributable to:-		
Owners of the Company	(2,750,025)	(573,528)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

As at 31 December 2019, the Company held as treasury shares a total of 6,797,300 of its 144,382,742 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM3,724,544. The details of the treasury shares are disclosed in Note 20 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

Directors' Report

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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 of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of the directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Ghazali Bin Mat Ariff
Dato' Lim Yew Boon
Tuan Haji Fauzi Bin Mustapha
Lim Chin Sean
Dr. Goh Swee Por (Alternate director to Lim Chin Sean)
Datuk Hew Lee Lam Sang (Appointed on 29 January 2019)

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report are similar to those disclosed above.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
The Company				
Direct Interests				
Dato' Ghazali Bin Mat Ariff	317,125	-	-	317,125
Dato' Lim Yew Boon	10,000	-	-	10,000
Tuan Haji Fauzi Bin Mustapha	20,000	-	-	20,000
Indirect Interest				
Lim Chin Sean #	31,475,175	8,296,800	-	39,771,975

Deemed interest by virtue of his direct substantial shareholding in Telaxis Sdn. Bhd., a substantial shareholder of the Company.

By virtue of his shareholding in the Company, Lim Chin Sean is deemed to have interest in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of 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 any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34(b) to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 29 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for a director of the Group and of the Company was RM1,000,000 and RM66,940 as part of the conditions of a term loan accepted. No indemnity was given to or insurance effected for auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

Directors' Report

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 39 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 29 to the financial statements.

Signed in accordance with a resolution of the directors dated 4 May 2020.

Dato' Lim Yew Boon

Lim Chin Sean

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Lim Yew Boon and Lim Chin Sean, being two of the directors of Amalgamated Industrial Steel Berhad, state that, in the opinion of the directors, the financial statements set out on pages 59 to 106 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 4 May 2020.

Dato' Lim Yew Boon

Lim Chin Sean

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Choh Kim Chiew, (MIA Membership Number: 29057), being the officer primarily responsible for the financial management of Amalgamated Industrial Steel Berhad, do solemnly and sincerely declare that the financial statements set out on pages 59 to 106 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Choh Kim Chiew, NRIC Number: 751009-08-5563,
at Kuala Lumpur
in the Federal Territory
on 4 May 2020.

Choh Kim Chiew

Before me

Shi'Aratul Akmar Binti Sahari
Commissioner for Oaths
No. W788

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AMALGAMATED INDUSTRIAL STEEL BERHAD (INCORPORATED IN MALAYSIA) COMPANY NO: 196901000692 (9118 - M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Amalgamated Industrial Steel 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 59 to 106.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Fair Value of Investment Property
Refer to Note 6 to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
The Group's investment property is stated at fair value. The fair value of the investment property was determined based on valuation performed by an independent firm of professional valuers. The carrying value of investment property as at 31 December 2019 amounted to RM36.6 million. Significant judgement is required by directors in determining the fair value of investment property. We identified the valuation of investment property as a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement associated with determining the value.	Our procedures included, amongst others:- (a) evaluated the objectivity, independence and capabilities of the professional valuers; (b) assessed the appropriateness of the valuation model, property related data, including estimates used by the professional valuers; and (c) assessed the reasonableness of the assumptions used in the valuation and judgements made.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Revenue Recognition for Property Development Activities
Refer to Note 26 to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
The Group recognises property development revenue using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date over the estimated total property development costs. Accounting for property development activities is inherently complex and there is judgement involved in the following areas:- (a) determination of stage of completion; and (b) estimated total property development costs and cost incurred to complete a project. We determined this to be a key audit matter given the complexity and judgemental nature of these areas.	Our procedures included, amongst others:- (a) tested costs incurred to date to supporting documentation such as contractors' claim certificates; (b) assessed the reasonableness of the estimated total property development costs to supporting documentation such as contracts, quotations and variation orders with contractors; (c) checked for any variation orders and checked that changes to contracts and quotations with the contractors, if any, are properly supported, for ongoing projects; (d) tested sales of properties to signed sales and purchase agreements and billings raised to property buyers; and (e) re-computed the stage of completion and checked the journal entries impacting revenue are recognised appropriately with reference to the computation of the stage of completion of the projects.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Independent Auditors' Report

To the members of Amalgamated Industrial Steel Berhad
(Incorporated In Malaysia) Company No: 196901000692 (9118 - M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

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

As a 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 skepticism throughout the audit. We also:

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

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

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

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Ho Yen Ling
03378/06/2020 J
Chartered Accountant

Kuala Lumpur
4 May 2020

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
ASSETS					
NON-CURRENT ASSETS					
Equipment	5	709,220	671,072	486,105	443,442
Investment property	6	36,600,000	36,600,000	36,600,000	36,600,000
Right-of-use assets	7	1,076,552	-	125,407	-
Investments in subsidiaries	8	-	-	3,345,434	1,095,434
Club membership	9	11,454	11,818	11,454	11,818
Other assets		32,060	32,060	19,060	19,060
		38,429,286	37,314,950	40,587,460	38,169,754
CURRENT ASSETS					
Property development costs	10	61,821,952	59,922,511	37,320,018	37,100,000
Contract costs	11	2,914,236	-	-	-
Trade and other receivables	12	3,783,290	375,915	111,719	181,675
Contract assets	13	2,076,687	-	-	-
Amount owing by subsidiaries	14	-	-	33,214,547	23,373,212
Current tax assets		1,211	2,246	-	-
Fixed deposits with licensed banks	15	7,556,477	20,000,000	7,556,477	20,000,000
Short-term investments	16	20,132,160	24,667,864	20,132,160	24,667,864
Cash and bank balances	17	7,076,544	2,411,339	636,354	1,347,075
		105,362,557	107,379,875	98,971,275	106,669,826
TOTAL ASSETS		143,791,843	144,694,825	139,558,735	144,839,580
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	22,160,982	19,566,458	22,160,982	19,566,458
Reserves	19	116,564,144	121,998,271	119,762,756	122,950,295
Treasury shares	20	(3,724,544)	(3,724,544)	(3,724,544)	(3,724,544)
TOTAL EQUITY		135,000,582	137,840,185	138,199,194	138,792,209
NON-CURRENT LIABILITIES					
Lease liabilities	21	708,823	-	94,620	-
Term loan	22	3,793,445	-	-	-
Retirement benefit obligations	23	130,448	126,052	-	-
Deferred tax liabilities	24	156,442	1,681,070	-	1,524,628
		4,789,158	1,807,122	94,620	1,524,628
CURRENT LIABILITIES					
Trade and other payables	25	2,758,860	2,082,576	1,091,687	1,557,801
Lease liabilities	21	496,712	-	54,090	-
Term loan	22	627,387	-	-	-
Current tax liabilities		119,144	2,964,942	119,144	2,964,942
		4,002,103	5,047,518	1,264,921	4,522,743
TOTAL LIABILITIES		8,791,261	6,854,640	1,359,541	6,047,371
TOTAL EQUITY AND LIABILITIES		143,791,843	144,694,825	139,558,735	144,839,580

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
REVENUE	26	5,014,570	4,258,882	2,012,440	1,940,940
COST OF SALES		(2,867,354)	(2,602,047)	(494,022)	(297,219)
GROSS PROFIT		2,147,216	1,656,835	1,518,418	1,643,721
OTHER INCOME	27	1,352,901	2,607,587	1,201,885	1,609,223
		3,500,117	4,264,422	2,720,303	3,252,944
SELLING AND DISTRIBUTION EXPENSES		(1,375,731)	-	-	-
ADMINISTRATIVE EXPENSES		(6,065,642)	(6,456,858)	(3,495,637)	(3,018,790)
NET REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FINANCIAL ASSETS	28	-	16,939	(1,128,000)	(2,000,000)
LOSS FROM OPERATIONS		(3,941,256)	(2,175,497)	(1,903,334)	(1,765,846)
FAIR VALUE LOSS ON INVESTMENT PROPERTY		-	(2,800,000)	-	(2,800,000)
FINANCE COSTS		(151,998)	-	(13,654)	-
LOSS BEFORE TAXATION	29	(4,093,254)	(4,975,497)	(1,916,988)	(4,565,846)
INCOME TAX EXPENSE	30	1,343,229	805,390	1,343,460	805,390
LOSS AFTER TAXATION		(2,750,025)	(4,170,107)	(573,528)	(3,760,456)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(2,750,025)	(4,170,107)	(573,528)	(3,760,456)
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(2,750,025)	(4,170,107)	(573,528)	(3,760,456)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(2,750,025)	(4,170,107)	(573,528)	(3,760,456)
LOSS PER SHARE (SEN)	31				
- Basic		(2.00)	(3.03)		
- Diluted		(2.00)	(3.03)		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share Capital RM	Treasury Shares RM	← Non-distributable Share Premium RM	Asset Revaluation Reserve RM	Capital Reserve RM →	Distributable Retained Profits RM	Total Equity RM
The Group								
Balance at 1.1.2018		19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	50,825,336	142,010,292
Loss after taxation for the financial year		-	-	-	-	-	(4,170,107)	(4,170,107)
Balance at 31.12.2018/1.1.2019		19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	46,655,229	137,840,185
Initial application of MFRS 16	41(c)	-	-	-	-	-	(89,578)	(89,578)
Balance at 1.1.2019 (restated)		19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	46,565,651	137,750,607
Loss after taxation for the financial year		-	-	-	-	-	(2,750,025)	(2,750,025)
Contributions by and distributions to owners of the Company:								
- Transfer to share capital pursuant to Companies Act 2016	18	2,594,524	-	(2,594,524)	-	-	-	-
Balance at 31.12.2019		22,160,982	(3,724,544)	-	24,539,768	48,208,750	43,815,626	135,000,582
The Company								
Balance at 1.1.2018		19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	51,367,709	142,552,665
Loss after taxation for the financial year		-	-	-	-	-	(3,760,456)	(3,760,456)
Balance at 31.12.2018/1.1.2019		19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	47,607,253	138,792,209
Initial application of MFRS 16	41(c)	-	-	-	-	-	(19,487)	(19,487)
Balance at 1.1.2019 (restated)		19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	47,587,766	138,772,722
Loss after taxation for the financial year		-	-	-	-	-	(573,528)	(573,528)
Contributions by and distributions to owners of the Company:								
- Transfer to share capital pursuant to Companies Act 2016		2,594,524	-	(2,594,524)	-	-	-	-
Balance at 31.12.2019		22,160,982	(3,724,544)	-	24,539,768	48,208,750	47,014,238	138,199,194

The annexed notes form an integral part of these financial statements.

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

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
CASH FLOWS FOR OPERATING ACTIVITIES					
Loss before taxation		(4,093,254)	(4,975,497)	(1,916,988)	(4,565,846)
Adjustments for:-					
Amortisation of club membership		364	364	364	364
Bad debt written off		403	-	-	-
Depreciation of equipment		162,428	112,588	86,231	63,202
Depreciation of right-of-use assets		462,689	-	50,162	-
Impairment loss:					
- amount owing by subsidiaries		-	-	1,128,000	2,000,000
Interest expense on lease liabilities		114,016	-	13,654	-
Interest expense		37,982	-	-	-
Equipment written off		8	3,238	8	3,238
Retirement benefit obligations		60,492	33,492	-	-
Fair value loss on investment property		-	2,800,000	-	2,800,000
Loss/(Gain) on disposal of equipment		20,276	(49,998)	18,229	(49,998)
Fair value gain on short-term investments		(656,550)	(1,533,338)	(656,550)	(1,533,338)
Interest income		(598,995)	(25,998)	(543,335)	(25,366)
Reversal of impairment loss on trade receivables		-	(16,939)	-	-
Reversal of retirement benefit obligation not utilised		-	(70,000)	-	-
Operating loss before working capital changes		(4,490,141)	(3,722,088)	(1,820,225)	(1,307,744)
Increase in property development costs		(1,899,441)	(1,807,002)	(220,018)	-
Decrease in inventories		-	1,208,101	-	-
Increase in contract costs		(2,914,236)	-	-	-
Increase in contract assets		(2,076,687)	-	-	-
(Increase)/Decrease in trade and other receivables		(3,407,778)	350,408	69,956	212,837
Increase in amount owing by subsidiaries		-	-	(10,969,335)	(4,390,009)
Increase/(Decrease) in trade and other payables		676,284	(1,052,451)	(466,114)	(460,286)
Decrease in amount owing to a related party		-	(856,931)	-	-
CASH FOR OPERATIONS		(14,111,999)	(5,879,963)	(13,405,736)	(5,945,202)
Income tax refunded		36,387	33,090	35,352	16,025
Income tax paid		(129,110)	(69,496)	(128,879)	(69,042)
Real property gains tax paid		(2,933,439)	-	(2,933,439)	-
Retirement benefits paid		(56,096)	(71,824)	-	-
NET CASH FOR OPERATING ACTIVITIES		(17,194,757)	(5,988,193)	(16,432,702)	(5,998,219)
BALANCE CARRIED FORWARD		(17,194,757)	(5,988,193)	(16,432,702)	(5,998,219)

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows
For the Financial Year Ended 31 December 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
BALANCE BROUGHT FORWARD		(17,194,757)	(5,988,193)	(16,432,702)	(5,998,219)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Additional investment in an existing subsidiary		-	-	(2,250,000)	(150,000)
Interest income received		1,256,045	1,559,336	1,199,885	1,558,704
Withdrawal/(Placement) of fixed deposits with tenure more than 3 months		12,443,523	(20,000,000)	12,443,523	(20,000,000)
Proceeds from disposal of property and equipment		1,800	50,000	800	50,000
Purchase of equipment		(222,660)	(213,658)	(147,931)	(26,843)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		13,478,708	(18,604,322)	11,246,277	(18,568,139)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Drawdown of term loan	32(a)	4,399,501	-	-	-
Repayment of lease liabilities	32(a)	(423,284)	-	(46,346)	-
Interest paid	32(a)	(130,667)	-	(13,654)	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		3,845,550	-	(60,000)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		129,501	(24,592,515)	(5,246,425)	(24,566,358)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		27,079,203	51,671,718	26,014,939	50,581,297
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32(c)	27,208,704	27,079,203	20,768,514	26,014,939

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are at Unit 8-02, level 8, Menara LGB, No.1 Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 4 May 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and property development. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
MFRS 16 Leases
IC Interpretation 23 Uncertainty Over Income Tax Treatments
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 - 2017 Cycles

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. MFRS 16 requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months whereby the right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. For a lessor, MFRS 16 continues to allow the lessor to classify its leases as either operating leases or finance leases and to account them differently. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 41 to the financial statements.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon its initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Equipment and Right-Of-Use Assets

The estimates for the residual values, useful lives and related depreciation charges for the equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its equipment and right-of-use assets 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. The carrying amounts of equipment and right-of-use assets as at the reporting date are disclosed in Note 5 and Note 7 to the financial statements.

(b) Impairment of Equipment and Right-of-use Assets

The Group determines whether an item of its equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of equipment and right-of-use assets as at the reporting date are disclosed in Note 5 and Note 7 to the financial statements.

(c) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Note 12 and Note 13 to the financial statements.

(d) Revenue and Cost Recognition of Property Development Activities

The Group recognises property development revenue as and when the control of the asset is transferred to a customer and it is probable that the Company will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customer and the applicable laws governing the contract.

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and current tax liabilities of the Group as at the reporting date are RM1,211 and RM119,144 (2018 - RM2,246 and RM2,964,942) respectively and the current tax liabilities of the Company is RM119,114 (2018 – RM2,964,942).

(f) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining factors used in the valuation process as disclosed in Note 6 to the financial statements.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Notes 12 and 14 to the financial statements.

(h) Impairment of Property Development Costs

The Group determines whether its property development costs are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property development costs as at the reporting date is disclosed in Note 10 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(b) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(c) Coronavirus Disease 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporarily closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in reduced demand for the Group's goods and services. The Group exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's assets and liabilities at 31 December 2019.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss *except* where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 EQUIPMENT

All items of equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Land and buildings are revalued periodically, at least once in every five years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Subsequent to initial recognition, all equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Electrical installations	10%
Office equipment, furniture and fittings	10%
Motor vehicles	25%
Office renovation	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4.7 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for equipment up to date of change in use.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

Accounting Policies Applied Until 31 December 2018

(a) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LAND HELD FOR PROPERTY DEVELOPMENT

Land held for property development represents land on which development activities are not expected to be completed within the normal operating cycle.

Land held for property development is stated at the lower of cost and net realisable value.

The cost comprises cost associated to the purchase of land, conversion fees and other relevant levies and an appropriate proportion of common infrastructure costs.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the properties held for future development will be the best available measure of the net realisable value.

Land held for property development is transferred to property development cost category when development activities have commenced and are expected to be completed within the normal operating cycle.

4.10 PROPERTY DEVELOPMENT COSTS

Property development costs are stated at the lower of cost and net realisable value.

The cost comprises cost associated with the purchase of land, conversion fees, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of common infrastructure costs.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling the property.

4.11 CONTRACT COSTS

(a) Incremental Costs of Obtaining A Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfill A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

4.12 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the assets' fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss unless the asset is carried at its revalued 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. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

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, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three month or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.16 INCOME TAXES

(a) Current tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred tax

Deferred tax is recognised using the liability method of all temporary differences other than those that arise from goodwill 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 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 period.

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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

Notes to the Financial Statements
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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 EMPLOYEE BENEFITS (CONT'D)

(c) Defined Benefit Plan

In addition to the statutory contribution to Employees' Provident Fund, the Group operates an unfunded benefit plan. Retirement gratuities are payable to eligible employees who have been in service for at least seven years upon their retirement or resignation.

(d) Termination Benefits

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

4.18 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 maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.19 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Property Development Activities

Revenue from property development is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Company's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time upon delivery of property and customer's acceptance, and the Group has a present right to payment for the property sold.

A receivable is recognised when the development activities are carried out as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

(b) Sale of Goods

Revenue from sale of goods is recognised when the Company has transferred control of the goods to customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.21 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(b) Interest Income

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

4.22 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.23 FAIR VALUE MEASUREMENT

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

5. EQUIPMENT

The Group	Electrical installations RM	Office equipment, furniture and fittings RM	Office renovation RM	Total RM
2019				
Cost				
At 1 January	180,170	1,004,839	103,605	1,288,614
Additions	10,126	189,938	22,596	222,660
Disposal	-	(29,598)	-	(29,598)
Written off	-	(19,374)	-	(19,374)
At 31 December	190,296	1,145,805	126,201	1,462,302
Accumulated depreciation				
At 1 January	26,814	545,541	15,186	587,541
Charge for the year	20,549	128,870	13,009	162,428
Disposals	-	(7,522)	-	(7,522)
Written off	-	(19,366)	-	(19,366)
At 31 December	47,363	647,523	28,195	723,081
Accumulated impairment loss				
At 1 January/31 December	-	30,001	-	30,001
Carrying Amount				
At 31 December	142,933	468,281	98,006	709,220

The Group	Electrical installations RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Office renovation RM	Total RM
2018					
Cost					
At 1 January	151,377	825,397	276,833	101,590	1,355,197
Additions	28,793	181,585	-	3,280	213,658
Disposal	-	-	(276,833)	-	(276,833)
Written off	-	(2,143)	-	(1,265)	(3,408)
At 31 December	180,170	1,004,839	-	103,605	1,288,614
At 1 January	7,569	462,474	276,831	5,080	751,954
Charge for the year	19,245	83,174	-	10,169	112,588
Disposal	-	-	(276,831)	-	(276,831)
Written off	-	(107)	-	(63)	(170)
At 31 December	26,814	545,541	-	15,186	587,541
Accumulated impairment loss					
At 1 January/31 December	-	30,001	-	-	30,001
Carrying Amount					
At 31 December	153,356	429,297	-	88,419	671,072

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

5. EQUIPMENT (CONT'D)

The Company	Electrical installations RM	Office equipment, furniture and fittings RM	Office renovation RM	Total RM
2019				
Cost				
At 1 January	178,220	608,307	100,325	886,852
Additions	10,126	115,209	22,596	147,931
Disposal	-	(26,013)	-	(26,013)
Written off	-	(19,374)	-	(19,374)
At 31 December	188,346	678,129	122,921	989,396
Accumulated depreciation				
At 1 January	26,733	401,628	15,049	443,410
Charge for the year	20,354	53,196	12,681	86,231
Disposal	-	(6,984)	-	(6,984)
Written off	-	(19,366)	-	(19,366)
At 31 December	47,087	428,474	27,730	503,291
Carrying Amount				
At 31 December	141,259	249,655	95,191	486,105

The Company	Electrical installations RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Office renovation RM	Total RM
2018					
Cost					
At 1 January	151,377	610,450	276,833	101,590	1,140,250
Additions	26,843	-	-	-	26,843
Disposal	-	-	(276,833)	-	(276,833)
Written off	-	(2,143)	-	(1,265)	(3,408)
At 31 December	178,220	608,307	-	100,325	886,852
Accumulated depreciation					
At 1 January	7,569	367,729	276,831	5,080	657,209
Charge for the year	19,164	34,006	-	10,032	63,202
Disposal	-	-	(276,831)	-	(276,831)
Written off	-	(107)	-	(63)	(170)
At 31 December	26,733	401,628	-	15,049	443,410
Carrying Amount					
At 31 December	151,487	206,679	-	85,276	443,442

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

6. INVESTMENT PROPERTY

	The Group/The Company	
	2019	2018
	RM	RM
Carrying Amount		
At 1 January	36,600,000	76,500,000
Loss on changes in fair value (Note 29)	-	(2,800,000)
Transfer to property development costs (Note 10)	-	(37,100,000)
At 31 December	36,600,000	36,600,000

The following investment property is held under lease terms:

	The Group/The Company	
	2019	2018
	RM	RM
Included in the above are:-		
Leasehold land	25,500,000	25,500,000
Building	11,100,000	11,100,000
	36,600,000	36,600,000

(a) The investment property of the Group and of the Company is leased to a customer under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods of 9 years.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

	The Group/The Company	
	2019	2018
	RM	RM
Not more than 1 year	1,962,506	1,940,940
Later than 1 year and not later than 5 years	9,079,286	8,583,268
Later than 5 years	4,691,301	7,149,825
	15,733,093	17,674,033

Investment property is stated at fair value, which have been determined based on valuation performed by an independent firm of professional valuers who have appropriate professional qualification. The fair value of the investment property was determined using cost and sales comparison approach. This valuation approach seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent sale evidences involving other similar properties in the vicinity. Sales price of comparable properties in close proximity are adjusted for difference in key attributes such as location, size, time and tenure.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

7. RIGHT-OF-USE ASSETS

The Group	As Previously Reported RM	1.1.2019 Initial Application of MFRS 16 (Note 41(c)) RM	As Restated RM	Addition (Note 32(a)) RM	Depreciation Charges (Note 29) RM	At 31.12.2019 RM
2019						
Carrying Amount						
Office furniture	-	175,348	175,348	-	(43,837)	131,511
Office building	-	1,052,469	1,052,469	311,424	(418,852)	945,041
	-	1,227,817	1,227,817	311,424	(462,689)	1,076,552

	RM
Analysed by:-	
Cost	1,796,092
Accumulated depreciation	(719,540)
	1,076,552

The Company	As Previously Reported RM	1.1.2019 Initial Application of MFRS 16 (Note 41(c)) RM	As Restated RM	Depreciation Charges (Note 29) RM	At 31.12.2019 RM
2019					
Carrying Amount					
Office building	-	175,569	175,569	(50,162)	125,407

	RM
Analysed by:-	
Cost	250,813
Accumulated depreciation	(125,406)
	125,407

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

The Group has leased office buildings and office furniture that run between 1 year and 3 years, with an option to renew the lease after that date. Lease payments are increased every 2 to 3 years to reflect current market rentals. The Company is allowed to sublease the office building.

8. INVESTMENTS IN SUBSIDIARIES

	The Company 2019 RM	2018 RM
Unquoted shares, at cost	7,359,437	5,109,437
Allowance for impairment losses	(4,014,003)	(4,014,003)
	3,345,434	1,095,434
Allowance for impairment losses:-		
At 1 January/31 December	(4,014,003)	(4,014,003)

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital held by Parent		Principal Activities
		2019	2018	
		%	%	
Parkwood Damai Sdn. Bhd. (Formely known as AIS Manufacturing Sdn. Bhd.)	Malaysia	100	100	Sales of steel related products and property development.
Parkwood Developments Sdn. Bhd.	Malaysia	100	100	The Company intends to engage in project management activities.
Parkwood Damansara Sdn. Bhd.	Malaysia	100	100	Trading construction and building materials whereas the Company is dormant since its incorporation.
Parkwood Sdn. Bhd.	Malaysia	100	100	Property development.
Parkwood PJS Sdn. Bhd. #	Malaysia	100	100	Property development whereas the Company is dormant since its incorporation.

Held through Parkwood Developments Sdn. Bhd.

(a) On 9 July 2019, Parkwood Sdn. Bhd. increased its issued and paid-up share capital from RM250,000 to RM2,500,000 by way of an issuance of 2,250,000 new ordinary shares for a total cash consideration of RM2,250,000. The Company subscribed for the increase in share capital to retain the equity interest of 100%.

(b) In the previous financial year, Parkwood Sdn. Bhd. increased its issued and paid-up share capital from RM100,000 to RM250,000 by way of an issuance of 150,000 new ordinary shares for a total cash consideration of RM150,000. The Company subscribed for the increase in share capital to retain the equity interest of 100%.

(c) In the previous financial year, Parkwood Developments Sdn. Bhd., a wholly-owned subsidiary of the Company subscribed for 2 ordinary shares, representing 100% equity interest in Parkwood PJS Sdn. Bhd. for a total cash consideration of RM2.

9. CLUB MEMBERSHIP

	The Group/The Company	
	2019 RM	2018 RM
Transferable club membership, at cost		
At 1 January/31 December	20,000	20,000
Accumulated amortisation:-		
At 1 January	(8,182)	(7,818)
Amortisation during the financial year (Note 29)	(364)	(364)
At 31 December	(8,546)	(8,182)
	11,454	11,818

10. PROPERTY DEVELOPMENT COSTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January				
- leasehold land	57,097,008	19,997,008	37,100,000	-
- property development costs	2,825,503	1,018,501	-	-
	59,922,511	21,015,509	37,100,000	-
Transfer from investment property (Note 6)				
- leasehold land	-	37,100,000	-	37,100,000
Leasehold land:				
- Transfer to contract costs	(3,504,745)	-	-	-
Property development costs:				
- Cost incurred during the financial year	7,187,009	1,807,002	220,018	-
- Transfer to contract costs	(1,782,823)	-	-	-
At 31 December	61,821,952	59,922,511	37,320,018	37,100,000
Represented by:-				
Leasehold land	53,592,263	57,097,008	37,100,000	37,100,000
Property development costs	8,229,689	2,825,503	220,018	-
At 31 December	61,821,952	59,922,511	37,320,018	37,100,000

The leasehold land with a carrying amount of RM16,492,263 (2018 - Nil) has been pledged to a licensed bank as securities for banking facilities granted to the Company as disclosed in Note 22 to the financial statements.

11. CONTRACT COSTS

	The Group	
	2019 RM	2018 RM
Cost to fulfill a contract		
At 1 January	-	-
Transfer from property development costs	5,287,568	-
Cost recognised as cost of sales in profit or loss	(2,373,332)	-
At 31 December	2,914,236	-

Cost to fulfill a contract primarily comprises land and related development costs that are attributable to the properties units sold. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised.

The contract cost has been pledged to a licensed bank as securities for banking facilities granted to the Company as disclosed in Note 22 to the financial statements.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

12. TRADE AND OTHER RECEIVABLES

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Gross trade receivables	273,147	844,654	38,672	57,659
Allowance for impairment losses	-	(786,592)	-	-
	273,147	58,062	38,672	57,659
Other receivables				
Third parties	12,032	29,571	8,016	29,167
Goods and services tax recoverable	3,034	58,659	-	-
	15,066	88,230	8,016	29,167
Refundable deposits	3,206,605	75,942	44,985	59,322
Deposits	268,426	105,000	-	-
Prepayments	20,046	48,681	20,046	35,527
	3,783,290	375,915	111,719	181,675

Allowance for impairment losses:-

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
At 1 January	(786,592)	(803,531)	-	-
Reversal during the financial year (Note 28)	-	16,939	-	-
Write off during the financial year	786,592	-	-	-
At 31 December	-	(786,592)	-	-

All customers are granted credit periods ranging from 7 to 60 days (2018 - 7 to 60 days). Other credit terms are assessed and approved on a case-by-case basis. In the last financial year, late interest is charged at 1.5% per annum on the overdue balances.

Included in the refundable deposits are an amount of RM3,108,000 (2018 - Nil) paid to purchase 5 parcel of leasehold commercial lands with total area measuring approximately 14,365 square metres.

13. CONTRACT ASSETS

	The Group 2019 RM	The Group 2018 RM
At 1 January		
Property development revenue recognised during the financial year	3,002,130	-
Billings to customers during the financial year	(925,443)	-
At 31 December	2,076,687	-

The contract assets primarily relate to the Group's rights to consideration for property development work completed on contracts but not yet billed at the reporting date.

14. AMOUNT OWING BY SUBSIDIARIES

	The Company 2019 RM	The Company 2018 RM
Trade balances	2,054,890	2,054,890
Non-trade balances	37,630,175	26,660,840
	39,685,065	28,715,730
Allowance for impairment losses	(6,470,518)	(5,342,518)
	33,214,547	23,373,212

14. AMOUNT OWING BY SUBSIDIARIES (CONT'D)

	The Company	
	2019 RM	2018 RM
Allowance for impairment losses:-		
At 1 January	(5,342,518)	(3,342,518)
Addition during the financial year (Note 28)	(1,128,000)	(2,000,000)
At 31 December	(6,470,518)	(5,342,518)

The trade balances are expected to be settled within the normal credit periods.

The non-trade balances are unsecured, interest-free and receivable on demand. The amounts owing are to be settled in cash.

15. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.85% to 3.70% (2018 - 4.15%) per annum. The fixed deposits have a maturity period 186 days (2018 - 182 days) for the Group and the Company.

(b) Included in the fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM2,411,400 (2018 - Nil) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

16. SHORT-TERM INVESTMENTS

The short-term investments represent investment in highly liquid money market. These investments are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value. The short-term investments bore effective interest rates ranging from 3.60% to 6.00% (2018 - 2.72% to 3.31%) per annum.

17. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group is an amount of RM2,468,508 (2018 - Nil) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966. The amount is held at call with banks and is available only to the subsidiaries involved in the property development activities.

18. SHARE CAPITAL

Issued and Fully Paid-Up	2019 Number Of Shares	2018 Number Of Shares	2019 RM	2018 RM
Ordinary Shares				
At 1 January	144,382,742	144,382,742	19,566,458	19,566,458
Transfer from share premium account (Note 19.1)	-	-	2,594,524	-
At 31 December	144,382,742	144,382,742	22,160,982	19,566,458

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

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19. RESERVES

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Share premium	19.1	-	2,594,524	-	2,594,524
Asset revaluation reserve	19.2	24,539,768	24,539,768	24,539,768	24,539,768
Capital reserve	19.3	48,208,750	48,208,750	48,208,750	48,208,750
Retained profits		43,815,626	46,655,229	47,014,238	47,607,253
		116,564,144	121,998,271	119,762,756	122,950,295

19.1 SHARE PREMIUM

During the current financial year, the credit balance in the share premium account was transferred to the Company's share capital upon the expiry of the transitional provisions as allowed for under Section 618(3) of the Companies Act 2016. The Company did not utilise the share premium during the transitional period.

19.2 ASSET REVALUATION RESERVE

The asset revaluation reserve represents the increase in the fair value of leasehold land and buildings of the Group and the Company (net of deferred tax, where applicable).

19.3 CAPITAL RESERVE

The capital reserve represents the credit arising from the par value reduction by way of cancellation of RM0.40 from the par value of RM0.50 to RM0.10 of each existing ordinary share of the Company.

20. TREASURY SHARES

	The Group/The Company 2019 Number of Ordinary Shares	2018 Number of Ordinary Shares	2019 RM	2018 RM
At 1 January/31 December	6,797,300	6,797,300	3,724,544	3,724,544

There were no ordinary shares repurchased during the year. The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of Section 127(6) of the Companies Act 2016. Treasury shares have no rights to vote, dividends and participation in other distribution.

21. LEASE LIABILITIES

	The Group 2019 RM	The Group 2018 RM
At 1 January		
- As previously reported	-	-
- Initial application of MFRS 16 (Note 41 (c))	1,317,395	-
- As restated	1,317,395	-
Acquisition of new lease	311,424	-
Interest expense recognised in profit or loss (Note 29)	114,016	-
Repayment of principal	(423,284)	-
Repayment of interest expense	(114,016)	-
At 31 December	1,205,535	-
Analysed by:-		
Current liabilities	496,712	-
Non-current liabilities	708,823	-
At 31 December	1,205,535	-

21. LEASE LIABILITIES (CONT'D)

	The Company	
	2019 RM	2018 RM
At 1 January		
- As previously reported	-	-
- Initial application of MFRS 16 (Note 41 (c))	195,056	-
- As restated	195,056	-
Interest expense recognised in profit or loss (Note 29)	13,654	-
Repayment of principal	(46,346)	-
Repayment of interest expense	(13,654)	-
At 31 December	148,710	-
Analysed by:-		
Current liabilities	54,090	-
Non-current liabilities	94,620	-
At 31 December	148,710	-

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

22. TERM LOAN (SECURED)

	The Group	
	2019 RM	2018 RM
Current liabilities	627,387	-
Non-current liabilities	3,793,445	-
	4,420,832	-

The term loan bore an effective interest rate of 5.89% (2018 - Nil) per annum at the end of the reporting date and is secured by:-

(a) a first party charge over leasehold land and fixed deposits with licensed banks of the Company as disclosed in Note 10, Note 11 and Note 15 to the financial statements;

(b) a corporate guarantee of the Company; and

(c) project debenture on development known as "Utamara Residences".

23. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded defined retirement benefit plan for eligible employees.

The movements during the financial year and the amounts recognised in the statements of financial position are as follows:-

	The Group	
	2019 RM	2018 RM
At 1 January	126,052	234,384
Charged to profit or loss	60,492	33,492
Reversal of amount not utilised	-	(70,000)
Retirement benefit paid	(56,096)	(71,824)
At 31 December	130,448	126,052

Notes to the Financial Statements
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23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The amount recognised in the statements of financial position are determined as follows:

	The Group 2019 RM	The Group 2018 RM
Present value of unfunded obligations	130,448	126,052

The amount recognised in the profit or loss are as follows:

	The Group 2019 RM	The Group 2018 RM
Current service cost	19,858	10,995
Interest cost	40,634	22,497
Reversal of past service cost not required	-	(70,000)
	60,492	(36,508)

The above amount that have been recognised in profit or loss were included in administrative expenses.

The principal actuarial assumptions used in respect of the unfunded defined benefit plan were as follows:

	The Group 2019 RM	The Group 2018 RM
Discount rate	5.00%	5.00%
Expected rate of salary increases	4.79%	4.00%

24. DEFERRED TAX LIABILITIES

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
At 1 January	1,681,070	5,479,899	1,524,628	5,323,457
Recognised in profit or loss (Note 30)	(1,524,628)	(3,798,829)	(1,524,628)	(3,798,829)
At 31 December	156,442	1,681,070	-	1,524,628

The deferred tax liabilities are attributable to the following:-

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Deferred tax liabilities:-				
Excess of net carrying amount over tax written down value of property and equipment, and investment properties	-	1,524,628	-	1,524,628
Fair value adjustment on land held for property development through acquisition of a subsidiary	156,442	156,442	-	-
	156,442	1,681,070	-	1,524,628

25. TRADE AND OTHER PAYABLES

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Trade payables	856,568	-	1,009	-
Other payables	640,201	914,120	622,141	623,485
Deposits	10,076	-	-	-
Accruals	1,252,015	1,168,456	468,537	934,316
	2,758,860	2,082,576	1,091,687	1,557,801

The normal credit terms granted by suppliers is 30 days (2018 - ranges from 5 to 60 days).

26. REVENUE

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Revenue from Contracts with Customers				
Property development activities	3,002,130	-	-	-
Sales of steel	-	2,317,942	-	-
	3,002,130	2,317,942	-	-
Revenue from Other Sources				
Rental income	2,012,440	1,940,940	2,012,440	1,940,940
	5,014,570	4,258,882	2,012,440	1,940,940

The disaggregation of the revenue from contract with customers is as follows:-

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Revenue recognised at a point of time				
Sales of steel	-	2,317,942	-	-
Revenue recognised over time				
Property development activities	3,002,130	-	-	-
	3,002,130	2,317,942	-	-
Represented by geographical markets:-				
Malaysia	3,002,130	2,317,942	-	-

27. OTHER INCOME

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Included in other income are the following items:-				
Gain on disposal of equipment	-	49,998	-	49,998
Gain on disposal of scrap	-	984,000	-	-
Fair value gain on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investments	656,550	1,533,338	656,550	1,533,338
Interest income on financial assets measured at amortised cost:				
- deposits with licensed banks	598,995	25,014	543,335	25,014
- others	-	984	-	352
Rental income on office	52,216	-	-	-

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28. NET REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FINANCIAL ASSETS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Impairment loss:				
- amount owing by subsidiaries (Note 14)	-	-	1,128,000	2,000,000
Reversal of impairment losses				
- trade receivables (Note 12)	-	(16,939)	-	-
	-	(16,939)	1,128,000	2,000,000

29. LOSS BEFORE TAXATION

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
In addition to those disclosed in Note 27 and Note 28 to the financial statements, loss before taxation is arrived at after charging:-				
Amortisation of club membership	364	364	364	364
Auditors' remuneration:				
- audit fees	97,000	97,000	45,000	45,000
- non-audit fees:				
- auditors of the Company	5,000	5,000	5,000	5,000
- affiliated corporation of the auditor of the Company	29,700	28,300	8,700	14,300
Bad debt written off	403	-	-	-
Depreciation:				
- equipment (Note 5)	162,428	112,588	86,231	63,202
- right-of-use assets (Note 7)	462,689	-	50,162	-
Directors' remuneration (Note 33)	690,280	696,984	690,280	696,984
Fees payable to a company in which a director has a substantial financial interest	24,000	24,000	24,000	24,000
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- term loans	37,982	-	-	-
Interest expense on lease liabilities (Note 21)	114,016	-	13,654	-
Loss on disposal of equipment	20,276	-	18,229	-
Lease expenses:				
- rental of office	-	209,000	-	55,000
- rental of office furniture	-	27,150	-	-
Equipment written off	8	3,238	8	3,238
Staff costs:				
- defined contribution plan	325,636	274,104	115,712	115,708
- retirement benefit obligations:				
- current financial year	60,492	33,492	-	-
- reversal of amount not utilised	-	(70,000)	-	-
- salaries and others benefits	2,801,907	2,292,053	953,418	1,011,073
- retrenchment benefit	-	260,949	-	-

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM68,622 (2018 - RM66,821).

30. INCOME TAX EXPENSE

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Current tax expense	108,191	60,000	107,961	60,000
Underprovision in the previous financial year	73,208	-	73,207	-
	181,399	60,000	181,168	60,000
Real property gains tax ("RPGT")	-	2,933,439	-	2,933,439
Deferred tax expense (Note 24):				
- origination and reversal of temporary differences	-	(4,399,489)	-	(4,399,489)
- (over)/underprovision in the previous financial year	(1,524,628)	600,660	(1,524,628)	600,660
	(1,524,628)	(3,798,829)	(1,524,628)	(3,798,829)
	(1,343,229)	(805,390)	(1,343,460)	(805,390)

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Loss before taxation	(4,093,254)	(4,975,497)	(1,916,988)	(4,565,846)
Tax at the statutory tax rate of 24%	(982,381)	(1,194,119)	(460,077)	(1,095,803)
Tax effects of:				
Non-deductible expenses	976,162	2,146,632	725,610	2,311,806
Non-taxable gain	(157,572)	(369,653)	(157,572)	(369,653)
Utilisation of deferred tax assets previously not recognised	(33,335)	(2,252,400)	-	(2,252,400)
Deferred tax assets not recognised during the financial year	305,317	263,490	-	-
Under/(Over) provision in previous financial year:				
- current tax	73,208	-	73,207	-
- deferred tax	(1,524,628)	600,660	(1,524,628)	600,660
Income tax expense for the financial year	(1,343,229)	(805,390)	(1,343,460)	(805,390)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year.

No deferred tax assets are recognised in respect of the following items:

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Unutilised tax losses	37,586,000	36,324,000	24,477,000	24,477,000
Unabsorbed capital allowances	7,201,000	7,224,000	7,075,000	7,075,000
Excess of net carrying amount over tax written down value of equipment and right-of-use assets	(1,318,000)	(1,111,000)	-	-
Others	1,357,000	1,254,000	132,000	132,000
	44,826,000	43,691,000	31,684,000	31,684,000

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31. LOSS PER SHARE

Basic loss per share

The basic loss per share has been calculated based on the consolidated loss after taxation of RM2,750,025 (2018 - consolidated loss after taxation of RM4,170,107) and on 137,585,442 (2018 - 137,585,442) being the weighted average number of ordinary shares during the financial year after deducting treasury shares calculated as follows:

	The Group	
	2019	2018
Number of ordinary shares at 1 January	144,382,742	144,382,742
Less: Treasury shares	(6,797,300)	(6,797,300)
Weighted average number of ordinary shares	137,585,442	137,585,442
Basic loss per share (sen)	(2.00)	(3.03)

The diluted loss per share is equal to the basic loss per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

32. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loan RM	Lease Liabilities RM	Total RM
2019			
At 1 January, as previously reported	-	-	-
Effects on adoption of MFRS 16	-	1,317,395	1,317,395
	-	1,317,395	1,317,395
Changes in Financing Cash Flows			
Proceeds from drawdown	4,399,501	-	4,399,501
Repayment of principal	-	(423,284)	(423,284)
Repayment of interests	(16,651)	(114,016)	(130,667)
	4,382,850	(537,300)	3,845,550
Non-cash Changes			
Acquisition of new lease (Note 7)	-	311,424	311,424
Interest expense recognised in profit or loss (Note 29)	37,982	114,016	151,998
At 31 December	4,420,832	1,205,535	5,626,367

The Company	Lease Liabilities RM	Total RM
2019		
At 1 January, as previously reported	-	-
Effects on adoption of MFRS 16	195,056	195,056
	195,056	195,056
Changes in Financing Cash Flows		
Repayment of principal	(46,346)	(46,346)
Repayment of interests	(13,654)	(13,654)
	(60,000)	(60,000)
Non-cash Changes		
Interest expense recognised in profit or loss (Note 29)	13,654	13,654
At 31 December	148,710	148,710

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32. CASH FLOW INFORMATION (CONT'D)

(b) The total cash outflows for leases as a lessee are as follows:-

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Interest paid on lease liabilities	423,284	-	46,346	-
Payment on lease liabilities	114,016	-	13,654	-
	537,300	-	60,000	-

(c) The cash and cash equivalents comprise the following:-

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Fixed deposits with licensed banks	7,556,477	20,000,000	7,556,477	20,000,000
Short-term investments	20,132,160	24,667,864	20,132,160	24,667,864
Cash and bank balances	7,076,544	2,411,339	636,354	1,347,075
	34,765,181	47,079,203	28,324,991	46,014,939
Less: Fixed deposits with tenure of more than 3 months	(7,556,477)	(20,000,000)	(7,556,477)	(20,000,000)
	27,208,704	27,079,203	20,768,514	26,014,939

33. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and of the Company.

The key management personnel compensation during the financial year is as follows:-

	The Group/The Company 2019 RM	The Group/The Company 2018 RM
Directors		
Directors of the Company		
Executive Directors		
Short-term employee benefits:		
- fees	24,000	24,000
- salaries, bonuses and other benefits	516,000	505,200
	540,000	529,200
Defined contribution benefits	60,480	59,184
	600,480	588,384
Non-executive Directors		
Short-term employee benefits:		
- fees	48,000	72,000
- salaries, bonuses and other benefits	41,800	36,600
	89,800	108,600
Total directors' remuneration (Note 29)	690,280	696,984

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM68,622 (2018 - RM66,821).

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34. RELATED PARTIY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Transactions with subsidiaries				
Parkwood Developments Sdn. Bhd.				
- Management services	-	-	589,919	-
- Administrative support services	-	-	198,996	-
Transactions with related parties				
Taliworks Construction Sdn Bhd				
- Sales	-	(2,162,486)	-	-
Synergy Estate Sdn. Bhd.				
- Office rental	120,000	110,000	60,000	55,000
- Water and electricity	227	5,432	-	863
Exitra Sdn. Bhd.				
- Computer and nominal assets	28,356	-	-	-
- Office and office furniture rental	252,300	126,150	-	-
- Upkeep of office	44,700	22,350	-	-
- IT related services	708	59,853	708	-
- Electricity	708	3,545	-	-
Exitra Solutions Sdn. Bhd.				
- Telephone and administration charges	-	1,911	-	-
- IT related services	31,111	17,490	31,111	17,490
- Software and programming	742	-	742	-
LGB Management Service Sdn. Bhd.				
- Rental of training room	12,013	15,249	10,355	10,807
- Administrative services	53,040	-	53,040	-
- Drinks and refreshment	10,920	-	10,920	-
- Upkeep of office	3,000	-	3,000	-
- Design and decoration	4,392	-	4,392	-
- Miscellaneous expenses	2,564	-	2,564	-
- Software and programming	2,640	-	2,640	-
LGB Engineering Sdn. Bhd.				
- Rental of training room	-	1,232	-	822
Transactions with a company in which a director has financial interests				
Telaxis Sdn. Bhd.				
- Director's fee	24,000	24,000	24,000	24,000
Transactions with a legal firm in which a director is a Partner				
Messrs. Ghazali Ariff & Partners				
- Legal fee	72,000	69,962	72,000	69,962

34. RELATED PARTIY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

35. CAPITAL COMMITMENT

	The Group	
	2019	2018
	RM	RM
Purchase of property	27,900,000	-

On 14 November 2019, the Group entered into a Sale and Purchase Agreement to purchase 5 parcel of leasehold commercial lands with total area measuring approximately 14,365 square metres for a total purchase consideration of RM31,000,000.

36. OPERATING LEASE COMMITMENTS

The Group has applied MFRS 16 using the modified retrospective approach. As a result, the following information are disclosures required by MFRS 117 'Leases':-

(a) Leases as Lessee

The Group leases a number of buildings and office furniture under non-cancellable operating leases. The future minimum lease payments under the non-cancellable operating leases as at the end of the last reporting period are as follows:-

	The Group	The Company
	2018	2018
	RM	RM
Not more than 1 year	318,000	60,000
Later than 1 year and not later than 5 years	60,000	30,000
Total (Note 40)	378,000	90,000

37. OPERATING SEGMENTS

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

During the financial year, there was no business segment presented as the Group was primarily engaged in the property development and the steel industry had ceased its business in the previous financial year.

In the previous financial year, the Group was organised into 2 main reportable segments as follows:-

- Steel industry - selling of steel related products.
- Property development - property development activities and investment holding activities

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37. OPERATING SEGMENTS (CONT'D)

The property development activities and investment holding activities are managed by 2 different operating segments within the Group. These operating segments are aggregated to form a reported segment as Property Development due to the nature and economic characteristics of the products are similar and interrelated.

The accounting policies of operating segments are the same as those disclosed in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms. The effects of such inter-segment transactions are eliminated on consolidation.

Segment assets exclude tax asset.

Segment liabilities exclude tax liabilities.

37.1 BUSINESS SEGMENTS

2018	Steel Industry RM	Property Development RM	Group RM
Revenue			
External revenue	2,317,942	1,940,940	4,258,882
Results			
Segment operating loss	(393,439)	(1,782,058)	(2,175,497)
Income tax expense			805,390
Fair value loss on investment properties			(2,800,000)
Consolidated profit after taxation			(4,170,107)
Segment loss includes the followings:-			
Depreciation and amortisation	25,782	87,170	112,952
Gain on disposal of equipment	-	(49,998)	(49,998)
Interest income	(80)	(1,533,258)	(1,533,338)
Fair value gain on short-term investments	-	(25,998)	(25,998)
Reversal of impairment of trade receivables	(16,939)	-	(16,939)
Assets			
Segment assets	293,226	144,399,353	144,692,579
Current tax assets			2,246
Consolidated total assets			144,694,825
Additions to non-current assets other than financial instruments are:-			
Equipment	4,388	209,270	213,658
Liabilities			
Segment liabilities	298,181	1,910,447	2,208,628
Unallocated liabilities:			
- current tax liabilities			2,964,942
- deferred tax liabilities			1,681,070
Consolidated total liabilities			6,854,640

37. OPERATING SEGMENTS (CONT'D)

37.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

Group	Revenue 2019 RM	Revenue 2018 RM	Non-current Assets 2019 RM	Non-current Assets 2018 RM
Malaysia	5,014,570	4,258,882	38,429,286	37,314,950

37.3 MAJOR CUSTOMER

There is no single customer that contributed 10% or more to Group's revenue during the current financial year.

In the previous financial year, the major customers with revenue equal to or more than 10% of the Group's total revenue were as follows:-

	Revenue 2019 RM	Revenue 2018 RM	Segment
Customer #1	2,012,440	1,940,940	Property development
Customer #2	-	2,162,486	Steel

38. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

38.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 22 to the financial statements.

Notes to the Financial Statements
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38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

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

	The Group	
	2019 RM	2018 RM
Effects on Loss After Taxation		
Increase of 100 basis points	(33,598)	-
Decrease of 100 basis points	33,598	-

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. 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.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and corporate guarantee given to financial institutions for credit facilities granted to a subsidiary. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Also, the Group considers any trade receivables having financial difficulty or with significant balances outstanding for more than 90 days are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For property developments, Purchasers are generally financed by loan facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties sold will revert to the Group in the event of default, and the products do not suffer from physical, technological and fashion obsolescence. Therefore, there is minimal exposure to credit risk .

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

The Group	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
2019			
Current (not past due)	273,147	-	273,147
Trade receivables	273,147	-	273,147
Contract assets	2,076,687	-	2,076,687
	2,349,834	-	2,349,834
2018			
Current (not past due)	57,659	-	57,659
Over 90 days past due	403	-	403
Credit impaired	786,592	(786,592)	-
	844,654	(786,592)	58,062

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

The Company

Trade receivables of the Company are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Notes to the Financial Statements
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38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by subsidiaries are summarised below:-

The Company	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2019			
Low credit risk	33,214,547	-	33,214,547
Credit impaired	6,470,518	(6,470,518)	-
	39,685,065	(6,470,518)	33,214,547
2018			
Low credit risk	23,373,212	-	23,373,212
Credit impaired	5,342,518	(5,342,518)	-
	28,715,730	(5,342,518)	23,373,212

The movements in the loss allowances are disclosed in Note 14 to the financial statements.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Refundable Deposits

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and refundable deposits. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and adequate working capital to meet its obligations as and when they fall due.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities 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 period):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
The Group						
2019						
Non-derivative Financial Liabilities						
Lease liabilities	7.00	1,205,535	1,363,925	581,100	782,825	-
Term loan	5.89	4,420,832	5,166,485	897,543	4,268,942	-
Trade and other payables	-	2,758,860	2,758,860	2,758,860	-	-
		8,385,227	9,289,270	4,237,503	5,051,767	-
2018						
Non-derivative Financial Liability						
Trade and other payables	-	2,082,576	2,082,576	2,082,576	-	-

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38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities 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 period)(Cont'd):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
The Company						
2019						
Non-derivative Financial Liabilities						
Lease Liabilities	7.00	148,710	168,000	64,500	103,500	-
Trade and other payables	-	1,091,687	1,091,687	1,091,687	-	-
Financial guarantee contracts in relation to:						
- Corporate guarantees given to licensed banks for credit facilities granted to a subsidiary	-	-	5,145,153	876,211	4,268,942	-
		1,240,397	6,404,840	2,032,398	4,372,442	-
2018						
Non-derivative Financial Liability						
Trade and other payables	-	1,557,801	1,557,801	1,557,801	-	-

38.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group 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 manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019		2018	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Assets				
Mandatorily at Fair Value Through Profit or Loss				
Short-term investments (Note 16)	20,132,160	20,132,160	24,667,864	24,667,864
Amortised Cost				
Trade and other receivables (Note 12)	3,491,784	91,673	163,575	146,148
Amount owing by subsidiaries (Note 14)	-	33,214,547	-	23,373,212
Fixed deposits with licensed banks (Note 15)	7,556,477	7,556,447	20,000,000	20,000,000
Cash and bank balances	7,076,544	636,354	2,411,339	1,347,075
	18,124,805	41,499,021	22,574,914	44,866,435
Financial Liabilities				
Amortised Cost				
Lease liabilities (Note 21)	1,205,535	148,710	-	-
Term loans	4,420,832	-	-	-
Trade and other payables (Note 25)	2,758,860	1,091,687	2,082,576	1,557,801
	8,385,227	1,240,397	2,082,576	1,557,801

38.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2019		2018	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Assets				
Fair Value Through Profit or Loss				
Net gain recognised in profit or loss	656,550	656,550	1,533,338	1,533,338
Amortised Cost				
Net gain/(loss) recognised in profit or loss	598,993	(582,665)	42,937	(1,974,634)
Financial Liabilities				
Amortised Cost				
Net loss recognised in profit or loss	(151,998)	(13,654)	-	-

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

38. FINANCIAL INSTRUMENTS (CONT'D)

38.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
The Group								
2019								
Financial Assets								
Short-term investments	-	20,132,160	-	-	-	-	20,132,160	20,132,160
Financial Liabilities								
Term loans	-	-	-	-	4,420,832	-	4,420,832	4,420,832
2018								
Financial Assets								
Short-term investments	-	24,667,864	-	-	-	-	24,667,864	24,667,864
The Company								
2019								
Financial Assets								
Short-term investments	-	20,132,160	-	-	-	-	20,132,160	20,132,160
2018								
Financial Assets								
Short-term investments	-	24,667,864	-	-	-	-	24,667,864	24,667,864

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair value of short-term investments is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

There were no transfers between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

39. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 9 July 2019, Parkwood Sdn. Bhd. increased its issued and paid-up share capital from RM250,000 to RM2,500,000 by way of an issuance of 2,250,000 new ordinary shares for a total cash consideration of RM2,250,000. The Company subscribed for the increase in share capital to retain the equity interest of 100%.

40. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The impact of the COVID-19 outbreak on public life and the industry in Malaysia and the broader region has significantly 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.

41. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 January 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

(a) Lessee Accounting

The right-of-use assets were measured at their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at 1 January 2019.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 January 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

The following table explains the difference between the operating lease commitments disclosed in previous year (determined under MFRS 117) and the lease liabilities recognised at 1 January 2019:-

	The Group RM	The Company RM
Operating lease commitments as at 31 December 2018 (Note 36)	378,000	90,000
Discounted using the incremental borrowing rate as at 1 January 2019	294,732	74,383
Add: Extension options	1,022,663	120,673
Lease liabilities recognised as at 1 January 2019	1,317,395	195,056

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

41. INITIAL APPLICATION OF MFRS 16 (CONT'D)

(b) Lessor Accounting

The Group did not make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of MFRS 16.

Under MFRS 16, an intermediate lessor accounts for the head lease and the sublease as 2 separate contracts. The intermediate lessor is required to classify the sublease as finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under MFRS 117). Because of this change, the Group has reclassified certain of its operating sublease agreements as finance leases and accounted for them as new finance leases entered into at the date of initial application. As required by MFRS 9, an allowance for expected credit losses has been recognised on the finance lease receivables.

There were no financial impacts to the Group's and the Company's retained earnings as at 1 January 2019 as the Group and the Company continues to classify leases as operating lease and recognise lease payments as income on a straight-line basis.

(c) Finanicial Impacts

The main impacts resulting from the adoption of MFRS 16 at 1 January 2019 are summarised below:-

	1.1.2019		
The Group	**As Previously Reported RM**	**Initial Application of MFRS 16 RM**	**As Restated RM**
2019			
Statements of Financial Position			
Right-of-use assets (Note 7)	-	1,227,817	1,227,817
Lease liabilities (Note 21)			
- non-current liabilities	-	1,037,311	1,037,311
- current liabilities	-	280,084	280,084
Retained profits	46,655,229	(89,578)	46,565,651
The Company			
2019			
Statements of Financial Position			
Right-of-use assets (Note 7)	-	175,569	175,569
Lease liabilities (Note 21)			
- non-current liabilities	-	148,710	148,710
- current liabilities	-	46,346	46,346
Retained profits	47,607,253	(19,487)	47,587,766

Form of Proxy

Forty-Ninth Annual General Meeting

[Please read notes carefully before completing this form.]

AIS

AMALGAMATED INDUSTRIAL STEEL BERHAD
196901000692 (9118-M)

Number of Ordinary Shares held

*I/*We .... (NRIC No. ....) of

.... being the

registered holder of ordinary shares in **AMALGAMATED INDUSTRIAL STEEL BERHAD** [Registration No. 196901000692 (9118-M)]

hereby appoint [1] .... (NRIC No. ....) of

.... and /or

[The next name and address should be completed if you wish to appoint two proxies.]

*[2] .... (NRIC No. ....) of

....

or failing him/her, the Chairman of the Company as *my/*our proxy/proxies to attend and to vote for *me/*us and on *my/*our behalf at the Forty-Ninth Annual General Meeting of the Company, to be conducted fully virtual on Meeting Platform https://web.lumiagm.com/ at the Broadcast Venue at Level 3, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur on Thursday, 18 June 2020 at 11.00 a.m. and at any adjournment thereof.

[The next paragraph should be completed only when two proxies are appointed.]

The proportion of *my/*our holding to be represented by *my/*our proxies are as follows:

First Proxy [1] ____________% Second Proxy [2] ____________%

*[*Delete if not applicable]*

Resolution	Ordinary Business	For	Against
Ordinary Resolution 1	To approve the payment of Directors' fees		
Ordinary Resolution 2	To approve the payment of Directors' benefits (other than Directors' fees)		
Ordinary Resolution 3	To re-elect Dato' Lim Yew Boon as Director		
Ordinary Resolution 4	To re-elect Dato' Ghazali Bin Mat Ariff as Director		
Ordinary Resolution 5	To re-appoint Crowe Malaysia PLT as the Company's Auditors		
	Special Business		
Ordinary Resolution 6	To authorise the allotment of shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 7	To retain Tuan Haji Fauzi Bin Mustapha as Independent Non-Executive Director		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

Dated this .... day of .... 2020.

....

Signature/Common Seal of Shareholder(s)

Notes: -

1. *The Meeting will be conducted as fully virtual meeting where shareholders are only allowed to participate remotely via live streaming and online voting Remote Participation and Electronic Voting ("RPEV") facilities which are available on Boardroom Smart Investor Portal at https://web.lumiagm.com/. With RPEV facilities, a shareholder may exercise his right to participate and vote at the 49th AGM via the following mode of communication: i) Typed text in the Meeting Platform ii) E-mail questions to bsr.helpdesk@boardroomlimited.com prior to the Meeting. Please follow the procedures provided in the Administrative Guide for the 49th AGM in order to register, participate and vote remotely via RPEV facilities.*
2. *The venue of the Meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue (Broadcast Venue). No shareholders/proxy(ies) from the public shall be physically present at nor admitted to the Broadcast Venue.*
3. *In regard of deposited securities, only members whose names appear in the Record of Depositors as at* ***12 June 2020*** *("General Meeting Record of Depositors") shall be eligible to participate and vote at the Meeting.*
4. *If a member entitled to attend and vote at the Meeting is not able to participate at the 49th AGM via RPEV facilities, he may appoint a proxy to participate and vote at the Meeting on his behalf. The proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and there shall be no restrictions as to the qualification of the proxy. A proxy appointed to participate and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
6. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
7. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he may appoint at least one proxy in respect of each securities' account he holds with ordinary shares of the Company standing to the credit of the said securities account.*
8. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
9. *The instrument appointing a proxy must be deposited with the Share Registrar, Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or adjourned meeting, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, or by electronic means through Boardroom Smart Investor Online Portal at https://www.boardroomlimited.my/ not later than 48 hours before the Meeting.*

Fold here to seal

STAMP

The Share Registrar

BOARDROOM SHARE REGISTRARS SDN BHD

11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan.

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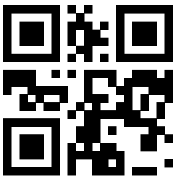

SCAN HERE

www.aisberhad.com.my

Amalgamated Industrial Steel Berhad
196901000692 (9118-M)

Level 8, Menara LGB, No 1. Jalan Wan Kadir,
Taman Tun Dr Ismail, 60000 Kuala Lumpur Malaysia.

Tel : +603 2788 9322 **Email** : admin@aisberhad.com.my