



PARKWOOD

PARKWOOD HOLDINGS BERHAD

Formerly known as Amalgamated Industrial Steel Berhad

Registration No. 196901000692 (9118-M)

RE.DEFINE SPACE

annual report 2020



50th

ANNUAL GENERAL MEETING

of
Parkwood Holdings Berhad (Formerly known as
Amalgamated Industrial Steel Berhad)
("Parkwood" or "the Company")

BROADCAST VENUE:

Level 3, Menara LGB,
No. 1, Jalan Wan Kadir,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur

DATE & TIME:

Wednesday,
16 June 2021
11.00 a.m.

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CORPORATE INFORMATION

BOARD OF DIRECTORS



FROM LEFT TO RIGHT

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

(No Picture)

(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

COMPANY SECRETARIES

Chen Bee Ling

(MAICSA 7046517)

SSM P.C. No. 202008001623

Nurly Salmi Binti Ruhaiza

(MAICSA 7073753)

SSM P.C. No. 202008000293



Corporate Information

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

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

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@parkwood.my
Website : www.parkwood.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

Company Name : changed from
Amalgamated Industrial Steel Berhad
to **Parkwood Holdings Berhad**
effective from 18 February 2021

Stock Code : **2682**

Stock Short Name : changed from **AISB**
to **PARKWD** effective from 3 March 2021



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY

GIVEN THAT the Fiftieth Annual General Meeting ("50th AGM") of Parkwood Holdings Berhad (formerly known as 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 Wednesday, 16 June 2021 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 2020 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 2020. Ordinary Resolution 1
3. To approve the payment of Directors' benefits (other than Directors' fees) up to an amount of RM111,288 for the period from 17 June 2021 until the next Annual General Meeting 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 Tuan Haji Fauzi Bin Mustapha Ordinary Resolution 3
 - 4.2 Datuk Hew Lee Lam Sang 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 Annual General Meeting 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** subject to the passing of Ordinary Resolution 3, 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

Kuala Lumpur
30 April 2021

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 on the Meeting Platform <https://web.lumiagm.com/>. With RPEV facilities, a shareholder may exercise his right to participate and vote at the 50th AGM via the following mode of communication: i) Typed text in the Meeting Platform ii) E-mail questions to admin@parkwood.my prior to the Meeting. Please follow the procedures provided in the Administrative Guide for the 50th 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 **10 June 2021** ("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 unable to attend the 50th AGM remotely 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 Company's 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 forty-eight (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 forty-eight (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 RM111,288.00 for the period from 17 June 2021 until the conclusion of the next AGM of the Company as follows:

	RM
Directors' meeting allowances for the period from 17 June 2021 up to next Annual General Meeting	53,600.00
Directors' benefits in kind for the period from 17 June 2021 up to next Annual General Meeting	57,688.00
Total	111,288.00

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 Annual General Meeting.

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 Annual General Meeting.

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 Annual General Meeting 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 50th 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 50th 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 50th AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the 50th 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

FIFTIETH ANNUAL GENERAL MEETING

Meeting Platform	:	https://web.lumiagm.com/
Day and Date	:	Wednesday, 16 June 2021
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) Shareholders may pose questions during live streaming at https://web.lumiagm.com 2) Submit questions prior to the 50 th AGM by emailing to admin@parkwood.my no later than Friday, 11 June 2021 at 11.00 a.m.

Dear Shareholders,

As a precautionary measure amid COVID-19 outbreak, the Company's Fiftieth Annual General Meeting ("50th AGM") will be conducted virtually on the Meeting Platform ("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 Virtual Meeting 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.

Shareholders/proxies should not be physically present nor will they be admitted at the Broadcast Venue on the day of the 50th AGM.

Digital Copies of Annual General Meeting Documents

- As part of our dedicated commitment to sustainable practices, the following documents can be downloaded from the Company's website www.parkwood.my:
 - Annual Report 2020;
 - Corporate Governance Report 2020; and
 - Notice of the 50th AGM, Form of Proxy and Administrative Guide.
- If you need a copy of the printed Annual Report 2020, kindly complete the enclosed Request Slip and sending the same to the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd.
- Any request for the printed documents would be forwarded to the requestor within four (4) market days from the date of receipt of the written request.

No Door Gift

- 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 **10 June 2021** ("**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

Fiftieth Annual General Meeting

Lodgement of Proxy Form

1. Shareholders are encouraged to participate and vote at the 50th AGM using Remote Participation and Electronic Voting ("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 Proxy Form. You will not be allowed to attend the virtual AGM together with a proxy appointed by you.
3. The Proxy Form can be deposited with the Company's 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 the Share Registrar's website, Boardroom Smart Investor Online Portal, not later than 48 hours before the AGM i.e. **latest by Monday 14 June 2021** at 11.00 a.m. Kindly follow the link at <https://www.boardroomlimited.my/> to login and deposit your Proxy Form electronically which is free and available to all individual shareholders. For further information, kindly refer to the "Electronic Lodgement of Form of Proxy" below:-

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 on e-Proxy Lodgement.]

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

Step 2 e-Proxy Lodgement

- a. Access website <https://boardroomlimited.my>
- b. Login with your User ID and Password given above.
- c. Go to "E-PROXY LODGEMENT" and browse the Meeting List for "Parkwood 50th Virtual AGM" and click "APPLY".
- d. Read the terms & conditions and confirm the Declaration.
- e. Enter your CDS Account Number and indicate the number of securities.
- f. Appoint your proxy(ies) or the Chairman of the AGM and enter the required particulars for your proxy(ies).
- g. Indicate your voting instructions - FOR or AGAINST, otherwise your proxy(ies) will decide your votes.
- h. Review and confirm your proxy(ies) appointment.
- i. Click submit

Revocation of Proxy

If you have submitted your Proxy Form 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(ies) at least forty-eight (48) hours before the Meeting. On revocation, your proxy(ies) will not be allowed to participate in the virtual AGM. In such event, you should advise your proxy(ies) accordingly.

Corporate Member

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 Company's 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 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting (e-Voting).
2. During the virtual AGM, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules.

Administrative Guide

Fiftieth Annual General Meeting

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 results upon closing of the poll voting session by the Chairman. Scrutineers will pass the poll results to the Chairman. Thereafter, the Chairman will declare whether the resolutions put to vote were successfully carried or not;

Remote Participation and Electronic Voting

1. Please note that the remote participation and electronic voting is available to:
 - i. Individual member;
 - ii. Corporate shareholder;
 - iii. Authorised Nominee; and
 - iv. Exempt Authorised Nominee.
2. 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.
3. 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 30 April 2021 (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 "**Parkwood 50th 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.

Administrative Guide

Fiftieth Annual General Meeting

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 Depositories as at **10 June 2021**, 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 14 June 2021** (48 hours before the AGM).

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 the AGM at **10.00 a.m. on 16 June 2021**.
- (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 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 50th 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 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 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 or call helpdesk number at 03-7890 4700 if you have queries pertaining to the remote participation and electronic voting, prior to the virtual AGM.

PROFILE OF DIRECTORS

DATO' GHAZALI BIN MAT ARIFF

Chairman,

Independent Non-Executive Director

Malaysian | Aged 79 | Male

Dato' Ghazali Bin Mat Ariff, is an Independent Non-Executive Director of Parkwood. 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 Hassanah Bolkiah Teachers' Training College Brunei Darussalam from 1968 to 1974.

Apart from Parkwood, 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 all six (6) Board meetings held during the financial year ended 31 December 2020.

DATUK HEW LEE LAM SANG

Independent Non-Executive Director

Malaysian | Aged 57 | Male

Datuk Hew Lee Lam Sang, joined the Board of Parkwood 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 six (6) Board meetings held during the financial year ended 31 December 2020.

Profile of Directors

TUAN HAJI FAUZI BIN MUSTAPHA

Independent Non-Executive Director

Malaysian | Aged 76 | Male

Tuan Haji Fauzi Bin Mustapha, joined the Board of Parkwood 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 six (6) Board meetings held during the financial year ended 31 December 2020.

DATO' RONNIE LIM YEW BOON

Executive Director

Malaysian | Aged 62 | Male

Dato' Ronnie Lim Yew Boon, is an Executive Director of Parkwood. 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 Parkwood, 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 Parkwood, 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 six (6) Board meetings held during the financial year ended 31 December 2020.

Profile of Directors

MR. LIM CHIN SEAN*Executive Director*

Malaysian | Aged 39 | Male

Mr. Lim Chin Sean, is an Executive Director of Parkwood. 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 six (6) Board meetings held during the financial year ended 31 December 2020.

DR. GOH SWEE POR*(Alternate Director to Mr. Lim Chin Sean)*

Malaysian | Aged 46 | 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. He is actively involved in property management.

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 52 | Male

Mr. Chan Keen Wai, was appointed as Chief Operating Officer of Parkwood 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 45 | Male

Mr. Choh Kim Chiew, was appointed as Chief Financial Officer of Parkwood 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 Parkwood Holdings Berhad (formerly known as Amalgamated Industrial Steel Berhad) ("Parkwood" or "the Company") and its group of companies ("Parkwood Group" or "the Group") for the financial year ended 31 December 2020. The pertinent details of the Group's business and performance are presented under the Management Discussion and Analysis Report.



OVERVIEW

For 2020 as a whole, the country's economy contracted by 5.6%. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activities during the fourth quarter. Consequently, many economic sectors continued to record negative growth. Against this backdrop, it was a challenging year for the Group in financial year 2020. While near-term growth in 2021 will be affected by the re-introduction of stricter containment measures, the impact, however, will likely be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, where the International Monetary Fund (IMF) has revised upwards their 2021 global growth forecast to 5.2%. Growth will also be supported by a turnaround in public and private sector expenditure amid continued support from policy measures.

Chairman's Statement

FINANCIAL PERFORMANCE

For the financial year under review, the Group's revenue increased by 29.87% to RM6.51 million from RM5.01 million recorded in the preceding year. This was mainly due to contribution from the development of the Utamara Boutique Residence and rental income received. However, the Group reported a loss before and after tax of RM3.81 million and RM3.99 million respectively for the financial year ended 31 December 2020 as compared to RM4.09 million and RM2.75 million in the previous year. The increase in loss after tax was mainly due to the following: -

- (a) decrease in interest income of RM0.45 million;
- (b) increase in finance cost of RM0.57 million;
- (c) increase in administrative expenses of RM0.05 million, and
- (d) tax expense of RM0.18 million for FYE 31 December 2020 due to the under provision of tax in the prior year.

The earnings (loss) per ordinary share for the financial year ended 31 December 2020 was (2.90) sen compared to (2.00) sen for the preceding year based on the total number of issued shares of the Group of 137,585,442. Our capital position remained healthy with low gearing ratio of 0.20 times. The Group continues to manage our capital structure prudently to maintain a healthy financial position.

CORPORATE DEVELOPMENTS

On 12 October 2020, the sector classification of Parkwood Holdings Berhad (formerly known as Amalgamated Industrial Steel Berhad) was reclassified from Industrial Products and Services to Property in line with the core business contributions to its financial results from property-based business activities. The reclassification is timely to reflect the current business undertakings of the Group, which are in property development and investment.

In order to strengthen the Group's brand image congruent with the business direction of the Group, the Board of Directors of Parkwood announced on 12 November 2020 to seek shareholders' approval at an Extraordinary General Meeting ("EGM") held on 26 January 2021 on the proposed change of name of the Group from "Amalgamated Industrial Steel Berhad" to "Parkwood Holdings Berhad".

The Board had also on 12 November 2020 announced on the Group's proposal to undertake a renounceable rights issue of new ordinary shares on the basis of 1 share for every 1 existing share held by the shareholders of Parkwood to raise a minimum of RM15 million from the proposed rights issue to meet the funding requirements of the Group. This was envisaged to bolster the effort towards reducing the Group's financing costs and improve its gearing level as the Group will enjoy interest savings from the proposed renounceable rights issue. The proposed rights issue was approved by the shareholders of Parkwood at an EGM which convened on 26 January 2021.

Subsequently, the Company has also obtained the approval from the Securities Commission Malaysia on the application made in relation to the Exemption. The Abridged Prospectus, together with the Notice of Provisional Allotment and Right Subscription Form in relation to the rights issue has been despatched to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 29 March 2021 at their registered address in Malaysia.



Chairman's Statement

INDUSTRY OUTLOOK

It has been a challenging year for the Group with the unprecedented outbreak of Covid-19 pandemic. Barely less than 3 months from the onset of the year, the unexpected outbreak of the pandemic and its snowballing impact had disrupted many business ecosystems on a global scale. It has indeed damaged the economic fabric of many countries worldwide and caused a decline in global GDP significantly exceeding the declines witnessed during the 2008 financial crisis.

Prior to the Covid-19 crisis, long-standing issues within the property sector continued to plague the property players. Property developers were struggling with rising construction costs, labour shortages, huge overhang inventories and the need to constantly innovate and offer more novel lifestyle concepts, while keeping prices within the reach of buyers. Signs of recovery in 2019 supported by the Home Ownership Campaign ("HOC") initiated by the Government were apparent. However, the recovery trajectory of the property market was thwarted by the Covid-19 pandemic in the first half of 2020. Income and employment have been adversely affected by the closure of non-essential businesses during the movement control order (MCO).

The reintroduction of HOC in June 2020 to boost the property market was commendable. Nevertheless, affordability still took centre stage and the situation is likely to persist due to the incentive inked under Budget 2021 where stamp duty exemption on the memorandum of transfer and loan agreement will be given for the purchase of a first home worth not more than RM500,000, effective from 1 January 2021 to 31 December 2025.

With the recent spike in Covid-19 cases and the reintroduction of containment measures, the economic recovery remains uncertain in the short-term. We will remain prudent in our management while observing the market situation for emerging trends and opportunities for long-term business sustainability and higher returns for the shareholders.

Looking ahead to our priorities for 2021, we are poised to adjust to the uncertain crisis-fraught market. Our strategies will acclimatise to this unprecedented new reality, the new normal that has emerged in the post-viral era. Moving forward, the prospects will be brighter post-pandemic in an anticipated property market rebound once the crisis subsides. We are optimistic that the projected implementation of various action plans concocted will drive sustainable growth in the coming years.

DIVIDEND

The Board of Directors has decided not to recommend the payment of any dividend for the financial year ended 31 December 2020.

APPRECIATION

On behalf of the Board, I would like to thank all our stakeholders, particularly our shareholders, valued customers and associates for the ardent support given throughout the years.

I would also like to extend my heartfelt appreciation to my fellow colleagues on the Board for your support, commitment and valuable contributions and I look forward to your continued participation as we work together to ensure the continuous growth of the Group.

Above all, I would like to express my deepest appreciation to our health authorities and all the front-liners for their sacrifice and working tirelessly to contain the spread of the pandemic and to keep all of us safe.

Lastly, the Board and I would like to express our sincere gratitude and appreciation to the Management team and staff for their unrelenting loyalty, commitment, and dedication to the Group as we leverage on all opportunities and overcome all challenges to ensure a strong and sustainable future for all.

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 Parkwood Holdings Berhad (formerly known as Amalgamated Industrial Steel Berhad) ("Parkwood") and its group of companies ("the Group") should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and notes related thereto.

ANALYSIS OF FINANCIAL RESULTS

The Group's financial year was faced with the unprecedented outbreak of Covid-19 pandemic and the resulting Movement Control Order ("MCO") from the onset of 2nd quarter 2020. The MCO introduced from 18 March 2020 which was then extended under the different phases from Conditional Movement Control Order ("CMCO") to Recovery Movement Control Order ("RMCO") during the financial year had significantly impacted the economy across all non-essential industries including the property sector. The ramification of movement control that impinged upon business activities had caused a negative impact on buyers' sentiment as well as project completion schedule.

In spite of that, the Group recorded a higher revenue for financial year 2020 of RM6.51 million as compared to revenue of RM5.01 million in the preceding year. As a result, the loss before tax reduced marginally by 6.81% to RM3.81 million from RM4.09 million in 2019. The total shareholders' equity decreased slightly by 2.96% to RM131.01 million and net assets per share decreased by 2.96% from RM0.98 to RM0.95 at the close of the year mainly due to the loss suffered during the year.

In 2020, total sales generated from our Utamara Boutique Residence ("UBR") amounted to RM26.13 million. UBR is a low-density residential project comprising 2 blocks of 5-storey residences, with a total of 82 units within the enclave of 1.67-acre land in Kayu Ara, Petaling Jaya. As for the investment property, Phase 1 of the proposed Avant Industrial Park ("AIP") generated an annual rental income of RM2.20 million, while strategies are being formulated to unlock the full income potential of Phase 2. AIP is located within the industrial zone of Section 15, Shah Alam on a piece of prime industrial land measuring about 11.49 acres.

Given the sluggish property sector and prospective homeowners adopting a more cautious approach towards buying properties, the Group adopted various marketing strategies, including harnessing digital marketing platform to sell our products as well as developing brand awareness and appeal to prospective buyers.

The Group had during the financial year taken advantage of the prevailing low financing cost to acquire five (5) pieces of adjoining commercial land totalling 3.55 acres in Damansara Damai ("Damai Land") to expand its land bank. The Group had also proposed to undertake a renounceable rights issue of new ordinary shares on the basis of 1 rights share for every 1 existing share held by its shareholders to meet its funding requirement for UBR, which was approved by the shareholders at an EGM on 26 January 2021.

The Group's total borrowings increased to RM26.33 million mainly from financing the acquisition of Damai Land. Nonetheless, given its healthy cash position and receivables from the sales of UBR, the Group is confident of meeting its long-term liabilities going forward. As a whole, the Group continues to maintain a prudent approach towards managing its capital resources to ensure adequacy in meeting operational requirements and capital expenditure from time to time.

The forthcoming financial year is expected to remain challenging due to the Covid-19 pandemic. The property market has been severely impacted by extremely low demand and oversupply situation. The fear of unemployment, reduction of personal disposable income coupled with a host of uncertainties have resulted in a decrease in property buyers.



Management Discussion and Analysis



REVIEW OF OPERATIONS

The dominant factor behind the property market slowdown in 2020 has been the impact of the Covid-19 pandemic. Malaysia was first put under MCO from 18 March 2020 and the economy saw hopeful recoveries with gradual reduction of restrictions along with the easing of the Covid-19 cases. However, subsequent spike in cases towards the last quarter of the year has had the many restrictions re-instated and economic activities being restricted. The building construction and development industry was among the many hard-hit sectors due to the rise in material prices and drop in productivity due to the pandemic.

The property development business was further impacted by slower property sales mainly due to liquidity squeeze arising from the contraction of the economy in the short term. The Group has leveraged on the various stimulus incentives introduced by the Government such as those under PENJANA, Home Ownership Campaign and Budget 2021. The reduction of overnight policy rate by Bank Negara may also be a boon to make home ownership more affordable for prospective buyers. We welcome these measures towards enabling a faster recovery of the property sector.

The pandemic has slowed down the progress of work at site as strict compliance with the standard operating procedures is necessary in order to keep the spread of the pandemic at bay. Notwithstanding, the Group has taken necessary measures to mitigate the delay in the progress of construction works which could lead to potential claims for late delivery and also the rising cost of materials which could lead to overrun in project costs. The Group will continue to persevere and weather the storm with concerted efforts to focus on cost and cash flow management.

To compete in the current new normal business environment where social distancing is imperative, we have embarked on various digital platforms to promote and market our products. To this end, the Group is committed to develop a progressive workforce, which is tech-savvy, adaptable and agile in order to remain competitive in this unprecedented business environment.

The listing sector of the Group has been re-classified from 'Industrial Products and Services' to 'Property' on 12 October 2020 to better reflect its core business which is in property development and investment. Shareholders' approval was obtained at an Extraordinary General Meeting ("EGM") of the Company on 26 January 2021 to change its name from "Amalgamated Industrial Steel Berhad" to "Parkwood Holdings Berhad".

The new corporate identity with the tagline "Building Value through SPACE reinforces the value drivers of the Group's products through simplicity, practicality, adaptability, comfort & elegance - a host of forward-looking value propositions geared towards an evolving and millennial-centric market accustomed to e-commerce habits. Concurrently, the pandemic has prompted us to evaluate our current ideas about the design of our projects on space planning to accommodate work from home (WFH) and study from home (SFH) in the new normal.

Management Discussion and Analysis

PROSPECT

The impact of the Covid-19 pandemic has been pervasive. While restrictions under the movement control have been easing and a semblance of normalcy has returned to the local economy, the impacts of the pandemic and the ensuing “new normal” has, and will continue to affect all industries, including the property sector. It is worth noting that prior to the pandemic, the property industry was already feeling the weight of many prevailing issues such as property overhang, high loan rejection rates, lack of financing and rising cost of construction and regulatory compliance. Going forward, sales and purchase activities will likely be impacted as the rate of unemployment or otherwise reduction in disposal income would need time to be normalised.

Bank Negara Malaysia has forecast the country’s GDP to rebound between 6.5% and 7.5% in 2021 after a 5.6% contraction in Covid marred 2020. The favourable outlook hinges on two major factors - the successful containment of the pandemic and sustained recovery in external demand. The stimulus packages implemented by the Government is expected to have spill-over effects and provide an additional boost to the economy in 2021. In addition to the impact of the stimulus packages comprising fiscal and non-fiscal measures totalling RM305 billion or 21% of the nation’s GDP. However, the pace of recovery will be uneven across sectors with some industries expected to remain below pre-pandemic levels. Nonetheless, the balance of risks is tilted to the downside, emanating mainly from ongoing uncertainties surrounding Covid-19 globally and domestically. Recovery is expected to be gradual and bumpy as we acclimatise to a post-Covid reality.

We witnessed how the world grapples to co-exist with the coronavirus in various new norms. Some of the key trends observed include higher appreciation for nature and open public spaces, a need for better digital infrastructure to stay connected and for convenience and perhaps the most visible change - working or learning remotely from home. As people are confined within their homes now more than ever, a spotlight has been cast upon the way homes can accommodate and adapt to the demands of this “new normal”. Future projects are envisaged to tailor towards design concepts that embrace such “new normal” trend of consumerism. With more and more consumers relying on smart devices within their daily lives, we also foresee that the demand for seamless and responsive services and products is rising, hence, e-commerce offerings and home delivery services that function with lesser human contact is expected to flourish in the future so as demand for warehousing.

In final analysis, our strategic approach is to remain operationally lean, cost conscious and cautious in our portfolio planning so as not to over commit ourselves. While we are improving on our technology platform for our marketing strategies, we also strive to ensure low entry cost for those projects that are in the pipeline and observe the market situation for emerging trends and opportunities before embarking on full-scale project implementation.

The future is immensely challenging given the present circumstances but we are cautiously optimistic that the present difficulties are temporary. We shall continue to source for value accretive business opportunities while taking cognizance of the timing for our new property launches in line with market conditions.

The Group’s dynamic business model and current core business presence will provide the business, financial and operational sustainability to emerge stronger going forward. The Group continues to look out for prime and strategic development land for future business growth and continuity.

Management



GROUP FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
1 RESULT OF OPERATIONS					
Gross Revenue	57,836	19,740	4,259	5,015	6,512
(Loss) / Profit Before Interest, Tax and Depreciation	7,191	6,690	(4,863)	(3,316)	(3,364)
(Loss) / Profit Before Tax	5,281	5,925	(4,975)	(4,093)	(3,814)
(Loss) / Profit After Tax	4,634	6,273	(4,170)	(2,750)	(3,990)
2 FINANCIAL POSITION					
<u>Equity And Long Term Liabilities</u>					
Authorized Share Capital	100,000	N/A	N/A	N/A	N/A
Paid-Up Share Capital	13,187	19,566	19,566	22,161	22,161
Treasury Shares	(3,725)	(3,725)	(3,725)	(3,725)	(3,725)
Share Premium	2,655	2,595	2,595	-	-
Asset Revaluation Reserve	60,926	24,540	24,540	24,540	24,540
Capital Reserve	48,209	48,209	48,209	48,209	48,209
Unappropriated Profit	8,166	50,825	46,655	43,816	39,826
Shareholders' Fund	129,419	142,010	137,840	135,001	131,011
Retirement Gratuities	228	234	126	130	164
Deferred Tax Liabilities	8,689	5,480	1,681	156	156
<u>Long Term Assets</u>					
Property, Plant & Equipment	1,259	573	671	709	598
Investment Properties	66,000	76,500	36,600	36,600	36,600
Other Investment	13	12	12	11	11
Other Assets	32	32	32	32	32
<u>Other Assets And Liabilities</u>					
Current Assets	50,605	74,624	107,380	105,363	92,799
Current Liabilities	41,982	4,017	5,048	4,002	6,056
Net Current Assets	8,623	70,607	102,332	101,360	86,743
Non-Current Assets Held for Sale	62,410	-	-	-	-
Total Assets	180,318	151,741	144,695	143,792	164,145
3 FINANCIAL RATIO					
Return on Equity (%)	3.58	4.42	(3.03)	(2.04)	(3.05)
(Loss) / Profit Before Interest, Tax and Depreciation on Revenue (%)	12.43	33.89	(114.18)	(66.13)	(51.66)
(Loss) / Profit Before Tax on Revenue (%)	9.13	30.02	(116.83)	(81.63)	(58.57)
Debt Equity Ratio (times)	0.21	-	-	0.03	0.20
Current Ratio (times)	1.21	18.58	21.27	26.33	15.32
Liquidity Ratio (times)	0.87	18.58	21.27	26.33	15.32
4 PER SHARE					
(Loss) / Earnings Per Share (Sen)	3.71	4.74	(3.03)	(2.00)	(2.90)
Share Price (Sen)	44	36	26	16	32.50
Net Asset Per Share (Sen)	103.47	103.22	100.19	98.12	95.22

LIST OF PROPERTIES

Tenure	Leasehold
Size	Lot PT 329: 6,752 sq. metres Lot PT 330: 182 sq. metres Total: 6,934 sq. metres
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. metres
Carrying Value (RM)	73,920,238
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 5 years

Tenure	Leasehold
Size	Lot 70303: 2,429 sq. metres Lot 70304: 2,448 sq. metres Lot 70305: 2,360 sq. metres Lot 70306: 2,467 sq. metres Lot 70307: 4,661 sq. metres Total: 14,365 sq. metres
Carrying Value (RM)	32,322,387
Address	Lot 70303 - 70307 Jalan PJU 10/1A Damansara Damai 47830 Petaling Jaya Selangor Darul Ehsan
Location	Mukim of Sungai Buloh Daerah Petaling Selangor Darul Ehsan
Description / Existing Use	Investment Property and Property Development 99 years lease (expiring in 2103) Buildings approximately 15 years

ANALYSIS OF SHAREHOLDINGS

As At 6 April 2021

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 6 April 2021

3,193	No. of Shareholders	Percentage (%) of Shareholdings	No. of Shares Held	Percentage (%) of Issued Shares
Less than 100	488	15.00	17,501	0.01
100 - 1,000	270	8.46	117,432	0.09
1,001 - 10,000	1,860	58.26	6,262,853	4.55
10,001 - 100,000	480	15.03	15,287,720	11.11
100,001 - 6,879,271	93	2.91	76,127,961	55.33
6,879,272 and above**	2	0.06	39,771,975	28.91
Total	3,193	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 6 April 2021

No.	Name of Shareholders	No. of Shares of RM0.10 each	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 <i>Pledged Securities Account for Ra Wha Hyun (009)</i>	4,882,400	3.55
7	Ertidaya Sdn Bhd	4,813,430	3.50
8	Phang Wai Hoong	3,950,000	2.87
9	Siew Min Chung	3,664,500	2.66
10	Tan Chee Fatt	3,500,000	2.54
11	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Boon Kheong</i>	3,134,700	2.28
12	Mohamad Nadziff Bin Bustari	2,941,200	2.14
13	Lim Seng Chee	2,194,950	1.60
14	Ng Boon Kheong	1,960,000	1.42
15	Yap Kiew @ Yap Yoke Ho	1,509,000	1.10
16	UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)</i>	1,474,600	1.07
17	Wong Wai Kuan	1,220,000	0.89
18	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Liew Yoon Peck</i>	1,013,400	0.74
19	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ong Chew Huat (E-SPG)</i>	1,000,025	0.73

Analysis of Shareholdings

As At 6 April 2021

2. List of Thirty (30) Largest Shareholders as per Records of Depositors as at 6 April 2021 (Cont'd)

No.	Name of Shareholders	No. of Shares of RM0.10 each	Percentage (%)
20	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Mettiz Capital Sdn Bhd (PB)</i>	1,000,000	0.73
21	Wong Seng Poh	947,100	0.69
22	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Kim Meng (M10)</i>	887,300	0.64
23	Chia Kah Ying	858,600	0.62
24	Soh Swe Bee	761,700	0.55
25	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Joseph Salang Anak Gandum (M05)</i>	700,050	0.51
26	Lim Kian Wat	690,182	0.50
27	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lai Chin Yang (T Mutiara-CL)</i>	622,000	0.45
28	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Loke Teik Lee (E-BPJ)</i>	600,000	0.44
29	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For OCBC Securities Private Limited (Client A/C-NR)</i>	523,025	0.38
30	Soong Chee Keong	518,400	0.38
Total		104,077,687	75.65

3. List of Substantial Shareholders as per Register of Substantial Shareholders as at 6 April 2021

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 6 April 2021

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 Director 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 3rd Sustainability Statement covers our sustainability initiatives for the financial year ended 31 December 2020 which highlights the Group'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. We embrace the importance of sustainability 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.

The Group has always look beyond the financial parameter and strive to drive business continuity and 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

- 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.



ENVIRONMENTAL SUSTAINABILITY

- Protecting and preserving the environment by incorporating elements of green design and innovation in our projects.
- Creating green culture in human resource management for the practise of 3R's.
- Managing waste responsibly.



SOCIAL SUSTAINABILITY

- Employees' Welfare 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.

We recognize the importance of continuously developing and improving the business operations of the Group in a sustainable and responsible matter. In the light of the Group's commitment to inculcate the culture of sustainability into our business operations, we continue to identify and formulate efforts and initiatives that will facilitate our sustainability goals and aspirations in the long term.

Sustainability Statement

2. OUR APPROACH TO SUSTAINABILITY (CONT'D)

ECONOMIC SUSTAINABILITY

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

Covid-19 was declared a global pandemic on the 11 March 2020 and the global economy is still reeling from its impact.

In addition to the weak buying sentiment and unresolved property overhang the current uncertainties and business continuity challenges posed by Covid-19 continues to bring much uncertainty and more challenges to the property market as we head into the new financial year.

The Group's proposal to undertake a renounceable rights issue of new ordinary shares will enable the Group to raise the requisite funds to part finance the development of its Utamara Boutique Residence project. Additionally, the proposed rights issue will enable the Group to raise funds without incurring additional interest expense, thereby minimizing any potential cash outflow in respect of interest servicing costs and preserving the Group's cash flow.

In the midst of all the existing challenges, our business strategy is to also focus on continuously enhancing our business performance and operational efficiencies to re-balance the Group's income 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.

Despite market uncertainties over the short-term, we believe that pockets of opportunities and value creation remain available. We will continue to stay focused on being market driven in our product offerings.

For more information about the Group's financial performance, please refer to the Group Financial Summary and Highlights on page 21 of Parkwood Holdings Berhad Annual Report 2020.

ii. Sustainable Development

The Group 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. Taking cognizance of the new normal working environment emanating from the outbreak of the Covid-19 pandemic, we strive to inculcate in our people the value of adaptability, tech-savvy and agility in order to stay competitive.

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.

Sustainability Statement

2. OUR APPROACH TO SUSTAINABILITY (CONT'D)

ECONOMIC SUSTAINABILITY

iii. Creation of short, medium and long-term value for shareholders and added value for all the Company's stakeholders.

- In the context of our Group's stakeholders, we have also revisited our business model to incorporate various aspects of 'Value Creation' in the short, medium and long-term to include both financial and non-financial metrics of performance. These strategies will not only drive sustainable growth in the short, medium, and long-term, but will also help mitigate our top material issues such as product quality and people development.
- Product quality can have far-reaching impact on our reputation, as well as business plans. The ever-changing 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 risks and aim to reduce our development cycle by optimising processes, enhancing our procurement strategy, implementing strategic sourcing and value engineering through improved design and planning in our development project. These in turn will help achieve new efficiencies and cost reduction in the long-run.
- Ensure compliance to the applicable regulations and requirements governing the Group's business activities.

ENVIRONMENTAL SUSTAINABILITY

i. Protecting and Conservation of the Environment

- We observe and comply with the requirements for environment quality in accordance with the relevant legislations and good practices.
- We support "green building" movement through compliance with the requirements of the appropriate green building certification bodies for a sustainable design, construction and operation of our projects.

ii. Creating Green Organisational Culture

- We inculcate awareness amongst the employees on green issues and their contribution to global warming and encourage the practice of the 3Rs within the organisation - Reducing, Reusing and Recycling resources and products.

iii. 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.

Sustainability Statement

2. OUR APPROACH TO SUSTAINABILITY (CONT'D)

SOCIAL SUSTAINABILITY

i. Employees' Welfare and Well-Being

We subscribe to the principle that our employees are one of the main pillars of our success and a key factor in determining an organisation's long-term effectiveness. Amongst the pertinent human resource practices in this regard include:

- Promoting a healthy and 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 2020, which detailed overview of policies that are specific to the organization along with procedures, guidelines, and employee benefits listing.
- Ensuring continuous human resource development by making available training to enhance the knowledge and skills of employees towards career advancement opportunities.
- Encouraging 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.

ii. Contribution to the Community

The Group recognizes the importance of being a responsible corporate citizen and 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 as part of our corporate social responsibilities (CSR).

- The 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 2020. We had donated RM7,000 worth of telecommunication device and plastic chair supplies to Hospital Sungai Buloh to aid the health workers in the fight against Covid-19.

iii. Health and Safety

- We have regulations and policies that promote safe practices among our employees and workers at the workplace.
- We ensure proper compliance with the relevant laws and legislations pertaining to health and safety at workplace.
- We appoint qualified and competent safety personnel to oversee the compliance of health and safety requirements at our construction site.
- We are 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 recognize 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@parkwood.my for them to communicate with the Company on any matters.

Sustainability Statement

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

Our Board of Directors has approved the Anti-Bribery Policy in its efforts to maintain high standard of code of conduct and business ethics among its directors and employees.

With Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("Section 17A MACC Act") having come into effect on 1 June 2020, it introduces the notion of corporate liability. An organisation commits an offence if a person associated with the organisation corruptly gives, agrees to give, promises, or offers to any person any gratification where such corrupt practices are carried out for the organisation's benefit or advantage.

The Group adopts a zero-tolerance policy against any form of bribery and corruption, and all other illegal or unethical behaviour. Any employee or business associate found guilty of bribery or corruption shall be subject to severe disciplinary action, including termination of employment or termination of contract, as appropriate, and may also be subject to prosecution under applicable anti-corruption laws.

In compliance with Section 17A MACC Act, the Group has established adequate procedures to combat bribery and corruption by putting in place the following measures:-

- regular communication to promote and maintain a risk-focused culture with the highest ethical standards.
- mandatory training on anti-bribery matters for new and existing employees.
- rules on record keeping.
- rules regarding gift and entertainment.
- rules regarding donations and sponsorship.
- strict prohibition on the promise or payment of bribes/facilitation payments.
- mandatory due diligence checks for business associates/vendors.
- conducting periodic risk assessment across all key business and support units.
- maintaining a repository of frameworks, policies and procedures & guidelines that address/mitigate bribery and corruption risk.
- established a whistleblowing policy that provides an avenue for any individual to report any suspected wrongdoings to the Chairman of the Audit Committee or Chairman of the Board in good faith and without fear of reprisal to help maintain a safe workplace, while protecting the Company's reputation.

The Group remains steadfast in its fight against bribery and corruption by regularly reviewing the above control mechanisms and creating adequate awareness to ensure it remains free from the contagion of corruption.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

Throughout the years, Parkwood Holdings Berhad (formerly known as Amalgamated Industrial Steel Berhad) ("Parkwood" 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 Parkwood 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 2020 outlining the application of the principles and recommendations as set out in the following guides:

1. Companies Act, 2016 ("CA 2016");
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. Parkwood 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.parkwood.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.parkwood.my.

Whistle-Blowing Policy

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 Audit and Risk Management Committee, was adopted by the Board in year 2013. The Whistle-Blowing Policy is accessible through the Company's website at www.parkwood.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 and the Executive Directors.

Anti-Bribery Policy

The Board is aware of the new Corporate Liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The Group has adopted a zero-tolerance stance against all forms of bribery and corruption and will not tolerate any acts which are in breach of the Company's policies. The Group strongly believes in acting professionally, fairly and with integrity in all business dealings and relationships.

Therefore, as part of the Group's efforts to support the implementation of the anti-bribery and corruption and ethical principles practiced in the Group and to uphold the highest standards of good governance, the Board has adopted an Anti-Bribery Policy and Anti-Bribery Management System ("ABMS") Manual.

The Anti-Bribery Policy and ABMS Manual are accessible through the Company's website at www.parkwood.my.

Corporate Governance Overview Statement

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

I. Board Responsibilities (Cont'd)

Diversity Policy on Gender Diversity

The Company adopts diversity not only in the Boardroom but also in the 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.

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 protect the long term interests of all stakeholders and the community.

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 is to ensure all candidates appointed to Senior Management positions are of sufficient expertise. The Board had adopted a Succession Planning Policy is 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.

Corporate Governance Overview Statement

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

I. Board Responsibilities (Cont'd)

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.

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 for the financial year ended 31 December 2020 are set out in the Audit and Risk Management Committee Report on pages 46 to 50 of this Annual Report.

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

Board Committees (Cont'd)

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 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.

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 competencies, 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 one (1) meeting during the financial year ended 31 December 2020. The summary of activities of the Nomination Committee during the financial year ended 31 December 2020 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 2019;
- Reviewed and recommended to the Board, re-election of Directors who are retiring by rotation;
- Assessed the independence of Independent Directors, who have served the Board for a cumulative term of more than nine (9) years; and
- 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 2019.

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

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

Board Committees (Cont'd)

c. Remuneration Committee (Cont'd)

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 2020. The summary of activities during the financial year ended 31 December 2020 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 2019;
- Reviewed and recommended to the Board, payment of Directors' benefits (other than Directors' fees) for the period from 19 June 2020 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.

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 2021, the Board approved the recommendation of the Nomination Committee that Tuan Haji Fauzi Bin Mustapha and Datuk Hew Lee Lam Sang, who are due for retirement by rotation at the Fiftieth AGM pursuant to Clause 123 of the Company's Constitution, are eligible to stand for re-election at the Fiftieth AGM. Tuan Haji Fauzi Bin Mustapha and Datuk Hew Lee Lam Sang had expressed their intention to seek re-election at the Fiftieth AGM.

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

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 2020, 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.

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 Fiftieth 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.

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

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.

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 2020, six (6) board meetings were held physically or virtually. 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	6/6	100%
Tuan Haji Fauzi Bin Mustapha	6/6	100%
Datuk Hew Lee Lam Sang	6/6	100%
Dato' Ronnie Lim Yew Boon	6/6	100%
Mr. Lim Chin Sean	6/6	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.

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

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 2020, the Directors attended the following training programmes:

Directors	Training / Seminar Attended	Date
Dato' Ghazali Bin Mat Ariff	• Budget 2021 Tax Highlights - conducted by Boardroom Business Solutions Sdn. Bhd.	29.12.2020
Tuan Haji Fauzi Bin Mustapha	• IPO Due Diligence: How to Ace It - conducted by Boardroom Corporate Services Sdn. Bhd.	17.11.2020
Datuk Hew Lee Lam Sang	• Environmental, Social and Governance ("ESG") & Reporting - conducted by Hong Kong Exchanges • Connected Transactions Rules - conducted by Hong Kong Exchanges • Notifiable Transaction Rules - conducted by Hong Kong Exchanges • Audit Committee Institute Virtual Roundtable 2020 - conducted by KPMG PLT • Tax and Business Summit - conducted by KPMG PLT	30.05.2020 07.08.2020 18.10.2020 12.11.2020 18-19.11.2020
Dato' Lim Yew Boon	• Corporate Liability, Adequate Procedures and ISO 37001 - conducted by Trident Integrity Solutions • Optimising Risk & Resilience Planning to Manage Disruption - conducted by Tricor Axcelasia Sdn Bhd	13.05.2020 19.08.2020
Mr Lim Chin Sean	• Connected Transactions Rules - conducted by Hong Kong Exchanges • Optimising Risk & Resilience Planning to Manage Disruption - conducted by Tricor Axcelasia Sdn Bhd • Notifiable Transaction Rules - conducted by Hong Kong Exchanges	08.08.2020 19.08.2020 18.10.2020
Dr. Goh Swee Por (Alternate Director to Lim Chin Sean)	• Property Managers Induction Course for Newly Registered Property Manager - conducted by The Board of Valuers, Appraisers, Estate Agents and Property Managers	05.03.2020

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 2020 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	304,500	36,540	-	7,000	19,787	367,827
Mr. Lim Chin Sean	217,500	26,100	24,000	7,000	-	274,600
Non-Executive Directors						
Dato' Ghazali Bin Mat Ariff	-	-	24,000	15,600	16,860	56,460
Datuk Hew Lee Lam Sang	-	-	24,000	20,000	-	44,000
Tuan Haji Fauzi Bin Mustapha	-	-	24,000	14,000	-	38,000
Dr. Goh Swee Por (Alternate Director to Lim Chin Sean)	-	-	-	-	-	-

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

Set out below are directors' remuneration paid or payable by the Company for financial year ended 31 December 2020, 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 to RM100,000	-	1
From RM250,001 to RM300,000	1	-
From RM300,001 to RM350,000	-	-
From RM350,001 to RM400,000	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 2020, 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 to RM100,000	-
From RM100,001 to RM150,000	-
From RM150,001 to RM200,000	1
Above RM200,000	4

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 in compliance to the Main LR of Bursa Securities, are as follows:

Chairman :	Datuk Hew Lee Lam Sang	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 46 to 50 of this Annual Report.

Financial Reporting

The Board is firmly committed 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 is committed to identify and review 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 44 to 45 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.

Corporate Governance Overview Statement

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

I. Audit and Risk Management Committee (Cont'd)

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 46 to 50 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.

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 46 to 50 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.parkwood.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 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

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.parkwood.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.

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.parkwood.my.

Shareholders and investors are also encouraged to convey their queries and concerns to the Company via the Company's website at www.parkwood.my or via email to admin@parkwood.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.

Corporate Governance Overview Statement

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

II. Conduct of General Meetings (Cont'd)

Annual General Meetings or Extraordinary General Meetings ("General Meetings") (Cont'd)

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 the Chairman of the Meeting or 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.

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 2020, the amount of audit fees paid or payable to the External Auditors, Crowe Malaysia PLT 201906000005 (LLP0018817-LCA) & AF 1018 by Parkwood and its subsidiaries were as follows:

Fees paid by Parkwood	: RM48,000
Fees paid by Parkwood subsidiaries	: RM59,000

For the financial year ended 31 December 2020, the non-audit fee of RM56,700 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.

Corporate Governance Overview Statement

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

c. Utilisation of Proceeds

On 12 November 2020, TA Securities Holdings Berhad ("TA") had on behalf of the Company, announced that the Company proposes to undertake the following:-

- (i) renounceable rights issue of up to 137,585,442 new ordinary shares in Parkwood ("Shares") ("Rights Shares") on the basis of 1 Rights Share for every 1 existing Share held by the shareholders of Parkwood ("Rights Issue") to raise a minimum of RM15 million from the Rights Issue to meet the Group's funding requirements; and
- (ii) exemption under Paragraph 4.08 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions to Telaxis Sdn Bhd ("Telaxis") and any persons acting in concert with Telaxis from the obligation to undertake a mandatory offer on the remaining Shares not already owned by them, upon completion of the Rights Issue ("Exemption").

Submission of the listing application was made to Bursa Securities on 12 November 2020 and approval was received from Bursa Securities on 15 December 2020.

The Company has obtained shareholders' approval at the EGM held on 26 January 2021. Subsequently, the Company has also obtained the approval from the Securities Commission Malaysia on the application made in relation to the Exemption.

Based on the issue price of RM0.18 per Rights Share, the gross proceeds to be raised from the Rights Issue are intended to be utilised in the following manner:-

Utilisation of proceeds	Expected timeframe for utilisation from completion of the Rights Issue	Minimum Scenario RM'000	Maximum Scenario RM'000
(i) Funding for the Utamara Project	Within 24 months	15,000	21,000
(ii) Working capital	Within 6 months	-	3,065
(iii) Estimated expenses for the Corporate Exercises	Immediate	-	700
Total		15,000	24,765

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 2020, 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 Parkwood on 22 April 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

Pursuant to paragraph 15.26(b) of the Main LR of Bursa Securities, 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 2020 in compliance with the Principles and Best Practices as stipulated in the Code.

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 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 2020. 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 46 to 50.

The costs incurred by the Group in relation to the Internal Audit function for outsourced internal audit and risk management services for the financial year ended 31 December 2020 amounted to approximately RM48,000.

Statement on Risk Management and Internal Control

5. INTERNAL CONTROL

The Group's systems of internal control during the financial year ended 31 December 2020 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 46 to 50.
- 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 2020. 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 LR, 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 the 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 non-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 22 April 2021.

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	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 2020, 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	5/5 (100%)

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. This is to ensure that all risk classes particularly the Group strategic risks, risks related to project development businesses and compliance to statutory requirements, are considered at senior level in a consistent manner. 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 2020 through the following activities:

a. External Audit

- Reviewed the Audit Review Memorandum by the external auditors for the financial year ended 31 December 2019 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 2020 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 2020;
- 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 2019 Annual Report; and
- Presented the Audit and Risk Management Committee Report to the Board for approval and inclusion in the 2019 Annual Report.

Audit and Risk Management Committee Report

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2020, 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 2020 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 audit findings noted from risk based internal audit on the risks areas highlighted in the risk profile of Parkwood;
- reviewed and reported on the follow-up status of previous audit findings;
- conducted risk assessment for the implementation of an enterprise risk management framework;
- presented the Internal Audit Plan of the Group for year 2021 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 outsourced internal audit and risk management services for the financial year ended 31 December 2020 amounted to approximately RM48,000.

FINANCIAL

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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 2020.

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 6 to the financial statements.

CHANGE OF NAME

On 18 February 2021, the Company changed its name from Amalgamated Industrial Steel Berhad to Parkwood Holdings Berhad.

RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(3,989,835)	(1,287,741)
Attributable to:-		
Owners of the Company	(3,989,835)	(1,287,741)

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 2020, 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 22 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.

Directors' Report

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 there are no known bad debts and that no allowance for impairment losses on receivables is required.

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 allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

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' Report

DIRECTORS

The names of 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
Datuk Hew Lee Lam Sang
Dato' Lim Yew Boon
Tuan Haji Fauzi Bin Mustapha
Lim Chin Sean
Dr. Goh Swee Por (Alternate director to Lim Chin Sean)

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 and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
The Company				
<i>Direct Interests</i>				
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
<i>Indirect Interest</i>				
Lim Chin Sean #	39,771,975	-	-	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 36(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' Report

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 35 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amounts of indemnity coverage and insurance premium paid for a director of the Group and of the Company were 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 6 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 41 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 31 to the financial statements.

Signed in accordance with a resolution of the directors dated 22 April 2021.

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 Parkwood Holdings Berhad (formerly known as Amalgamated Industrial Steel Berhad), state that, in the opinion of the directors, the financial statements set out on pages 60 to 110 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 2020 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 22 April 2021.

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 Parkwood Holdings Berhad (formerly known as Amalgamated Industrial Steel Berhad), do solemnly and sincerely declare that the financial statements set out on pages 60 to 110 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 this 22 April 2021

Choh Kim Chiew

Before me

Datin Hjh Raihela Wanchik
Commissioner for Oaths
No. W275

INDEPENDENT AUDITORS' REPORT

To the Members of Parkwood Holdings Berhad (Formerly Known as Amalgamated Industrial Steel Berhad)
(Incorporated In Malaysia) Registration No: 196901000692 (9118 - M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Parkwood Holdings Berhad (formerly known as Amalgamated Industrial Steel Berhad), which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit 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 60 to 110.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Valuation of Investment Property Refer to Note 8 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.	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.
The carrying value of investment property as at 31 December 2020 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.	

Independent Auditors' Report

To the Members of Parkwood Holdings Berhad (Formerly Known as Amalgamated Industrial Steel Berhad)
(Incorporated In Malaysia) Registration No: 196901000692 (9118 - M)

Key Audit Matters (Cont'd)

Revenue Recognition for Property Development Activities

Refer to Note 28 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group recognises property development revenue using the input method, determined based on 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 the progress; 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 revenue recognition towards satisfaction of performance obligation and checked the journal entries impacting revenue are recognised appropriately with reference to the computation of the revenue and corresponding costs 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.

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.

Independent Auditors' Report

To the Members of Parkwood Holdings Berhad (Formerly Known as Amalgamated Industrial Steel Berhad)
(Incorporated In Malaysia) Registration No: 196901000692 (9118 - M)

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

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 scepticism throughout the audit. We also:

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

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

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

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
03378/06/2022 J
Chartered Accountant

Kuala Lumpur
22 April 2021

STATEMENTS OF FINANCIAL POSITION

At 31 December 2020

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	54,295,527	3,345,434
Equipment	7	597,590	709,220	419,321	486,105
Investment property	8	36,600,000	36,600,000	36,600,000	36,600,000
Right-of-use assets	9	1,515,505	1,076,552	64,118	125,407
Land held for property development	10	32,589,351	-	-	-
Club membership	11	11,091	11,454	11,091	11,454
Other assets		32,060	32,060	19,060	19,060
		71,345,597	38,429,286	91,409,117	40,587,460
CURRENT ASSETS					
Property development costs	12	65,917,067	61,821,952	37,320,238	37,320,018
Contract cost assets	13	3,210,092	2,914,236	-	-
Trade and other receivables	14	1,052,537	3,783,290	471,400	111,719
Contract assets	15	4,249,022	2,076,687	-	-
Amount owing by subsidiaries	16	-	-	1,830,082	33,214,547
Current tax assets		41,155	1,211	-	-
Fixed deposits with licensed banks	17	2,463,197	7,556,477	2,463,197	7,556,477
Short-term investments	18	10,065,558	20,132,160	5,748,752	20,132,160
Cash and bank balances	19	5,800,556	7,076,544	266,986	636,354
		92,799,184	105,362,557	48,100,655	98,971,275
TOTAL ASSETS		164,144,781	143,791,843	139,509,772	139,558,735
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	22,160,982	22,160,982	22,160,982	22,160,982
Reserves	21	112,574,309	116,564,144	118,475,015	119,762,756
Treasury shares	22	(3,724,544)	(3,724,544)	(3,724,544)	(3,724,544)
TOTAL EQUITY		131,010,747	135,000,582	136,911,453	138,199,194
NON-CURRENT LIABILITIES					
Lease liabilities	23	1,118,165	708,823	28,037	94,620
Term loans	24	25,639,402	3,793,445	-	-
Retirement benefit obligations	25	163,940	130,448	-	-
Deferred tax liabilities	26	156,442	156,442	-	-
		27,077,949	4,789,158	28,037	94,620
CURRENT LIABILITIES					
Trade and other payables	27	4,758,659	2,758,860	1,130,276	1,091,687
Lease liabilities	23	485,771	496,712	54,241	54,090
Term loans	24	692,511	627,387	-	-
Amount owing to a subsidiary	16	-	-	1,266,621	-
Current tax liabilities		119,144	119,144	119,144	119,144
		6,056,085	4,002,103	2,570,282	1,264,921
TOTAL LIABILITIES		33,134,034	8,791,261	2,598,319	1,359,541
TOTAL EQUITY AND LIABILITIES		164,144,781	143,791,843	139,509,772	139,558,735

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 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
REVENUE	28	6,512,288	5,014,570	2,321,723	2,012,440
COST OF SALES		(3,941,719)	(2,867,354)	(673,788)	(494,022)
GROSS PROFIT		2,570,569	2,147,216	1,647,935	1,518,418
OTHER INCOME	29	911,081	1,352,901	584,159	1,201,885
		3,481,650	3,500,117	2,232,094	2,720,303
SELLING AND DISTRIBUTION EXPENSES		(454,414)	(1,375,731)	-	-
ADMINISTRATIVE EXPENSES		(6,115,782)	(6,065,642)	(9,914,871)	(3,495,637)
NET REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FINANCIAL ASSETS	30	-	-	6,470,518	(1,128,000)
LOSS FROM OPERATIONS		(3,088,546)	(3,941,256)	(1,212,259)	(1,903,334)
FINANCE COSTS		(725,771)	(151,998)	(9,112)	(13,654)
LOSS BEFORE TAXATION	31	(3,814,317)	(4,093,254)	(1,221,371)	(1,916,988)
INCOME TAX EXPENSE	32	(175,518)	1,343,229	(66,370)	1,343,460
LOSS AFTER TAXATION		(3,989,835)	(2,750,025)	(1,287,741)	(573,528)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(3,989,835)	(2,750,025)	(1,287,741)	(573,528)
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(3,989,835)	(2,750,025)	(1,287,741)	(573,528)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(3,989,835)	(2,750,025)	(1,287,741)	(573,528)
LOSS PER SHARE (SEN)	33				
Basic		(2.90)	(2.00)		
Diluted		(2.90)	(2.00)		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

		Non-distributable				Distributable		
	Note	Share Capital RM	Treasury Shares RM	Share Premium RM	Asset Revaluation Reserve RM	Capital Reserve RM	Retained Profits RM	Total Equity RM
The Group								
Balance at 1.1.2019		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	20	2,594,524	-	(2,594,524)	-	-	-	-
Balance at 31.12.2019/1.1.2020		22,160,982	(3,724,544)	-	24,539,768	48,208,750	43,815,626	135,000,582
Loss after taxation for the financial year		-	-	-	-	-	(3,989,835)	(3,989,835)
Balance at 31.12.2020		22,160,982	(3,724,544)	-	24,539,768	48,208,750	39,825,791	131,010,747
The Company								
Balance at 1.1.2019		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	20	2,594,524	-	(2,594,524)	-	-	-	-
Balance at 31.12.2019/1.1.2020		22,160,982	(3,724,544)	-	24,539,768	48,208,750	47,014,238	138,199,194
Loss after taxation for the financial year		-	-	-	-	-	(1,287,741)	(1,287,741)
Balance at 31.12.2020		22,160,982	(3,724,544)	-	24,539,768	48,208,750	45,726,497	136,911,453

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2020

Note	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FOR OPERATING ACTIVITIES				
Loss before taxation	(3,814,317)	(4,093,254)	(1,221,371)	(1,916,988)
Adjustments for:-				
Amortisation of club membership	363	364	363	364
Bad debt written off	-	403	-	-
Covid-19-related rent concessions	(13,413)	-	-	-
Depreciation of equipment	127,903	162,428	66,784	86,231
Depreciation of right-of-use assets	490,522	462,689	42,745	50,162
Equipment written off	-	8	-	8
Impairment loss:				
- amount owing by subsidiaries	-	-	-	1,128,000
- investments in subsidiaries	-	-	6,299,907	-
Interest expenses on lease liabilities	90,261	114,016	9,112	13,654
Interest expense	635,510	37,982	-	-
Loss on disposal of equipment	-	20,276	-	18,229
Retirement benefit obligations	33,492	60,492	-	-
Fair value gain on short-term investments	(562,502)	(656,550)	(532,326)	(656,550)
Gain on modification of a lease	(61,775)	-	-	-
Interest income	(145,549)	(598,995)	(51,833)	(543,335)
Reversal of impairment loss on amount owing by subsidiaries	-	-	(6,470,518)	-
Operating loss before working capital changes	(3,219,505)	(4,490,141)	(1,857,137)	(1,820,225)
Increase in property development costs	(4,095,115)	(1,899,441)	(220)	(220,018)
Increase in contract cost assets	(295,856)	(2,914,236)	-	-
Increase in contract assets	(2,172,335)	(2,076,687)	-	-
(Increase)/Decrease in trade and other receivables	(377,247)	(3,407,778)	(359,681)	69,956
Increase in amount owing by subsidiaries	-	-	(3,906,288)	(10,969,335)
Increase in amount owing to a subsidiary	-	-	1,266,621	-
Increase/(Decrease) in trade and other payables	1,999,799	676,284	38,589	(466,114)
CASH FOR OPERATIONS	(8,160,259)	(14,111,999)	(4,818,116)	(13,405,736)
Income tax refunded	230	36,387	-	35,352
Income tax paid	(215,692)	(129,110)	(66,370)	(128,879)
Real property gains tax paid	-	(2,933,439)	-	(2,933,439)
Retirement benefits paid	-	(56,096)	-	-
NET CASH FOR OPERATING ACTIVITIES	(8,375,721)	(17,194,257)	(4,884,486)	(16,432,702)
BALANCE CARRIED FORWARD	(8,375,721)	(17,194,257)	(4,884,486)	(16,432,702)

Statements of Cash Flows

For the Financial Year Ended 31 December 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
BALANCE BROUGHT FORWARD		(8,375,721)	(17,194,257)	(4,884,486)	(16,432,702)
CASH FLOWS (FOR)/FROM					
INVESTING ACTIVITIES					
Additional investment in existing subsidiaries		-	-	(15,488,729)	(2,250,000)
Increase in pledged bank balances with a licensed bank		(3,407,432)	-	(96,208)	-
Interest income received		708,051	1,255,545	584,159	1,199,885
Proceeds from disposal of equipment		-	1,800	-	800
Purchase of equipment		(16,273)	(222,660)	-	(147,931)
Purchase of land held for property development		(29,481,351)	-	-	-
Withdrawal of fixed deposits with tenure more than 3 months		5,093,280	12,443,523	5,093,280	12,443,523
NET CASH (FOR)/FROM					
INVESTING ACTIVITIES		(27,103,725)	13,478,208	(9,907,498)	11,246,277
CASH FLOWS FROM/(FOR)					
FINANCING ACTIVITIES					
Drawdown of term loans	34(a)	22,300,499	4,399,501	-	-
Interest paid	34(a)	(604,885)	(130,667)	(9,112)	(13,654)
Repayment of lease liabilities	34(a)	(455,886)	(423,284)	(47,888)	(46,346)
Repayment of term loans	34(a)	(510,304)	-	-	-
NET CASH FROM/(FOR)					
FINANCING ACTIVITIES		20,729,424	3,845,550	(57,000)	(60,000)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(14,750,022)	129,501	(14,848,984)	(5,246,425)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		27,208,704	27,079,203	20,768,514	26,014,939
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34(c)	12,458,682	27,208,704	5,919,530	20,768,514

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

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 22 April 2021.

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 6 to the financial statements.

3. CHANGE OF NAME

On 18 February 2021, the Company changed its name from Amalgamated Industrial Steel Berhad to Parkwood Holdings Berhad.

4. 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.

- 4.1 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)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendment to MFRS 16: Covid-19-Related Rent Concessions

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

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:-

The Group has early adopted Amendment to MFRS 16 'Covid-19-Related Rent Concessions' which allows lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification when conditions are met. The Group has applied such practice expedient to all of its COVID-19-related rent concessions and the financial impacts are disclosed in Note 23 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

4. BASIS OF PREPARATION (CONT'D)

- 4.2 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 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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 their initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

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 7 and Note 9 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Investments in Subsidiaries, Equipment and Right-of-use Assets

The Group and the Company determine whether an item of its investments in subsidiaries, 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 which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group and the Company operate. The carrying amounts of investments in subsidiaries, equipment and right-of-use assets as at the reporting date are disclosed in Note 6, Note 7 and Note 9 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 including changes in the customer payment profile in response to the COVID-19 pandemic 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 14 and Note 15 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 Group 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.

(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 RM41,155 and RM119,144 (2019 - RM1,211 and RM119,144) respectively and the current tax liabilities of the Company is RM119,114 (2019 - RM119,114).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(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 8 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. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. 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 incorporating the impact of COVID-19 pandemic. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Note 14 and Note 16 to the financial statements respectively.

(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 which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of property development costs as at the reporting date is disclosed in Note 12 to the financial statements.

(i) Valuation of Land Held for Property Development

Land held for property development is stated at the lower of cost and net realisable value. The Group determines net realisable value based on the recent sales transactions of similar properties or comparable properties in similar or nearby locations. The estimation of the selling price in particular is subject to significant inherent uncertainties, in particular the property market. Possible changes in these estimates could result in revisions to the valuation of land held for property development. The carrying amount of land held for property development 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 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).

5.2 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 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 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.

5.3 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.

5.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group 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 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FINANCIAL INSTRUMENTS (CONT'D)

(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.

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 fair value changes do not include interest or dividend income.

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 Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FINANCIAL INSTRUMENTS (CONT'D)

(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 (excluding interest expense) 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).

(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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FINANCIAL INSTRUMENTS (CONT'D)

(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 Company, 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.

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.

5.6 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.

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 on equipment 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% to 20%
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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 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 the 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.

5.8 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 that do not meet the definition of investment property 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 LAND HELD FOR PROPERTY DEVELOPMENT

Land held for property development represents land on which no significant development work has been undertaken or where 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 land held for 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.

5.10 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.

5.11 CONTRACT COST ASSETS

(a) Incremental Costs of Obtaining Contracts

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 cost assets 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 assets 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 assets does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

5.12 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.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 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, trade receivables and contract assets.

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 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 immediately 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 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.

5.15 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 discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

5.16 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 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.

(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.

5.18 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.

5.19 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.

5.20 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.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.20 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 Group'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.

5.21 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.

5.22 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.

5.23 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 2020

6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020 RM	2019 RM
Unquoted shares, at cost	64,609,437	7,359,437
Allowance for impairment losses	(10,313,910)	(4,014,003)
	<u>54,295,527</u>	<u>3,345,434</u>
Allowance for impairment losses:-		
At 1 January	(4,014,003)	(4,014,003)
Addition during the financial year (Note 31)	(6,299,907)	-
At 31 December	<u>(10,313,910)</u>	<u>(4,014,003)</u>

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
		2020 %	2019 %	
Parkwood Damai Sdn. Bhd.	Malaysia	100	100	Property development.
Parkwood Developments Sdn. Bhd.	Malaysia	100	100	Trading of construction related materials and project management activities.
Parkwood Damansara Sdn. Bhd.	Malaysia	100	100	Trading construction and building materials whereas the subsidiary is dormant since its incorporation.
Parkwood Sdn. Bhd.	Malaysia	100	100	Property development.
Parkwood PJS Sdn. Bhd. #	Malaysia	100	100	Property development whereas the subsidiary is dormant since its incorporation.

Held through Parkwood Developments Sdn. Bhd.

- On 22 July 2020, the Company subscribed for 38,500,000 ordinary shares in Parkwood Sdn. Bhd. by way of capitalisation of an amount of RM29,306,015 owing by the subsidiary and for a cash consideration of RM9,193,985.
- On 22 July 2020, the Company subscribed for 4,750,000 ordinary shares in Parkwood Developments Sdn. Bhd. by way of capitalisation of an amount of RM4,750,000 owing by the subsidiary.
- On 22 July 2020, the Company subscribed for 14,000,000 ordinary shares in Parkwood Damai Sdn. Bhd. by way of capitalisation of an amount of RM7,705,256 owing by the subsidiary and for a cash consideration of RM6,294,744.
- During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment losses of RM6,299,907 (2019 - Nil), representing the write-down of the investments to their recoverable amounts, was recognised in "Administrative Expenses" line item of the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

7. EQUIPMENT

The Group	Electrical Installations RM	Office Equipment, Furniture and Fittings RM	Office Renovation RM	Total RM
2020				
Cost				
At 1 January	190,296	1,145,805	126,201	1,462,302
Additions	-	16,273	-	16,273
At 31 December	190,296	1,162,078	126,201	1,478,575
Accumulated depreciation				
At 1 January	47,363	647,523	28,195	723,081
Depreciation charge during the financial year (Note 31)	19,029	96,254	12,620	127,903
At 31 December	66,392	743,777	40,815	850,984
Accumulated impairment loss				
At 1 January/31 December	-	30,001	-	30,001
<i>Carrying Amount</i>	123,904	388,300	85,386	597,590
2019				
Cost				
At 1 January	180,170	1,004,839	103,605	1,288,614
Additions	10,126	189,938	22,596	222,660
Disposals	-	(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
Depreciation charge during the financial year (Note 31)	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
<i>Carrying Amount</i>	142,933	468,281	98,006	709,220
The Company				
2020				
Cost				
At 1 January/31 December	188,346	678,129	122,921	989,396
Accumulated depreciation				
At 1 January	47,087	428,474	27,730	503,291
Depreciation charge during the financial year (Note 31)	18,834	35,658	12,292	66,784
At 31 December	65,921	464,132	40,022	570,075
<i>Carrying Amount</i>	122,425	213,997	82,899	419,321

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

7. 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
Depreciation charge during the financial year (Note 31)	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	141,259	249,655	95,191	486,105

8. INVESTMENT PROPERTY

	The Group/The Company	
	2020 RM	2019 RM
Carrying Amount		
At 1 January/31 December	36,600,000	36,600,000

The following investment property is held under lease terms:

	The Group/The Company	
	2020 RM	2019 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 7 (2019 - 8) years.

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

	The Group/The Company	
	2020 RM	2019 RM
Within 1 year	2,199,732	1,962,506
Between 1 and 2 years	2,199,732	2,199,732
Between 2 and 3 years	2,221,298	2,199,732
Between 3 and 4 years	2,458,524	2,221,298
Between 4 and 5 years	2,458,524	2,458,524
Later than 5 years	2,232,777	4,691,301
	13,770,587	15,733,093

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

8. INVESTMENT PROPERTY (CONT'D)

- (b) 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 property is within level 2 of the fair value hierarchy.

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

9. RIGHT-OF-USE ASSETS

The Group	At 1.1.2020 RM	Addition RM	Depreciation Charges (Note 31) RM	Reassessment/ Modification of Lease Liabilities RM	At 31.12.2020 RM
2020					
<i>Carrying Amount</i>					
Office furniture	131,511	-	(43,837)	-	87,674
Office buildings	945,041	1,127,490	(446,685)	(198,015)	1,427,831
	1,076,552	1,127,490	(490,522)	(198,015)	1,515,505

	At 1.1.2019 RM	Addition RM	Depreciation Charges (Note 31) RM	At 31.12.2019 RM
2019				
<i>Carrying Amount</i>				
Office furniture	175,348	-	(43,837)	131,511
Office buildings	1,052,469	311,424	(418,852)	945,041
	1,227,817	311,424	(462,689)	1,076,552

	The Group	
	2020 RM	2019 RM
Analysed by:-		
Cost	2,444,979	1,796,092
Accumulated depreciation	(929,474)	(719,540)
	1,515,505	1,076,552

The Group has leased office buildings and office furniture that run between 2 to 3 (2019 - 1 to 3) years, with an option to renew the lease after that date. The Group is allowed to sublease the office building.

The Company	At 1.1.2020 RM	Depreciation Charges (Note 31) RM	Reassessment of Lease Liabilities RM	At 31.12.2020 RM
2020				
<i>Carrying Amount</i>				
Office building	125,407	(42,745)	(18,544)	64,118

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

9. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.1.2019 RM	Depreciation Charges (Note 31) RM	At 31.12.2019 RM
The Company			
2019			
<i>Carrying Amount</i>			
Office building	175,569	(50,162)	125,407
		The Company	
		2020	2019
		RM	RM
Analysed by:-			
Cost		213,725	250,813
Accumulated depreciation		(149,607)	(125,406)
		64,118	125,407

The Company has leased an office building that run for 3 (2019 - 3) years, with an option to renew the lease after that date. The Company is allowed to sublease the office building.

10. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2020	2019
	RM	RM
At 1 January	-	-
Additions	29,481,351	-
Transfer from prepayment	3,108,000	-
At 31 December	32,589,351	-
Analysed by: -		
Leasehold land	31,000,000	-
Development costs	1,589,351	-
	32,589,351	-

Land held for property development with a total carrying amount of RM32,589,251 (2019 - Nil) has been pledged to a licensed bank as securities for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

11. CLUB MEMBERSHIP

	The Group/The Company	
	2020	2019
	RM	RM
Transferable club membership, at cost		
At 1 January/31 December	20,000	20,000
Accumulated amortisation:-		
At 1 January	(8,546)	(8,182)
Amortisation during the financial year (Note 31)	(363)	(364)
At 31 December	(8,909)	(8,546)
	11,091	11,454

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

12. PROPERTY DEVELOPMENT COSTS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At 1 January:				
- 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	-
	61,821,952	59,922,511	37,320,018	37,100,000
Leasehold land:				
- Transfer to contract cost assets	(1,147,767)	(3,504,745)	-	-
Property development costs:				
- Cost incurred during the financial year	7,658,902	7,187,009	220	220,018
- Transfer to contract cost assets	(2,416,020)	(1,782,823)	-	-
At 31 December	65,917,067	61,821,952	37,320,238	37,320,018
Analysed by:-				
Leasehold land	52,444,496	53,592,263	37,100,000	37,100,000
Property development costs	13,472,571	8,229,689	220,238	220,018
	65,917,067	61,821,952	37,320,238	37,320,018

The leasehold land with a carrying amount of RM15,344,496 (2019 - RM16,492,263) has been pledged to a licensed bank as securities for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

13. CONTRACT COST ASSETS

	The Group	
	2020	2019
	RM	RM
Costs to fulfill a contract:-		
At 1 January	2,914,236	-
Transfer from property development costs (Note 12)	3,563,787	5,287,568
Cost recognised as cost of sales in profit or loss	(3,267,931)	(2,373,332)
At 31 December	3,210,092	2,914,236

The costs 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 assets have been pledged to a licensed bank as securities for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

14. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables	161,372	273,147	6,490	38,672
Other receivables:-				
Third parties	47,932	12,032	-	8,016
Goods and services tax recoverable	3,034	3,034	-	-
	50,966	15,066	-	8,016
Refundable deposits	152,348	3,206,605	44,985	44,985
Deposits	267,926	268,426	-	-
Prepayments	419,925	20,046	419,925	20,046
	1,052,537	3,783,290	471,400	111,719
Allowance for impairment losses:-				
At 1 January	-	(786,592)	-	-
Written off during the financial year	-	786,592	-	-
At 31 December	-	-	-	-

- (a) All customers are granted credit periods ranging from 7 to 60 days (2019 - 7 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.
- (b) In the previous financial year, included in the refundable deposits were an amount of RM3,108,000 paid to purchase 5 parcel of leasehold commercial lands with total area measuring approximately 14,365 square metres.

15. CONTRACT ASSETS

	The Group	
	2020 RM	2019 RM
Contract Assets		
Contract assets relating to property development activities	4,249,022	2,076,687

- (a) 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. The amount will be invoiced within 14 (2019 - 14) days.
- (b) The changes to contract asset balances during the financial year are summarised below: -

	The Group	
	2020 RM	2019 RM
At 1 January	2,076,687	-
Property development revenue recognised during the financial year	4,190,565	3,002,130
Billings to customers during the financial year (transferred to trade receivables)	(2,018,230)	(925,443)
At 31 December	4,249,022	2,076,687

- (c) As at the end of the reporting period, the transaction price allocated to the unsatisfied performance obligation of a long-term contract is RM18,167,117 (2019 - RM15,714,247). The remaining performance obligation is expected to be recognised as below:-

	The Group	
	2020 RM	2019 RM
Within 1 year	9,909,336	5,546,205
Between 1 and 3 years	8,257,781	10,168,042
	18,167,117	15,714,247

The amounts disclosed include variable consideration which is constrained.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

16. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2020	2019
	RM	RM
Amount Owing by Subsidiaries		
Trade balances	-	2,054,890
Non-trade balances	1,830,082	37,630,175
	1,830,082	39,685,065
Allowance for impairment losses	-	(6,470,518)
	1,830,082	33,214,547
Allowance for impairment losses:-		
At 1 January	(6,470,518)	(5,342,518)
Addition during the financial year (Note 30)	-	(1,128,000)
Reversal during the financial year (Note 30)	6,470,518	-
At 31 December	-	(6,470,518)
Amount Owing to A Subsidiary		
Non-trade balances	1,266,621	-

In the previous financial year, the trade balances were expected to be settled within the normal credit periods. The amounts owing were settled during the financial year.

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

17. FIXED DEPOSITS WITH LICENSED BANKS

- The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore an effective interest rate of 1.60% (2019 - 2.85% to 3.70%) per annum. The fixed deposits have a maturity periods of 363 days (2019 - 186 days) for the Group and the Company.
- 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 RM2,463,197 (2019 - RM2,411,400) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

18. SHORT-TERM INVESTMENTS

The short-term investments of the Group and of the Company represent investments in highly liquid money market instruments. 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 2.10% to 4.00% (2019 - 3.60% to 6.00%) per annum.

19. CASH AND BANK BALANCES

- Included in the cash and bank balances of the Group is an amount of RM1,853,750 (2019 - RM2,468,508) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002. The amount is held at call with a bank and is available only to the subsidiary involved in the property development activities.
- Included in the cash and bank balances of the Group and of the Company is an amount of RM3,407,432 and RM96,208 (2019 - Nil) respectively pledged as securities for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

20. SHARE CAPITAL

	2020	2019	2020	2019
Issued and Fully Paid-Up	Number of Shares		RM	RM
Ordinary Shares				
At 1 January	144,382,742	144,382,742	22,160,982	19,566,458
Transfer from share premium account	-	-	-	2,594,524
At 31 December	144,382,742	144,382,742	22,160,982	22,160,982

The holders of ordinary shares (except treasury 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.

21. RESERVES

		The Group		The Company	
	Note	2020	2019	2020	2019
		RM	RM	RM	RM
Asset revaluation reserve	21.1	24,539,768	24,539,768	24,539,768	24,539,768
Capital reserve	21.2	48,208,750	48,208,750	48,208,750	48,208,750
Retained profits		39,825,791	43,815,626	45,726,497	47,014,238
		112,574,309	116,564,144	118,475,015	119,762,756

21.1 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).

21.2 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.

22. TREASURY SHARES

	The Group/The Company			
	2020	2019	2020	2019
	Number of Ordinary Shares		RM	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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

23. LEASE LIABILITIES

	The Group	
	2020 RM	2019 RM
At 1 January	1,205,535	1,317,395
Additions (Note 9)	1,127,490	311,424
Changes due to reassessment of lease payment	(33,861)	-
Changes due to reassessment of lease term	345,647	-
Covid-19-related rent concessions received (Note 29)	(13,413)	-
Derecognition due to lease modification	(571,576)	-
Interest expense recognised in profit or loss (Note 31)	90,261	114,016
Repayment of principal	(455,886)	(423,284)
Repayment of interest expense	(90,261)	(114,016)
At 31 December	1,603,936	1,205,535
Analysed by:-		
Current liabilities	485,771	496,712
Non-current liabilities	1,118,165	708,823
	1,603,936	1,205,535

	The Company	
	2020 RM	2019 RM
At 1 January	148,710	195,056
Changes due to reassessment of lease payment	(18,544)	-
Interest expense recognised in profit or loss (Note 31)	9,112	13,654
Repayment of principal	(47,888)	(46,346)
Repayment of interest expense	(9,112)	(13,654)
At 31 December	82,278	148,710
Analysed by:-		
Current liabilities	54,241	54,090
Non-current liabilities	28,037	94,620
	82,278	148,710

24. TERM LOANS (SECURED)

	The Group	
	2020 RM	2019 RM
Current liabilities	692,511	627,387
Non-current liabilities	25,639,402	3,793,445
	26,331,913	4,420,832

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

24. TERM LOANS (SECURED) (CONT'D)

The term loans bore effective interest rates of ranging from 4.43% to 5.13% (2019 - 5.89%) per annum at the end of the reporting date and are secured by:-

- (a) facility agreements;
- (b) a first party legal charge over the leasehold land of the Group as disclosed in Note 10 and Note 12 to the financial statements;
- (c) a corporate guarantee of the Company;
- (d) a legal charge over the debt service reserve account of the Group as disclosed in Note 19 to the financial statements;
- (e) a legal charge over the escrow account of the Company as disclosed in Note 19 to the financial statements;
- (f) a third party deed of assignment to be executed over the rental proceeds derived from the investment property of the Group and of the Company;
- (g) a legal charge over the fixed deposits with licensed banks of the Group and of the Company as disclosed in Note 17 to the financial statements; and
- (h) project debenture on development known as "Utamara Residences".

25. 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	
	2020 RM	2019 RM
At 1 January	130,448	126,052
Charged to profit or loss	33,492	60,492
Retirement benefit paid	-	(56,096)
At 31 December	163,940	130,448

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

	The Group	
	2020 RM	2019 RM
Present value of unfunded obligations	163,940	130,448

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

	The Group	
	2020 RM	2019 RM
Current service cost	10,995	19,858
Interest cost	22,497	40,634
	33,492	60,492

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	The Group	
	2020 RM	2019 RM
Discount rate	5.00%	5.00%
Expected rate of salary increases	2.62%	4.79%

26. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	156,442	1,681,070	-	1,524,628
Recognised in profit or loss (Note 32)	-	(1,524,628)	-	(1,524,628)
At 31 December	156,442	156,442	-	-

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities:-				
Fair value adjustment on land held for property development through acquisition of a subsidiary	156,442	156,442	-	-

27. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables	3,007,359	856,568	4,596	1,009
Other payables	95,339	640,201	33,778	622,141
Deposits	842,844	10,076	705,608	-
Accruals	813,117	1,252,015	386,294	468,537
	4,758,659	2,758,860	1,130,276	1,091,687

The normal trade credit terms granted to the Group and the Company is 30 (2019 - 30) days.

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28. REVENUE

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Revenue from Contracts with Customers				
Recognised over time				
Property development activities	4,190,565	3,002,130	-	-
Revenue from Other Sources				
Rental income	2,321,723	2,012,440	2,321,723	2,012,440
	6,512,288	5,014,570	2,321,723	2,012,440

(a) The information on the disaggregation of the revenue by geographical market is disclosed as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Malaysia	6,512,288	5,014,570	2,321,723	2,012,440

(b) The information on the unsatisfied performance obligations is disclosed in Note 15(c) to the financial statements.

29. OTHER INCOME

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Included in other income are the following items:-				
COVID-19-related rent concessions	13,413	-	-	-
Fair value gain on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investments	562,502	656,550	532,326	656,550
Gain on modification of a lease	61,775	-	-	-
Rental income on office	127,842	52,216	-	-
Total interest income on financial assets measured at amortised cost	145,549	598,995	51,833	543,335

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

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Impairment loss:				
- amount owing by subsidiaries (Note 16)	-	-	-	1,128,000
Reversal of impairment losses:				
- amount owing by subsidiaries (Note 16)	-	-	(6,470,518)	-
	-	-	(6,470,518)	1,128,000

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31. LOSS BEFORE TAXATION

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
In addition to those disclosed in Note 29 and Note 30 to the financial statements, loss before taxation is arrived at after charging:-				
Amortisation of club membership (Note 11)	363	364	363	364
Auditors' remuneration:				
- audit fees	107,000	97,000	48,000	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	-	8,700
Bad debt written off	-	403	-	-
Depreciation:				
- equipment (Note 7)	127,903	162,428	66,784	86,231
- right-of-use assets (Note 9)	490,522	462,689	42,745	50,162
Directors' remuneration (Note 35)	744,240	690,280	744,240	690,280
Equipment written off	-	8	-	8
Fees payable to a company in which a director has a substantial financial interest	24,000	24,000	24,000	24,000
Impairment loss:				
- investments in subsidiaries (Note 6)	-	-	6,299,907	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- term loans	635,510	37,982	-	-
Interest expense on lease liabilities (Note 23)	90,261	114,016	9,112	13,654
Lease expenses:				
- short-term leases	14,520	19,255	14,520	19,255
- low-value assets	12,720	11,850	-	-
Loss on disposal of equipment	-	20,276	-	18,229
Staff costs:				
- defined contribution plan	391,050	325,636	138,272	115,712
- retirement benefit obligations:				
- current financial year	33,492	60,492	-	-
- salaries and others benefits	2,997,066	2,801,907	878,479	953,418

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM36,647 (2019 - RM68,622).

32. INCOME TAX EXPENSE

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Current tax expense	66,566	108,191	66,370	107,961
Underprovision in the previous financial year	108,952	73,208	-	73,207
	175,518	181,399	66,370	181,168
Deferred tax (Note 26):				
- overprovision in the previous financial year	-	(1,524,628)	-	(1,524,628)
	175,518	(1,343,229)	66,370	(1,343,460)

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For the Financial Year Ended 31 December 2020

32. INCOME TAX EXPENSE (CONT'D)

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		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Loss before taxation	(3,814,317)	(4,093,254)	(1,221,371)	(1,916,988)
Tax at the statutory tax rate of 24% (2019 - 24%)	(915,436)	(982,381)	(293,129)	(460,077)
Tax effects of:-				
Non-deductible expenses	1,212,963	976,162	482,197	725,610
Non-taxable gain	(127,758)	(157,572)	(127,758)	(157,572)
Utilisation of deferred tax assets previously not recognised	(118,051)	(33,335)	-	-
Deferred tax assets not recognised during the financial year	14,848	305,317	5,060	-
Under/(Over)provision in the previous financial year:				
- current tax	108,952	73,208	-	73,207
- deferred tax	-	(1,524,628)	-	(1,524,628)
	175,518	(1,343,229)	66,370	(1,343,460)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year.

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unused tax losses	35,282,000	36,248,000	24,447,000	24,447,000
Unabsorbed capital allowances	7,153,000	7,126,000	7,102,000	7,075,000
Excess of net carrying amount over tax written down value of equipment and right-of-use assets	(60,000)	(80,000)	-	-
Other deductible temporary differences	2,760,000	2,271,000	150,000	155,000
	45,135,000	45,565,000	31,699,000	31,677,000

The unused tax losses are allowed to be utilised for 7 consecutive years of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

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33. LOSS PER SHARE

Basic loss per share

The basic loss per share has been calculated based on the consolidated loss after taxation of RM3,989,835 (2019 - RM2,750,025) and on 137,585,442 (2019 - 137,585,442) being the weighted average number of ordinary shares during the financial year after deducting treasury shares calculated as follows:

	The Group	
	2020	2019
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)	(2.90)	(2.00)

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.

34. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM	Lease Liabilities RM	Total RM
2020			
At 1 January	4,420,832	1,205,535	5,626,367
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	22,300,499	-	22,300,499
Repayment of principal	(510,304)	(455,886)	(966,190)
Repayment of interests	(514,624)	(90,261)	(604,885)
	21,275,571	(546,147)	20,729,424
<u>Non-cash Changes</u>			
Acquisition of new lease (Note 23)	-	1,127,490	1,127,490
Changes due to reassessment of lease liabilities	-	311,786	311,786
Covid-19-related rent concessions	-	(13,413)	(13,413)
Derecognition due to lease modification	-	(571,576)	(571,576)
Interest expense recognised in profit or loss (Note 31)	635,510	90,261	725,771
	635,510	944,548	1,580,058
At 31 December	26,331,913	1,603,936	27,935,849
2019			
At 1 January	-	1,317,395	1,317,395
<u>Changes in Financing Cash Flows</u>			
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
<u>Non-cash Changes</u>			
Acquisition of new lease (Note 23)	-	311,424	311,424
Interest expense recognised in profit or loss (Note 31)	37,982	114,016	151,998
	37,982	425,440	463,422
At 31 December	4,420,832	1,205,535	5,626,367

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34. CASH FLOW INFORMATION (CONT'D)

- (a) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease Liabilities RM	Total RM
The Company		
2020		
At 1 January	148,710	148,710
<u>Changes in Financing Cash Flows</u>		
Repayment of principal	(47,888)	(47,888)
Repayment of interests	(9,112)	(9,112)
	(57,000)	(57,000)
<u>Non-cash Changes</u>		
Changes due to reassessment of lease liabilities	(18,544)	(18,544)
Interest expense recognised in profit or loss (Note 31)	9,112	9,112
	(9,432)	(9,432)
At 31 December	82,278	82,278
2019		
At 1 January	195,056	195,056
<u>Changes in Financing Cash Flows</u>		
Repayment of principal	(46,346)	(46,346)
Repayment of interests	(13,654)	(13,654)
	(60,000)	(60,000)
<u>Non-cash Changes</u>		
Interest expense recognised in profit or loss (Note 31)	13,654	13,654
At 31 December	148,710	148,710

- (b) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Payment of short-term leases	14,520	19,255	14,520	19,255
Payment of low-value assets	12,720	11,850	-	-
Interest paid on lease liabilities	90,261	114,016	9,112	13,654
Payment of lease liabilities	458,886	423,284	47,888	46,346
	576,387	568,405	71,520	79,255

- (c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed deposits with licensed banks	2,463,197	7,556,477	2,463,197	7,556,477
Short-term investments	10,065,558	20,132,160	5,748,752	20,132,160
Cash and bank balances	5,800,556	7,076,544	266,986	636,354
	18,329,311	34,765,181	8,478,935	28,324,991
Less: Fixed deposits with tenure of more than 3 months	-	(5,145,077)	-	(5,145,077)
Less: Fixed deposits pledged with licensed banks	(2,463,197)	(2,411,400)	(2,463,197)	(2,411,400)
Less: Bank balances held in escrow	(96,208)	-	(96,208)	-
Less: Bank balances pledged with a licensed bank	(3,311,224)	-	-	-
	12,458,682	27,208,704	5,919,530	20,768,514

Notes to the Financial Statements

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35. 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	
	2020	2019
	RM	RM
Directors		
<u>Directors of the Company</u>		
<i>Executive Directors</i>		
Short-term employee benefits:		
- fees	24,000	24,000
- salaries, bonuses and other benefits	536,000	516,000
	560,000	540,000
Defined contribution benefits	62,640	60,480
	622,640	600,480
<i>Non-executive Directors</i>		
Short-term employee benefits:		
- fees	72,000	48,000
- salaries, bonuses and other benefits	49,600	41,800
	121,600	89,800
Total directors' remuneration (Note 31)	744,240	690,280

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM36,647 (2019 - RM68,622).

36. RELATED PARTY 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	
	2020	2019	2020	2019
	RM	RM	RM	RM
Transactions with subsidiaries				
Parkwood Developments Sdn. Bhd.				
- Management services	-	-	749,903	589,919
- Administrative support services	-	-	200,355	198,996

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36. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

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:- (Cont'd)

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Transactions with related parties				
GSL Realty Sdn. Bhd.				
- Rental of office	197,847	-	-	-
- Plygon signage license	1,000	-	-	-
Synergy Estate Sdn. Bhd.				
- Office rental	114,000	120,000	57,000	60,000
- Water and electricity	-	227	-	-
Extra Sdn. Bhd.				
- Computer and nominal assets	16,273	28,356	-	-
- Office and office furniture rental	54,300	252,300	-	-
- Upkeep of office	44,700	44,700	-	-
- IT related services	69,835	708	-	708
- Electricity	-	708	-	-
- Software and programming	3,900	-	-	-
- 0365 usage services	27,098	-	-	-
- VPS for server services	23,729	-	-	-
Extra Solutions Sdn. Bhd.				
- Telephone and administration charges	3,883	-	-	-
- IT related services	15,039	31,111	15,039	31,111
- Software and programming	-	742	-	742
LGB Management Service Sdn. Bhd.				
- Rental of training room	8,784	12,013	8,784	10,355
- Administrative services	53,040	53,040	53,040	53,040
- Drinks and refreshment	10,920	10,920	10,920	10,920
- Upkeep of office	3,000	3,000	3,000	3,000
- Design and decoration	4,392	4,392	4,392	4,392
- Miscellaneous expenses	2,394	2,564	2,265	2,564
- Software and programming	2,640	2,640	2,640	2,640
- Annual dinner	14,201	-	3,165	-
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	72,000	72,000	72,000

The significant outstanding balances of the related parties 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.

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37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer as its 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.

The Group is organised into 2 main reportable segments as follows:-

- Investment holding - rental of investment property
 - Property development - property development activities
- (a) The Group Chief Executive Officer assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.
- (b) Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

37.1 BUSINESS SEGMENTS

	Investment Holding RM	Property Development RM	The Group RM
2020			
External revenue	2,321,723	4,190,565	6,512,288
Inter-segment revenue	-	2,467,562	2,467,562
	<u>2,321,723</u>	<u>6,658,127</u>	<u>8,979,850</u>
Consolidation adjustments			(2,467,562)
Consolidated revenue			<u>6,512,288</u>
Results			
Results before following adjustments	(1,686,526)	(1,320,672)	(3,007,198)
Consolidation adjustments and eliminations	(170,611)	-	(170,611)
Amortisation of club membership	(363)	-	(363)
Depreciation of equipment	(66,784)	(61,119)	(127,903)
Depreciation of right-of-use assets	(42,745)	(447,777)	(490,522)
Segment results	<u>(1,967,029)</u>	<u>(1,829,568)</u>	<u>(3,796,597)</u>
Interest income			708,051
Finance costs			(725,771)
Income tax expense			(175,518)
Consolidated loss after taxation			<u>(3,989,835)</u>

Notes to the Financial Statements

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37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

2020	Investment Holding RM	Property Development RM	The Group RM
Assets			
Segment assets	46,063,925	118,039,701	164,103,626
Unallocated asset:			
- current tax assets			41,155
Consolidated total assets			164,144,781
Additions to non-current assets other than financial instruments are:-			
Equipment	-	16,273	16,273
Land held for development	-	32,589,351	32,589,351
Liabilities			
Segment liabilities	1,212,554	31,645,894	32,858,448
Unallocated liabilities:-			
- current tax liabilities			119,144
- deferred tax liabilities			156,442
Consolidated total liabilities			33,134,034
2019			
External revenue	2,012,440	3,002,130	5,014,570
Inter-segment revenue	-	2,048,597	2,048,597
	2,012,440	5,050,727	7,063,167
Consolidation adjustments			(2,048,597)
Consolidated revenue			5,014,570
Results			
Results before following adjustments	(2,950,225)	(2,728,809)	(5,679,034)
Consolidation adjustments and eliminations	1,128,000	-	1,128,000
Amortisation of club membership	(364)	-	(364)
Depreciation of equipment	(86,231)	(76,197)	(162,428)
Depreciation of right-of-use assets	(50,162)	(412,527)	(462,689)
Equipment written off	(8)	-	(8)
Loss on disposal of equipment	(18,229)	(2,047)	(20,276)
Segment results	(1,977,219)	(3,219,580)	(5,196,799)
Interest income			1,255,543
Finance costs			(151,998)
Income tax expense			1,343,229
Consolidated loss after taxation			(2,750,025)

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37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

2019	Investment Holding RM	Property Development RM	The Group RM
Assets			
Segment assets	65,678,736	78,111,896	143,790,632
Unallocated asset:			
- current tax assets			1,211
Consolidated total assets			<u>143,791,843</u>
 Additions to non-current assets other than financial instruments are:-			
Equipment	147,931	74,729	222,660
 Liabilities			
Segment liabilities	1,240,397	7,275,278	8,515,675
Unallocated liabilities:-			
- current tax liabilities			119,144
- deferred tax liabilities			156,442
			<u>8,791,261</u>

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		Non-current Assets	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia	6,512,288	5,014,570	71,345,597	38,429,286

The information on the disaggregation of revenue based on geographical region is summarised below:-

	Over Time/Group	
	2020 RM	2019 RM
Malaysia	6,512,288	5,014,570

37.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue: -

Customer #1	Revenue		Segment
	2020 RM	2019 RM	
	1,943,723	1,940,940	Investment Holding

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38. CAPITAL COMMITMENT

	The Group	
	2020 RM	2019 RM
Purchase of property	-	27,900,000

In the previous financial year, 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.

39. 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.

39.1 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 24 to the financial statements.

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	
	2020 RM	2019 RM
Effects on Loss After Taxation		
Increase of 100 basis points	(200,123)	(33,598)
Decrease of 100 basis points	200,123	33,598
(iii) Equity Price Risk		

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

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39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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 certain subsidiaries. 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).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(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.

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 (2019 - 12) months 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 development, 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

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	Collective Impairment RM	Carrying Amount RM
2020				
Current (not past due)	161,372	-	-	161,372
Trade receivables	161,372	-	-	161,372
Contract assets	4,249,022	-	-	4,249,022
	4,410,394	-	-	4,410,394
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

The movements in the loss allowances in respect of trade receivables are disclosed in Note 14 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.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by subsidiaries are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
The Company			
2020			
Low credit risk	1,830,082	-	1,830,082
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

The movements in the loss allowances are disclosed in Note 16 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.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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						
2020						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Lease liabilities	5.00 - 7.00	1,603,936	1,779,896	562,560	1,217,336	-
Term loans	4.43 - 5.13	26,331,913	31,722,016	1,859,122	20,531,507	9,331,387
Trade and other payables	-	4,758,659	4,758,659	4,758,659	-	-
		32,694,508	38,260,571	7,180,341	21,748,843	9,331,387
2019						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
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	-
The Company						
2020						
<u>Non-derivative Financial Liabilities</u>						
Amount owing to a subsidiary	-	1,266,621	1,266,621	1,266,621	-	-
Lease liabilities	7.00	82,278	90,000	60,000	30,000	-
Trade and other payables	-	1,130,276	1,130,276	1,130,276	-	-
Financial guarantee contracts in relation to:						
- Corporate guarantees given to a licensed bank for credit facilities granted to subsidiaries	-	-	26,331,913	26,331,913	-	-
		2,479,175	28,818,810	28,788,810	30,000	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
The Company					
2019					
<u>Non-derivative Financial Liability</u>					
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 a licensed bank for credit facilities granted to a subsidiary	-	-	4,420,832	4,420,832	-
		1,240,397	5,680,519	5,577,019	103,500

39.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able 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. As the Group has insignificant net debt, the debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

There was no change in the Group's approach to capital management during the financial year.

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020		2019	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments (Note 18)	10,065,558	5,748,752	20,132,160	20,132,160
<u>Amortised Cost</u>				
Trade and other receivables (Note 14)	361,652	51,475	3,491,784	91,673
Amount owing by subsidiaries (Note 16)	-	1,830,082	-	33,214,547
Fixed deposits with licensed banks (Note 17)	2,463,197	2,463,197	7,556,477	7,556,477
Cash and bank balances	5,800,556	266,986	7,076,544	636,354
	8,625,405	4,611,740	18,124,805	41,499,051

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

39. FINANCIAL INSTRUMENTS (CONT'D)

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2020		2019	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Liabilities				
<u>Amortised Cost</u>				
Amount owing to a subsidiary (Note 16)	-	1,266,621	-	-
Lease liabilities (Note 23)	1,603,936	82,278	1,205,535	148,710
Term loans (Note 24)	26,331,913	-	4,420,832	-
Trade and other payables (Note 27)	4,758,659	1,130,276	2,758,860	1,091,687
	<u>32,694,508</u>	<u>2,479,175</u>	<u>8,385,227</u>	<u>1,240,397</u>

39.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2020		2019	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gain recognised in profit or loss				
- mandatorily required by MFRS 9	562,502	532,326	656,550	656,550
	<u>562,502</u>	<u>532,326</u>	<u>656,550</u>	<u>656,550</u>
<u>Amortised Cost</u>				
Net gain/(loss) recognised in profit or loss	145,549	6,522,351	598,995	(582,665)
	<u>145,549</u>	<u>6,522,351</u>	<u>598,995</u>	<u>(582,665)</u>
Financial Liabilities				
<u>Amortised Cost</u>				
Net loss recognised in profit or loss	(725,771)	(9,112)	(151,998)	(13,654)
	<u>(725,771)</u>	<u>(9,112)</u>	<u>(151,998)</u>	<u>(13,654)</u>

39.5 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 FAIR VALUE INFORMATION (CONT'D)

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								
2020								
Financial Asset								
Short-term investments	-	10,065,558	-	-	-	-	10,065,558	10,065,558
Financial Liability								
Term loans	-	-	-	-	26,331,913	-	26,331,913	26,331,913
2019								
Financial Asset								
Short-term investments	-	20,132,160	-	-	-	-	20,132,160	20,132,160
Financial Liability								
Term loans	-	-	-	-	4,420,832	-	4,420,832	4,420,832
The Company								
2020								
Financial Asset								
Short-term investments	-	5,748,752	-	-	-	-	5,748,752	5,748,752
2019								
Financial Asset								
Short-term investments	-	20,132,160	-	-	-	-	20,132,160	20,132,160

(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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Group and is of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

Given the dynamic nature of the COVID-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, operating results and cash flows at the date on which these financial statements are authorised for issue.

- (b) On 19 August 2020, the Group completed the purchase of 5 parcel of leasehold commercial land with a total area of measuring approximately 14,365 square metres.
- (c) On 12 November 2020, the Company proposed to undertake the proposed renounceable rights issue of up to 137,585,442 new ordinary shares on the Company ("Parkwood Shares" or "Shares") ("Rights Shares") on the basis of 1 Rights Share for every 1 existing share held by the shareholders of the Company whose name appear in the Record of Depositors of the Company on the entitlement date.

41. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

- (a) On 1 January 2021, Parkwood Developments Sdn. Bhd., a subsidiary of the Company disposed off 90% equity interests in Parkwood PJS Sdn. Bhd. to Synergy Estate Sdn. Bhd., a related party for a cash consideration of RM6,834.
- (b) On 10 March 2021, the Company has resolved to fix the issue price of the Rights Shares at RM0.18 per Rights Share ("Issue Price").



PARKWOOD

PARKWOOD HOLDINGS BERHAD

(F.K.A. AMALGAMATED INDUSTRIAL STEEL BERHAD)
[Registration No. 196901000692 (9118-M)]
(Incorporated in Malaysia)

FORM OF PROXY

Fiftieth Annual General Meeting

[Please read notes carefully before completing this form.]

CDS Account No.

Number of Ordinary Shares held

I/We (Full Name in Block Letters)

NRIC No. / Passport No. / Company No.

of being a
(full address and email address)

shareholder of **PARKWOOD HOLDINGS BERHAD (FORMERLY KNOWN AS AMALGAMATED INDUSTRIAL STEEL BERHAD)**,
hereby appoint (1)

NRIC No. / Passport No. of
..... and/or
(full address and email address)

(The next name and address should be completed if you wish to appoint two proxies) *(2)

NRIC No. / Passport No. of
..... or failing him/her,
(full address and email address)

the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Fiftieth Annual General Meeting ("50th AGM") 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 Wednesday, 16 June 2021 at 11.00 a.m. or 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 Tuan Haji Fauzi Bin Mustapha as Director		
Ordinary Resolution 4	To re-elect Datuk Hew Lee Lam Sang 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 2021.

.....
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 on the Meeting Platform <https://web.lumiagm.com/>. With RPEV facilities, a shareholder may exercise his right to participate and vote at the 50th AGM via the following mode of communication: i) Typed text in the Meeting Platform ii) E-mail questions to admin@parkwood.my prior to the Meeting. Please follow the procedures provided in the Administrative Guide for the 50th 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 **10 June 2021 ("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 unable to attend the 50th AGM remotely 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 Company's 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 forty-eight (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 forty-eight (48) hours before the Meeting.

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 50th 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 50th 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 50th AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the 50th 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.

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STAMP

PARKWOOD HOLDINGS BERHAD

Formerly known as Amalgamated Industrial Steel Berhad

c/o 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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PARKWOOD

PARKWOOD HOLDINGS BERHAD

Formerly known as Amalgamated Industrial Steel Berhad
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