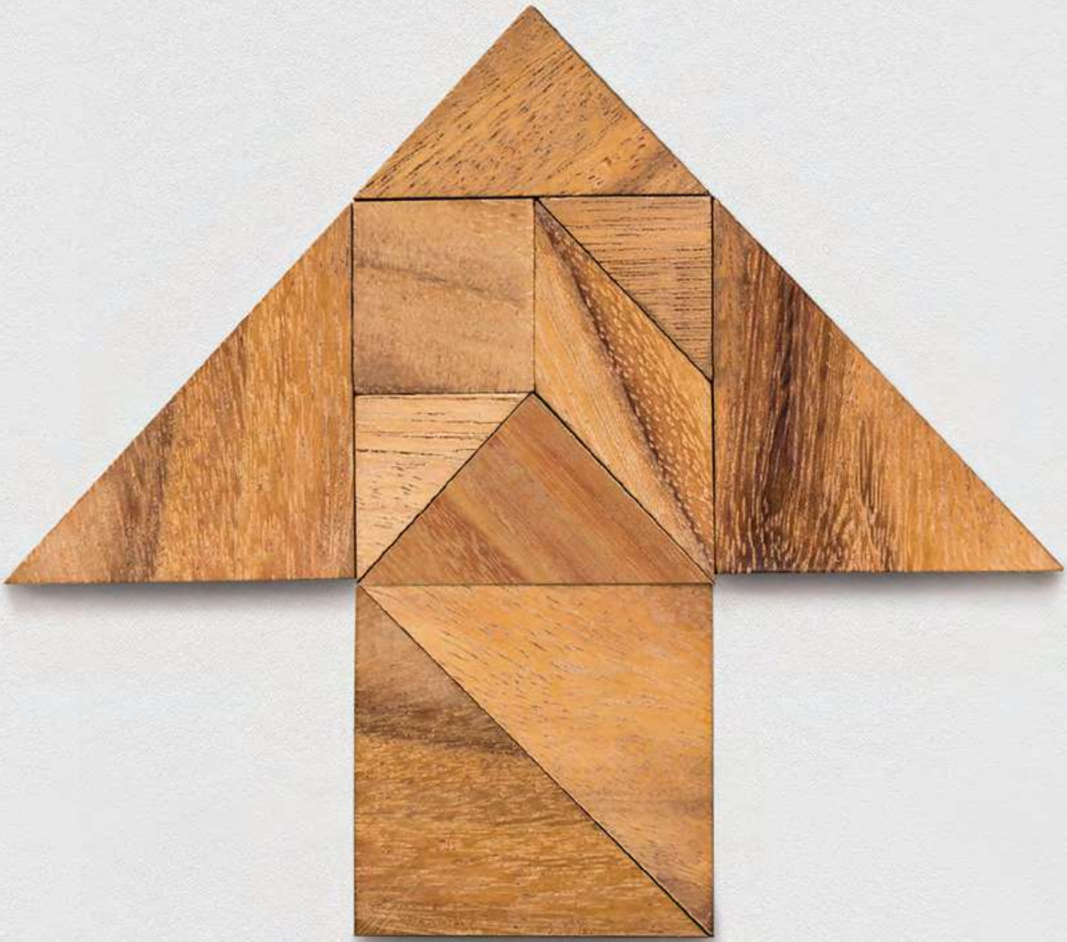
Central Global Berhad

201801036114 (1298143-T)



UNITE FOR

GREATER GROWTH

ANNUAL REPORT

2020

Corporate **Structure**

Central Global Berhad
201801036114 (1298143-T)

100%
Central Industrial Corporation Berhad (CICB)
197201000543 (12186-K)

Manufacturing and sales of self-adhesive label stocks and tapes of its own brand and trading of other self-adhesive label stocks and tapes

100%
CIC Marketing Sdn. Bhd. (CICM)
199801015627 (4717756-A)

Marketing of self-adhesive label stocks and tapes

100%
CICS Distributors Pte. Ltd. (CICS)
200203100H

Trading of adhesive tapes

100%
CIC Construction Sdn. Bhd. (CICC)
201701012369 (1226534-M)

Investment holding, contractor of building and infrastrcture and trading of building materials

51% *
Proventus Bina Sdn. Bhd. (PBSB)
201601036843 (1207784-D)

Contractor of building and general contact works and trading of building materials

100% #
Central Global Impact Pte. Ltd. (CGI)
202007738K

Wholesale trade of a variety of goods

Ceased as subsidiary on 27 April 2021.

* Became a wholly-owned subsidiary on 12 January 2021.

Unite for Greater Growth

Central Global Berhad unites its businesses, dedicated in achieving breakthrough and providing the best for all sectors. We combine our strength and move forward as the visual of puzzle is able to be separated yet combine to form into shapes to adapt into any challenges, moving towards greater direction in each industry.

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Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of the Company will be conducted on a fully virtual basis at the Broadcast Venue at Level 36, Hyatt House Kuala Lumpur, Mont' Kiara, G-2, Arcoris, No.2, Jalan Kiara, Mont' Kiara 50480, Kuala Lumpur on Tuesday, 22 June 2021 at 10:00 a.m. for the purpose of considering the following businesses:

AGENDA
AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**
2. To approve the payment of Directors' fees and benefits amounting to RM471,000.00 from 1 July 2021 until the next Annual General Meeting of the Company. **Ordinary Resolution 1**
3. To re-elect the following Directors retiring in accordance with the Company's Constitution:

   (i) Dato' Faisal Zelman bin Abdul Malik (Clause 79) **Ordinary Resolution 2**
   (ii) Mr. Tan Yeang Tze (Tobby) (Clause 79) **Ordinary Resolution 3**
   (iii) Mr. Lee King Loon (Clause 79) **Ordinary Resolution 4**
4. To appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company in place of the retiring auditors, Messrs KPMG PLT and to authorize the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolution:

5. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approval from other relevant governmental/regulatory authorities, the Directors be and are hereby empowered to allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company at the time of submission to the authority and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation of the additional shares so allotted." **Ordinary Resolution 6**
6. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given.

By order of the Board

LIM SECK WAH (SSM PRACTICING CERTIFICATE NO. 202008000054) (MAICSA 0799845)
KONG MEI KEE (SSM PRACTICING CERTIFICATE NO. 202008002882) (MAICSA 7039391)
WONG YOUN KIM (SSM PRACTICING CERTIFICATE NO. 201908000410) (MAICSA 7018778)
Company Secretaries

Kuala Lumpur
Dated this 31st day of May 2021

Notes:

(i) The broadcast venue 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 at the main venue. No shareholders/proxies from the public will be physically present at the meeting venue. Shareholders who wish to participate the Second Annual General Meeting will therefore have to register via the link **https://vps.megacorp.com.my/9jy3v1**. Kindly refer to the annexure of the Administrative Details for further information.

(ii) Only depositors whose names appear in the Record of Depositors as at 16 June 2021 shall be entitled to attend the Second Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf. All voting will be conducted by way of poll.

Notes: (Cont'd)

(iii) A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

(iv) (a) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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

(v) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its Common Seal or the hand of its attorney.

(vi) Except for body corporate, you have the option to register directly at **https://vps.megacorp.com.my/9jy3v1** to submit the proxy appointment electronically not later than Sunday, 20 June 2021 at 10.00 a.m. Kindly refer to the annexure of the Administrative Details for further information.

(vii) All Proxy Form must be deposited at the Company's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or email to **AGM-support.CGB@megacorp.com.my** not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

Explanatory Notes to Ordinary Business and Special Business:

1. The Audited Financial Statements is meant for discussion only as the provision in the Company's Constitution does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. **Re-election of Directors who retire by rotation in accordance with the Company's Constitution:**

   As the retiring Director, Dato' Tan Yee Boon has expressed his intention not to seek for re-election, the resolution pertaining to his re-election pursuant to Clause 78 of the Company's Constitution is not put up for members' consideration at this meeting and he will retain his office as Director until the conclusion of the Second Annual General Meeting.

3. The retiring auditors, Messrs KPMG PLT has indicated that they are not seeking re-appointment and will hold office until the conclusion of this Second Annual General Meeting of the Company. The Board of Directors and the Audit and Risk Management Committee after having considered the profile, adequacy of the resources and experience of Messrs Baker Tilly Monteiro Heng PLT, are of the opinion that Messrs Baker Tilly Monteiro Heng PLT will be able to meet the audit obligations of the Company in compliance with the Listing Requirements and provisions of the Companies Act 2016, be appointed as the new Auditors of the Company.

4. Authority to allot shares pursuant to Section 75 and 76 of the Companies Act 2016

   The proposed Ordinary Resolution 6 is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company at any point of time ("20% General Mandate"). This 20% General Mandate, unless revoked or varied at general meeting, will expire at the next Annual General Meeting.

   The 20% General Mandate is pursuant to temporary relief measures due to COVID-19 pandemic issued by Bursa Malaysia Securities Berhad on 16 April 2020. The temporary relief measures may be utilised until 31 December 2021, after that the 10% limit under paragraph 6.03 (1) of the Main Market Listing Requirements will be reinstated.

   The Board of Directors is of the view that the 20% General Mandate is in the best interest of the Company and its shareholders due to unprecedented challenges from the COVID-19 impact, and the General Mandate will enable the Company to raise higher fund more speedily during this challenging period to ensure sustainability of the Company's existing activities as well as funding for future investment activities.

   The Company has exercised the said authority obtained in the last Annual General Meeting held on 16 July 2020 via private placement. However, the Company has yet to complete this fund raising exercise and no proceeds have been raised as at the date of this annual report.

Board of Directors

Dato' Faisal Zelman
bin Datuk Abdul Malik
Executive Chairman
(Appointed on 26 February 2021)

Mr. Tan Yeang Tze (Tobby)
Executive Director
(Appointed on 26 February 2021)

Dato' Tan Yee Boon
Independent Non-Executive Director

Mr. Ng Seng Bee
Independent Non-Executive Director

Mr. Lee King Loon
Independent Non-Executive Director
(Appointed on 26 February 2021)

Dr. Uzir Bin Abdul Malik
Non-Independent Non-Executive Chairman
(resigned on 26 February 2021)

Mr. Chuah Guan Leong
Executive Director
(resigned on 10 March 2021)

Mr. Phang Kwai Sang
Non-Independent Non-Executive Director
(resigned on 26 February 2021)

Mr. Andrew Chong Shuh Ren
Independent Non-Executive Director
(appointed on 3 June 2020; resigned on 5 March 2021)

Audit and Risk Management Committee
Mr. Ng Seng Bee *(Chairman)*
Dato' Tan Yee Boon
Mr. Lee King Loon

Remuneration Committee
Mr. Lee King Loon *(Chairman)*
Dato' Tan Yee Boon
Mr. Ng Seng Bee

Nomination Committee
Dato' Tan Yee Boon *(Chairman)*
Mr. Ng Seng Bee
Mr. Lee King Loon

Secretaries
Ms. Lim Seck Wah *(MAICSA 0799845)*
[SSM Practicing Certificate No. 202008000054]
Ms. Kong Mei Kee *(MAICSA 7039391)*
[SSM Practicing Certificate No. 202008002882]
Ms. Wong Youn Kim *(MAICSA 7018778)*
[SSM Practicing Certificate No. 201908000410]

Auditors
KPMG PLT
(LLP0010081-LCA & AF 0758)
Level 18, Hunza Tower
163E, Jalan Kelawei
10250 Penang.
Tel : 04-2382288
Fax : 04-2382222

Share Registrar
Mega Corporate Services Sdn. Bhd.
Registration No. 198901010682 (187984 H)
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-26924271
Fax : 03-27325388

Bankers
Malayan Banking Bhd.
United Overseas Bank (Malaysia) Bhd.
RHB Bank Bhd.
Hong Leong Bank Bhd.

Head Office
A5-06 Block A Plaza Dwi Tasik
Jalan 5/106
Bandar Sri Permaisuri
56000 Kuala Lumpur
Tel : 03-91718966
Fax : 03-91718922
Email : info@cgbgroup.com.my
Website : www.cgbgroup.com.my

Registered Office
Level 15-2,
Bangunan Faber Imperial Court,
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-26924271
Fax : 03-27325388

Stock Exchange Listing
Main Market of the
Bursa Malaysia Securities Berhad
Stock Code : 8052
Stock Name : CGB

Profile of Directors

DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK

Executive Chairman
Malaysian
48
Male

Dato' Faisal Zelman was appointed to the Board of Central Global Berhad ("CGB") on 26 February 2021 as Executive Chairman.

Dato' Faisal Zelman started his career as Floor Trader Assistant of Future Trading Sdn. Bhd. in Malaysian commodities market in 1992. Later he joined RMT Metals Sdn. Bhd., a company that is listed in Metal Traders of the World, as Marketing Executive in 1993 to 2010.

Dato' Faisal Zelman holds a Diploma in Automotive Engineering from Bristol University, United Kingdom in 1997 and HND in Automotive Engineering from University of Loughborough, United Kingdom in 1998. He also holds a Degree in Business Administration from Western Michigan University in 1996 and a Master of Business Administration from Twintech International University College of Technology in 2019.

Dato' Faisal Zelman became the Managing Director for Ciscorp Sdn. Bhd. (formerly known as Semerak Services Sdn. Bhd.) from 2018 to 2021. He was also appointed as Director of Corporate Affairs for Fomema Sdn. Bhd. between 2019 to 2021.

Dato' Faisal Zelman sat on the board of directors as Independent Non-Executive Director for various public listed companies, among which including Vizione Holdings Berhad (2020 to 2021), Avillion Berhad (2016 to 2019), Ire-Tex Berhad (2018 to 2019) and Scomi Group Berhad (2020).

Dato' Faisal Zelman has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

TAN YEANG TZE (TOBBY)

Executive Director
Malaysian
47
Male

Mr. Tan Yeang Tze (Tobby) was appointed as Executive Director on 26 February 2021. He holds a Master in Business Administration from Twintech International University College of Technology.

Mr. Tan began his career as Assistant Manager for Four Seasons Hotel in Singapore in 1996. In between 2003 to 2015, he was the Personal Assistant/Advisor to Chairman of various Public Limited Companies. Mr. Tan was involved in many M & A activities for companies and with years of experience in managing operation, marketing, business development, finance and investment of various companies coupled with vast international business networking up his sleeve.

In July 2018, Mr. Tan became the CEO of Ire-Tex Corporation Berhad (now known as IQZAN Holding Berhad) focused on daily operation in packaging, debt restructuring via asset sales, renegotiations of company debt, and corporate rightsizing. Later in April 2019, he was appointed as Executive Director responsible for strategic and long-term planning.

Mr. Tan is presently the Group CEO of Tatmas Exchange OÜ. He is responsible for the formation of the company and under his leadership, Tatmas Exchange OÜ has successfully obtained two (2) important licenses in the field of cryptocurrency exchange which is: (i) cryptocurrency exchange license, and (ii) cryptocurrency wallet license.

From September 2020 to January 2021, Mr. Tan served as Executive Director of Vizione Holdings Berhad. He was responsible for the portfolio in renewable energy and glove manufacturing.

Mr. Tan has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

DATO' TAN YEE BOON

Independent
Non-Executive Director
Malaysian
46
Male

Dato' Tan Yee Boon was appointed to the Board of CGB on 10 June 2019 as Independent Non-Executive Director. He is a member of the Remuneration Committee of CGB. He graduated with a LLB (Hons) from University of South Wales, United Kingdom in 1997.

Dato' Tan joined the Board of Central Industrial Corporation Berhad on 16 June 2015 as Independent Non-Executive Director.

Dato' Tan began his career in 1999 as an Advocate & Solicitor, High Court of Malaya. He is an advocate and solicitor, specialising in various corporate exercise such as mergers and takeovers, reverse takeovers, IPO and fund raising and advising clients on cross-border transaction and fund raising.

Dato' Tan is currently a Partner of Messrs. David Lai & Tan, Advocates & Solicitors.

Currently, Dato' Tan is an Independent Non-Executive Director of Protasco Berhad, Binasat Communication Berhad and Daya Materials Berhad. He is also an Independent Non-Executive Director of China Dynamic (Holdings) Limited and TIL Enviro Limited, both listed on the Hong Kong Stock Exchange.

Dato' Tan has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any). He attended all the Board Meetings held during the financial year.

NG SENG BEE

Independent
Non-Executive Director
Malaysian
67
Male

Mr. Ng Seng Bee was appointed to the Board of CGB on 10 June 2019 as Independent Non-Executive Director. At the same time, he was appointed as a member and on 1 October 2020 was re-designated as Chairman of the Audit and Risk Management Committee of CGB. He is currently a member of the Remuneration Committee and Nomination Committee of CGB. He is a member of the Malaysian Institute of Accountants and a Fellow member of the Association of Chartered Certified Accountants.

Mr. Ng joined the Board of Central Industrial Corporation Berhad on 3 September 2015 as Independent Non-Executive Director.

Mr. Ng started his accountancy career in the United Kingdom and was trained with Deloitte Haskins & Sells. He subsequently assumed senior managerial position with other international accounting firms in Malaysia which were involved in the audit of financial institutions, multi- national companies, properties developers, etc.

Mr. Ng is the former Director/Head of Dealing of P M Securities Sdn. Bhd., a participating organisation of Bursa Malaysia Securities Berhad and member of the MUI Group. He previously served as the Executive Director Operations of Sarawak Securities Sdn. Bhd. and sat on the board of several related companies engaged in the business of trading in options and futures, fund management and mezzanine financing.

Mr. Ng has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any). He attended all the Board Meetings held during the financial year.

LEE KING LOON

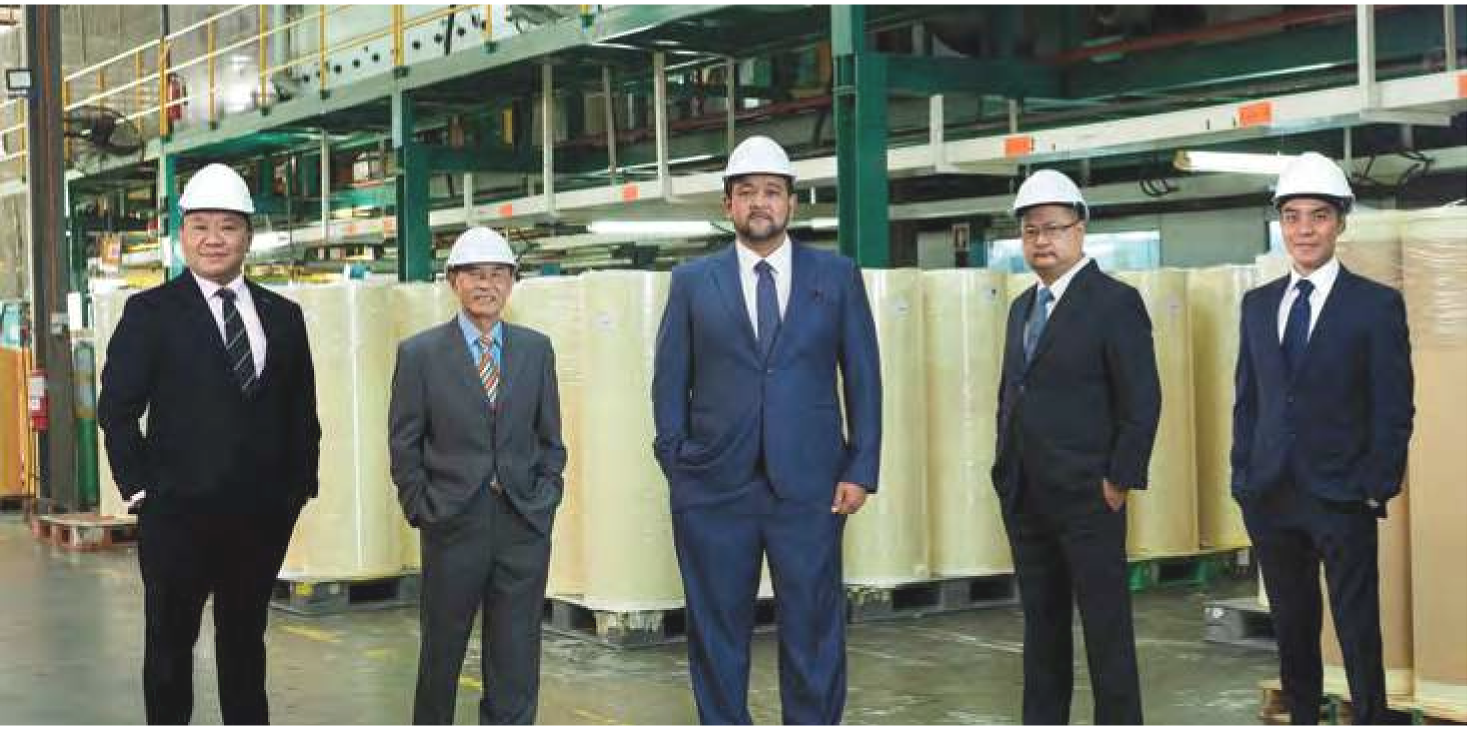
Independent
Non-Executive Director
Malaysian
50
Male

Mr. Lee King Loon holds a Degree in Bachelor of Commerce from University of Western Australia, Perth. He was admitted as a member of CPA Australia and Malaysian Institute of Accountants (MIA) in August 1995 and December 1995 respectively.

Mr. Lee has more than 28 years of experience in accounting and finance including conducting financial due diligence reviews, valuations and financial modelling. He has also provided advisory services to large corporations and private equity firms.

Currently, Mr. Lee King Loon is a director of Qwantum Skylight Capital Sdn. Bhd., a licensed corporate finance advisory company and a director of Choizen Holdings Limited and its subsidiary, principally engaged in investment holding and the provision of consultancy services. He is also the co-founder of Meridian Care Capital Berhad, an unlisted public company investing primarily in entities engaged in the healthcare and life sciences industry.

Mr. Lee has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).



Profile of
Key Senior Management

KEW SY LENG

Group Financial Controller
Central Global Berhad
Malaysian
53
Male

Mr. Kew joined Central Industrial Corporation Berhad ("CICB") on 2 October 2017 as Group Financial Controller. He holds a Bachelor Degree in Accountancy and a professional certificate which he attained in the year 1993 from University Malaya and Malaysian Institute of Certified Public Accountants (MICPA) respectively. He is a qualified accountant and a member of the Malaysian Institute of Accountants since 1996. He was also a member of the MICPA from 1996 to 2010.

Upon graduation, Mr. Kew joined the Industrial Training program organised by the Lion Group in collaboration with MICPA and was assigned to various departments and operating companies within the Lion Group.

Besides the Lion Group, Mr. Kew has also worked for companies under the DRB-HICOM group which manufactured and assembled two wheelers vehicles for Suzuki and Honda. He has vast experiences in the manufacturing industry especially in the automotive sector where he has served as Head of Finance. His experiences include management reporting, costing, cost reduction, Enterprise Risk Management and Enterprise Resource Planning (ERP) system implementation.

Mr. Kew has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

ANSON LIM HAN BOON

Chief Business Officer
CIC Construction Sdn. Bhd.
Malaysian
40
Male

Mr. Lim graduated from Institute Teknologi Pertama in 2002 with a Higher National Diploma in Quantity Surveying. He also holds a Master in Business Administration from Twintech International University College of Technology.

Mr. Lim has almost 20 years experience in the construction development field. He started off as Senior Contract Executive with Binapuri Sdn Bhd in 2004 prior to being appointed as Project Director for Wangsa Group of Companies. Prior to joining CGB, he was the Chief Operation Officer of Vizione Holdings Berhad.

Mr. Lim has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

DINESH RAJIVNATHAN

Assistant General Manager
Central Industrial Corporation Berhad
Malaysian
44
Male

Mr. Dinesh joined as the Operations Manager of CICB on 5 May 2014. He holds a Bachelor of Engineering Degree in Electronics of which he attained in the year 2000 from the University of Northumbria (UK). He has extensive experience in Six Sigma, Lean Manufacturing, FMEA and OSHA. Due to his performance and contributions to the Company, he was promoted to Assistant General Manager effective from 1 September 2016.

Mr. Dinesh began his career as an Engineer in Samsung Electronics Malaysia in the year 2001 and progressed to the positon of Senior Assistant Manager in year 2006. He then moved on to Clipsal Malaysia Sdn. Bhd. as Production Manager in the year 2008 seeking new challenges and opportunities to utilise his knowledge and skills. To fulfill his personal target of being able to start up a manufacturing facility and to be a part of a pioneering team, he joined Plasticon Malaysia Sdn. Bhd. which was a subsidiary of Plasticon Germany in the year 2010. He successfully set up a highly dedicated and efficient work floor team capable of handling projects similar to those carried out by the European counterparts and single-handedly set up the Production, Engineering, Sales & Marketing, HR, Purchasing and Warehouse teams.

Mr. Dinesh has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

YAO KEE KONG

Assistant General Manager
CIC Marketing Sdn. Bhd.
Malaysian
40
Male

Mr. Yao was promoted to Assistant General Manager since 1 September 2019. He joined CIC Marketing Sdn. Bhd. ("CICM") on 3 January 2013 as Sales Manager. He holds a Diploma in Science of which he attained in the year 2002 from Tunku Abdul Rahman College (TARC). He obtained his Professional Certificate in Professional Marketing (Level 4) from The Chartered Institute of Marketing (UK) in 2015.

Prior to joining CICM, Mr. Yao was the Assistant Sales Manager (Tapes) for Swiss based multinational, DKSH Holdings Berhad. Before DKSH, he was the Sales and Marketing Manager for Superb Shield Sdn. Bhd., whose principal activities are in the trading of industrial products such as Protection Film, PSA Tapes and Resins Pellet. He was responsible for South East Asia region.

Mr. Yao has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

TERENCE YEE WAI LEONG

Manager
CICS Distributors Pte. Ltd.
Singaporean
42
Male

Mr. Yee joined CICS Distributors Pte. Ltd. ("CICS") on 1 July 2012 as Assistant Sales Manager. He holds a Diploma in International Business which he attained in 2001 from Southern Cross University, Australia. He obtained his Professional Certificate in Electroplating in 2004 from Singapore Surface Finishing Society and a Certificate in Finance for Non-Finance Managers in 2018 from Temasek Polytechnic.

Prior to joining CICS, Mr. Yee was the Assistant Manager of Business Development for UK based Diesel Marine International whose principle activities are in the reconditioning of key engine component. He also held the portfolio of trading industrial products such as Loctite adhesive and sealants, responsible for South East Asia.

Mr. Yee has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

KONG TECK FONG

Chief Executive Officer
Proventus Bina Sdn. Bhd.
Malaysian
50
Male

Mr. Kong was appointed as Executive Director of Proventus Bina Sdn. Bhd. on 10 February 2017 and was subsequently re-designated as Managing Director on 21 June 2019 and Chief Executive Officer on 8 March 2021. He was also appointed as the Chief Executive Officer of CIC Construction Sdn. Bhd, a subsidiary of Central Global Berhad from 2 October 2019 to 9 March 2021. He graduated with a Bachelor in Finance and Marketing from Oregon State University, United States in 1994.

Mr. Kong started his career in Compaq Singapore Pte. Ltd. as a financial analyst in 1994 and subsequently joined Hewlett Packard Singapore Pte. Ltd. as a Marketing Manager. He was the Chief Sales and Marketing Officer of MicroGreen Bio-Industrial Berhad from 2001 to 2008. He was subsequently appointed as Executive Director in a property development company where he was involved in the planning, project management and marketing of a mixed township development.

Mr. Kong has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

LOH CHOONG HENG

Senior Manager
Central Industrial Corporation Berhad
Malaysian
58
Male

Mr. Loh graduated with a Bachelor of Arts and Social Science Degree (Hons) in Economics from University Malaya in 1987. Prior to joining CICB in 1996, he was the Administration Manager of Malayan Flour Mills Berhad and subsequently became the Employee Relations Manager of Penang Seagate Industries (M) Sdn. Bhd. in 1995.

At CICB, Mr. Loh started as Human Resource & Administration Manager and double tasked as Purchasing Manager in 2000. In 2015, he was re-designated as Senior Manager of Material Control and Talent Development. Currently he is the Senior Manager of Purchasing, Material Control and Sales Co-Ordination.

Mr. Loh has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

YEOH YUAN TING

Corporate Planning Manager
CIC Construction Sdn. Bhd.
Malaysian
48
Female

Ms. Yeoh holds a Bachelor of Science Degree in Finance (AACSB Accredited) from St. Cloud State University, USA. She began her career with BSN Commercial Bank as an Investment Officer in 1994 prior to joining Sime Securities Sdn Bhd as an Investment Analyst in 1997-2006.

Ms. Yeoh spent her early career in the equity investment field. Since 2007, she has taken up different roles in various industries focusing in corporate development, strategic planning and investment analysis. She had served as Strategic Planning Manager for Naza Kia Malaysia Sdn Bhd, Business Development Manager for TE Connectivity (formerly known as Tyco Electronics, a US Fortune 500 Company), Vice President for Dolphin Construction Sdn Bhd (a wholly owned subsidiary of Dolphin International Berhad). Prior to joining CGB, she was the Corporate Planning Manager for Vizione Holdings Berhad.

Ms. Yeoh has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years other than traffic offences (if any).

Profile of
Key Senior Management (Cont'd)

YAP LAY KIM

Senior Finance Manager
CIC Construction Sdn. Bhd.
Malaysian
45
Female

Ms. Yap completed her ACCA qualifications in 1998 and she is a Fellow Member of the Association of Chartered Certified Accountants in UK (FCCA). She started her career in RSM Robert Teo, Kuan & Co. and subsequently worked in few industries such as waste management, shipping and information technology. She has more than 20 years of experience in accounting, audit and finance.

Ms. Yap has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years other than traffic offences (if any).

CONNY HO HUEY YI

Human Resource & Administration Manager
CIC Construction Sdn. Bhd.
Malaysian
38
Female

Ms. Ho graduated with Professional Diploma in Human Resource Management and also a certified Human Resource Manager with experience from a building construction industry more than 15 years. She is responsible for all spectrum of Human Resource & Administrative functions to achieve the Company's goals and objectives.

Ms. Ho has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years other than traffic offences (if any).

LIM YONG PENG

General Manager
Central Global Impact Pte. Ltd
Singaporean
53
Male

Mr. Lim was appointed Business Development Director at CICS on 1 October 2019 with main responsibility to expand the group business in Southeast Asia. He was subsequently appointed as the General Manager of Central Global Impact Pte. Ltd. on 6 March 2020.

Mr. Lim has extensive regional experience of the South East Asia paint and hardware industries with CPS Color, having based in Shanghai in 2007 as Regional Sales Manager and subsequently headed COROB APAC as Managing Director prior to joining Dulux Australia as General Manager in 2016 for Selleys Southeast Asia.

Mr. Lim has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences, (if any).

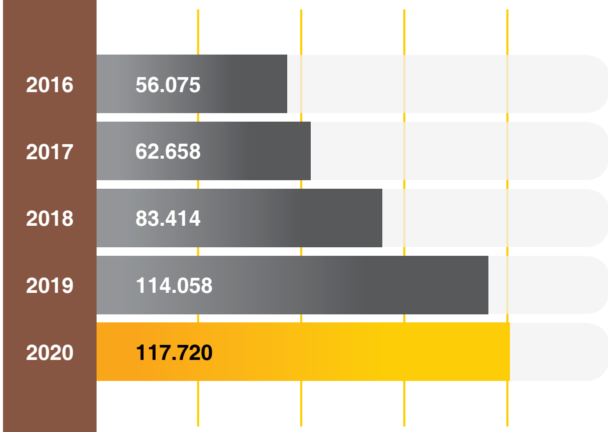
Key Financial Highlights

Description	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	**117,720**	114,058	83,414	62,658	56,075
(Loss)/Profit before tax	**(5,755)**	1,269	(968)	1,263	1,286
(Loss)/Profit for the year	**(5,516)**	422	(3,806)	3,498	1,190
(Loss)/Profit attributable to shareholders	**(2,864)**	(610)	(3,606)	3,498	1,190
Share capital	**51,407**	51,407	#-	51,407	45,780
Reserves	**(6,500)**	(3,439)	#48,576	1,652	(415)
Non-controlling interest	**1,926**	4,577	3,545	-	-
TOTAL EQUITY	**46,833**	52,545	52,121	53,059	45,365
Long term liabilities	**2,283**	2,579	2,627	1,715	1,659
Current liabilities	**36,575**	30,194	27,622	3,733	5,622
TOTAL EQUITY AND LIABILITIES	**85,691**	85,318	82,370	58,507	52,646
Property, plant and equipment	**12,407**	14,094	15,023	13,011	13,663
Right-of-use assets	**1,486**	1,483	-	-	-
Investment properties	**962**	990	1,017	1,044	1,071
Prepaid lease payments	**-**	-	1,429	1,475	1,521
Investment in an associate	**-**	-	-	1,398	-
Deferred tax assets	**-**	45	64	2,275	-
Goodwill	**-**	22	22	-	-
Current assets	**70,836**	68,684	64,815	39,304	36,391
TOTAL ASSETS	**85,691**	85,318	82,370	58,507	52,646
Net assets per share (RM)	**0.50**	0.53	0.54	1.06	0.99
Basic (loss)/earnings per ordinary share (sen)	**(3.18)**	(0.68)	(4.01)	*3.98	*1.44

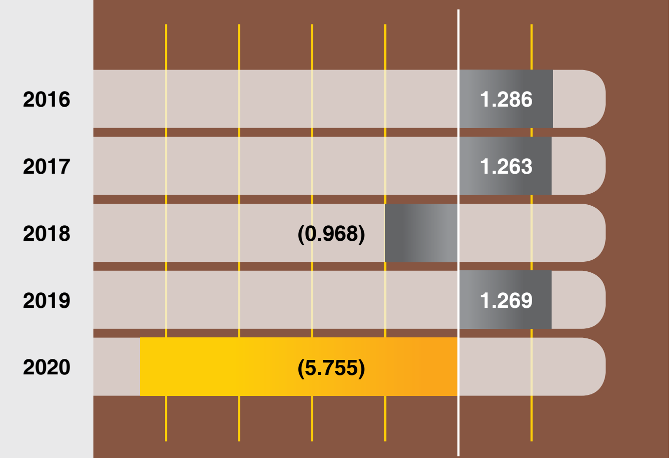
* Restated due to bonus issue in 2018 based on ratio of 4 shares for every 5 shares held.
# Restated due to internal reorganisation completed on 21 June 2019.

Key Financial **Highlights** (Cont'd)

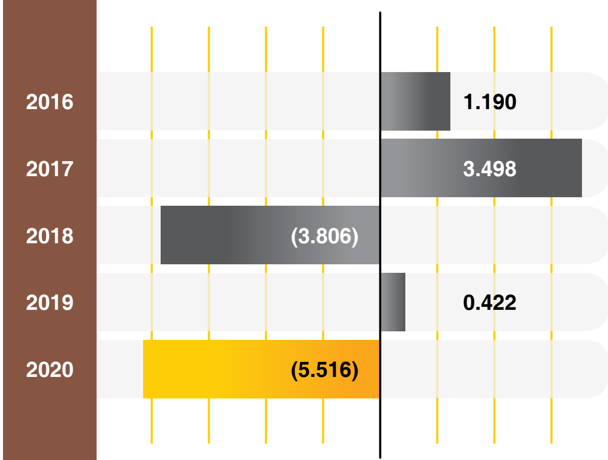
Revenue (RM Million)



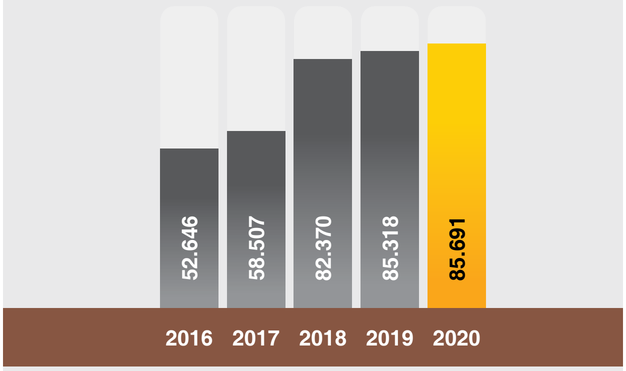
Profit/(Loss) Before Tax (RM Million)



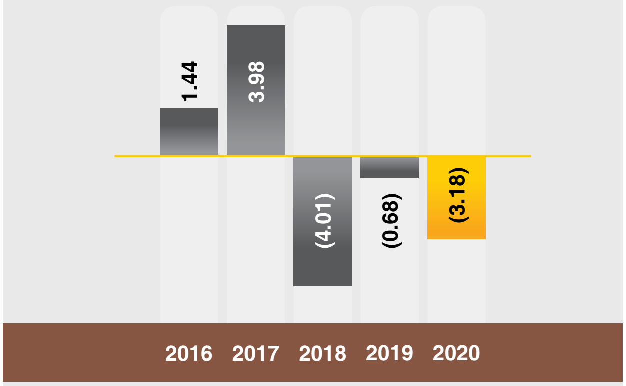
Profit/(Loss) After Tax (RM Million)



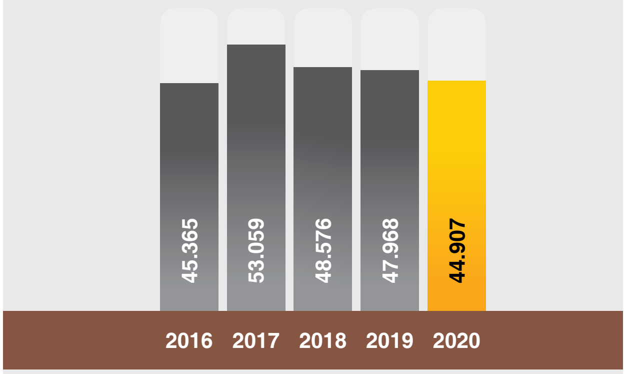
Total Assets (RM Million)



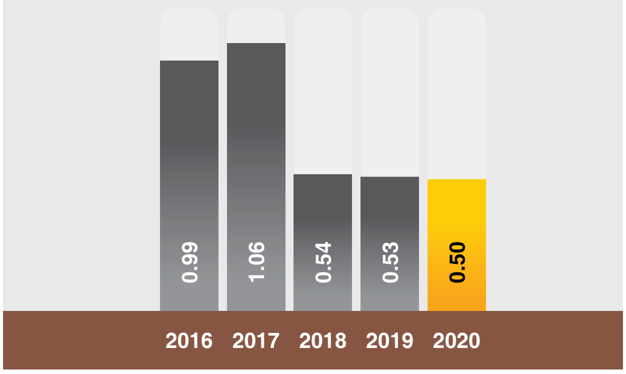
Basic Earnings/(Loss) per Ordinary Share (Sen)



Shareholders' Funds (RM Million)



Net Assets per Share (RM)



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Consolidated Financial Statements of Central Global Berhad (CGB or the Group) for the financial year ended 31 December 2020 (FY2020).

2020 has been an extraordinary year given the health and economic crises that engulfed the world due to the COVID-19 pandemic. The lockdown in various parts of the world as well as restrictions on movements within countries and across borders affected not just domestic economic activities particularly from the services sector reliant on in-person interactions but also caused supply-chain disruptions in the manufacturing sector due to intermittent shutdowns of operations.

The COVID-19 pandemic placed severe strains on the global economy, and the impact from the slowdown in economic activities could last awhile. Global economic trends have largely followed the trajectory of COVID-19 infection rates, with the pace of recovery in activities rising in the second-half of the year only to moderate again due to a rise in infections in late 2020. The International Monetary Fund (IMF) estimated a contraction of 3.5% for global GDP in 2020 in the January 2021 update to its World Economic Outlook (WEO) report, which is actually an improvement from the 4.4% contraction projected in the October 2020 WEO report, reflecting stronger-than-expected growth momentum in the second-half of the year.

In the home front, the Government had quickly responded with a series of measures to support the economy and sustain livelihoods. In total, there were five stimulus packages in 2020 valued at RM305 billion that included tax, employment-related and economic measures. To curb the spread of COVID-19 infections, Malaysia implemented the first Movement Control Order (MCO) nationwide from 18 March 2020 to 12 May 2020.

During the period of the first MCO, we were fortunate to obtain permission for our manufacturing division to operate on a partial basis from 4 April 2020 onwards, albeit with proper adherence to the standard operating procedures (SOPs). This mitigated the impact of the first MCO on the manufacturing division.

Our manufacturing operations, which produces our own branded self-adhesive label stocks and tapes as well as trading of other self-adhesive label stocks and tapes, restarted operations at the end of April 2020 when the Government lifted restrictions but SOPs such as proper workplace sanitisation and social-distancing measures continued to be followed in accordance with National Security Council and Ministry of Health guidelines.

The Group's construction division's activities came to a standstill for nearly two months as a result of the pandemic. However, despite the challenging conditions brought on by the pandemic, the Group managed to win a RM42.24 million contract in the first quarter of FY2020 to build a block of 34-storey apartments in Penang.

To mitigate the impact from the shutdown of construction operations, a number of measures were taken to ensure that the business remained viable and sustainable while the focus was on the delivery of ongoing projects as soon as restrictions on construction activities were lifted from the end of April 2020 onwards.

Outlook for 2021

The IMF has projected global GDP growth of 5.5% for 2021 in its January 2021 WEO report update, higher than the 5.2% growth projection in the October 2020 WEO report reflecting expectations of growing economic momentum due to the rollout of vaccines. However, the IMF has cautioned that the strength of the economic recovery will be different across countries and will depend on a number of factors such as access to medical interventions, effectiveness of government policy support, exposure to cross-country spillovers, and structural characteristics of a country's economy.

The IMF projected Malaysia's GDP to grow by 6.5% in 2021 compared to the contraction of 5.6% in 2020. The IMF expects economic growth to be supported by a strong recovery in the manufacturing and construction sectors. However, this recovery will be uneven and will depend on improvements in domestic and external demand.

On our part, the Group remains cautious of the outlook for the year due to the uncertainties surrounding the pandemic, especially lingering effects to the Malaysian economy. The Group implemented a rotation for the management team when the second MCO was implemented for various parts of the country between mid-January to early March 2021 as infection rates rose.

We certainly welcome the news of the revival of the 640-km East Coast Rail Link and believe that the construction sector will certainly benefit from this large RM50 billion infrastructure project. Other good news for the construction sector includes the resumption of the Mass Rapid Transit Line 3, which is expected to begin work in the second-half of 2021 after studies have been carried out on cost.

As for our manufacturing operations, there are plans to expand production capacity to cater for growing demand from overseas customers that will also make the operations even more cost-efficient and minimise wastage. While the Group will continue seeking opportunities to increase revenue through sales of self-adhesive label stocks and tapes, we will also be vigilant over cash management, receivables and cost.

Acknowledgements

In closing, I would like to thank the management and employees for their commitment and dedication to the Group, especially in these challenging times. I would also like to thank our customers and suppliers who have stood by us and our shareholders, for their unwavering support.

Lastly, I would also like to welcome all my fellow Board members to the Group, who, like myself, were appointed in early 2021. Their commitment and support have been invaluable in the recent months and I look forward to working successfully together in the months ahead. I also look forward to the plans we have in the pipeline for both the manufacturing and construction businesses and am confident that despite the challenges of 2021, we will be able to strengthen the foundations of the Group.

Dear Stakeholders,

The financial year ended 31 December 2020 ("FY2020"), was a challenging year for our Group's operations. The implementation of the Movement Control Order ("MCO") to contain the spread of Covid-19 in the country saw most business operations coming to a complete halt in March 2020, generating negative impact to a majority of the country's industries and causing a significant slowdown to the economy.

Financial Performance

For the financial year under review, the Group registered a consolidated Loss Before Tax ("LBT") of RM5.75 million, against a consolidated Profit Before Tax ("PBT") of RM1.27 million registered in the previous year.

The Group's consolidated Loss After Tax was RM5.52 million, a significant drop from consolidated Profit After Tax ("PAT") of RM0.42 million registered in the previous year largely attributed to the revision of the construction cost for the construction projects, after taking into consideration the prolonged construction period, escalated construction costs and operating expenses due to MCO.

The consolidated revenue increased by 3.2% to RM117.72 million from RM114.06 million recorded in the previous year largely due to the contribution from its construction subsidiary, Proventus Bina Sdn. Bhd. ("PBSB"), which recorded a revenue of RM65.24 million, as compared to RM59.91 million in FY2019.

Our manufacturing operations revenue decreased to RM52.48 million from RM54.15 million in the prior year as domestic sales recorded marginal decrease to RM36.01 million from RM36.70 million in the previous year while export sales recorded a revenue decline to RM10.82 million compared to RM12.56 million in the previous year. The manufacturing operations' wholly-owned subsidiary in Singapore, CICS Distributors Pte. Ltd., recorded an increase of 15.5% in revenue at RM5.65 million compared to the previous year's RM4.89 million.

OPERATIONAL REVIEW

Manufacturing Operations

For the year under review, the Group's manufacturing operations continued to face headwinds with domestic demand softening amid a slowing economy due to the pandemic.

The continued trade tensions between USA and China in early 2020 resulting in Chinese masking tape manufacturers lowering their prices to support manufacturing output affected the exports segment. In addition, the COVID-19 pandemic also caused reduction in market demand and impacted key segments such as automotive and industrial sectors.

For the year under review, manufacturing revenue declined 3.1% to RM52.48 million compared to the previous year's RM54.15 million. Domestic sales decreased by 1.8% while export sales declined by 13.9% year-on year. Manufacturing operations contributed RM0.12 million of PBT for FY2020.

Despite the challenges posed by the pandemic, the manufacturing operations strived to ensure business continuity by swiftly obtaining the appropriate operating approvals as well as ensuring strict adherence to Standard Operating Procedures ("SOP") to prevent the spread of infections. Operational efficiency and quality have continued to improve without any hindrance in the spirit of KAIZEN (continuous improvement). Manufacturing costs were continuously kept under strict scrutiny to ensure expenses were within the allowable budget in light of the increasing raw material costs.

Our manufacturing operations' internal controls and risk management continued via an effective Risk Management Framework with two scheduled meetings in the year under review to mitigate business and operational risks.

Masking tapes continued to be our core competency, driving our domestic segment's revenue and gross profit expansion, leveraging our experience in producing tapes of high levels of quality consistency.

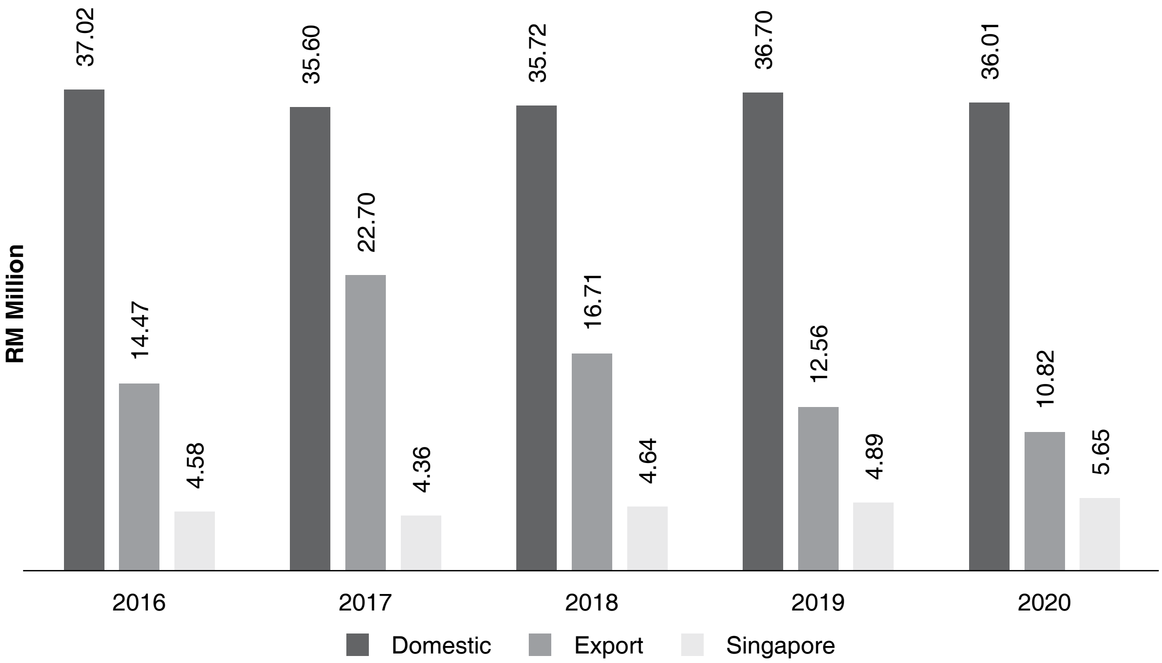
The overall situation for export segment started to improve in the second-half of 2020, mainly due to the change of market structure from a more fragmented competition landscape compared to the first-half of the year, when Chinese manufacturers dominated due to competitive pricing. While the change of market structure is causing uncertainty, the manufacturing operations for masking tapes as well as the export sales have benefitted from the demand and market shifts caused by the change of market structure. Along with the increasing cost of raw materials, the export revenues may have seemed to be improving but the gross profit margin is expected to remain low to stay competitive in the global market.

'Traded Items' has recorded sales increase of 4.8% compared to the previous year, driven by higher sales recorded in Singapore.

Labels stocks unfortunately recorded a revenue decline of 13.9%, attributed to the slow-down in the retail sector, which has been badly affected by the pandemic.

OPERATIONAL REVIEW (Cont'd)

Revenue by Segment from 2016 to 2020 – Manufacturing



The Group's manufactured products are sold in the domestic, export markets and its overseas subsidiary in Singapore with the following segmental breakdown:

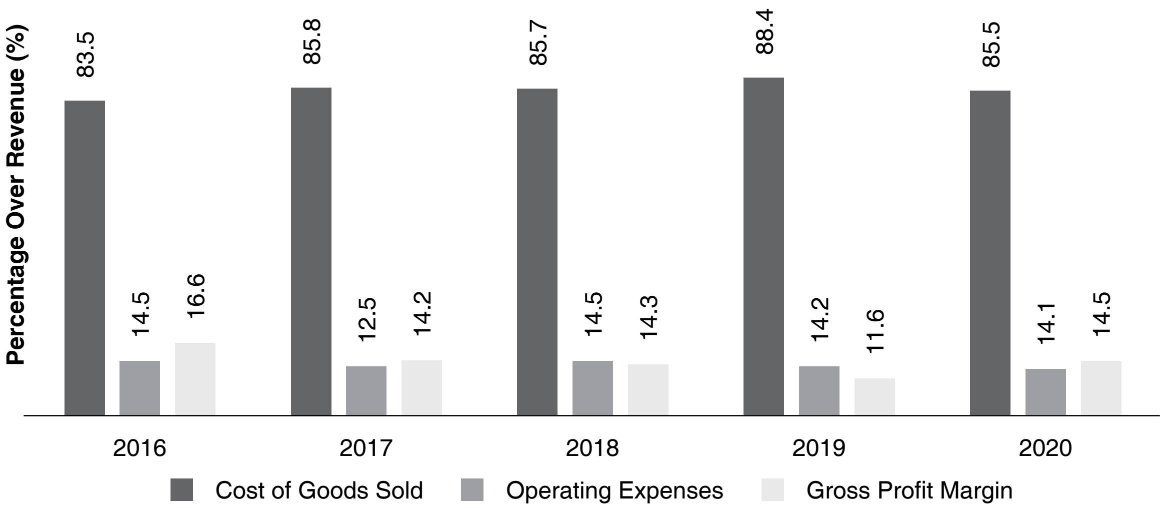
- Domestic sales decreased 1.8% in 2020 to RM36.01 million compared to RM36.70 million in 2019. The drop is mainly caused by labels stocks where sales has reduced by 13.9% from prior year. Domestic masking tapes sales has however, increased by 4.3% Year on Year due to switching from local importers as they are facing disruption in global supply chain due to the Pandemic lock down imposed by local authorities. Traded items revenue declined marginally by 1.0% against prior year and did not meet budgeted revenue due to disruption in global supply chain where some of the imported traded items got delay and resulted to out of stock situation.

- Export sales declined 13.9% in 2020 to RM10.82 million compared to RM12.56 million in 2019. The decline is attributed to lower demand in the first-half of 2020 due to the pandemic and while demand picked up in the second-half, the export sales was not able to recover from the shortfall seen in the first-half of the year.

- Revenue from the Singapore operations increased by 15.5% in 2020 to RM5.65 million compared to RM4.89 million in 2019. The increase is attributed to the higher traded items, which increased 31.1% mainly due to demand from new customers.

OPERATIONAL REVIEW (Cont'd)

Cost of Goods Sold, Operating Expenses and Gross Profit Margin – Manufacturing



Production unit costs reduced in 2020 and had a positive impact to the Cost of Goods Sold, which decreased to 85.5% of sales as compared to previous year's 88.4%. This was mainly due to the drop in depreciation as most plant and machinery were fully depreciated in 2019.

Gross Profit Margin increased by 2.9% to 14.5% in 2020 compared to the previous year's 11.6% attributed to lower Costs of Goods Sold.

Plant Operations

a) Material and processes continued to be effectively and efficiently managed with the advantageous facilitation brought about by the Enterprise Resource Planning system previously implemented.

b) KAIZEN and LEAN concepts continued to drive productivity and quality through positive participation and enhanced involvement via Employee Suggestion Programmes and Reward Schemes.

c) The Environmental Performance Monitoring Committee consisting of representatives from all departments played a pivotal role in ensuring environmental control and compliance.

d) Enhanced focus on Training and Development to further expedite the acquisition of the latest knowledge, skills, and abilities required to continuously improve efficiency, effectiveness and productivity.

e) Implementation of strategic initiatives via various internal forums to drive the business amid the constantly changing and evolving market conditions and in further enhancing productivity and profitability.

f) Cost Down projects are continuously executed via team efforts as part of the plant's strategy to reduce operational and material costs.

g) New Product Development and Innovation efforts play a vital role amid changing market trends while addressing increasing material costs.

h) The Risk Management Working Group continued to play the role of identifying and addressing potential risks and ultimately ensuring business continuity.

Net Profit

Manufacturing operations managed to record PBT of RM0.12 million despite lower revenue compared to previous year. This was mainly attributed to lower production cost during the year due to stringent cost control, drop in depreciation as well as wage subsidies received from the Government.

OPERATIONAL REVIEW (Cont'd)

Outlook for Manufacturing

The challenges anticipated for our manufacturing operations for 2021 are certainly defined by the market uncertainties brought about by the recent pandemic situation as well as the increasing costs of key materials such as paper, rubber and chemicals. To mitigate this, we will be increasing our prices for the sales of finished products.

Despite these shifts in the market, the export segment is seen to be benefiting from the rapidly evolving trends aided by the efforts of the sales team and the plant's focus in keeping critical production volumes up and driving efficiencies by minimising associated costs. The change in market structure to a more fragmented competition landscape has also helped to improve demand from overseas customers.

We have seen domestic sales improved a lot compared to the slump in sales of the first-half of 2020 while export sales is also expected to improve despite the rise in material cost. Product quality consistency, as always remains key to support sustainable and recurring orders, with ongoing initiatives in the plant to drive and enhance productivity.

Revenues for the first-half of 2021 is expected to register a significant increase compared to the same period in 2020 mainly due to the change in the market structure to a fragmented competition landscape as opposed to Chinese manufacturers dominating from more competitive pricing. While this change of market structure is causing uncertainty, there has been some positive signs for our masking tape export sales. Gross profit margins are expected to remain low to stay competitive in the global market despite the improving export revenue and also due to increasing raw material costs. The domestic market will continue to benefit from the global supply-chain disruption as local importers facing delays in bringing in their material resort to using domestically produced masking tapes, which is an opportunity for the Group to penetrate the market further.

Going forward for the second half of 2021 with the anticipation on the improvement on the pandemic condition after the vaccination, we expect the revenue to remain identical with the first half of 2021, subject to the stabilisation of material cost as well as the market condition. While the current situation is considered favourable but the numbers shall remain the same until the new coater is in as current capacity has reached approximately 90% utilization.

The manufacturing operations team will focus on keeping critical production volumes up while ensuring the plant's efforts to drive efficiency by minimising wastage and other associated costs in order to keep overall manufacturing costs low to stay competitive.

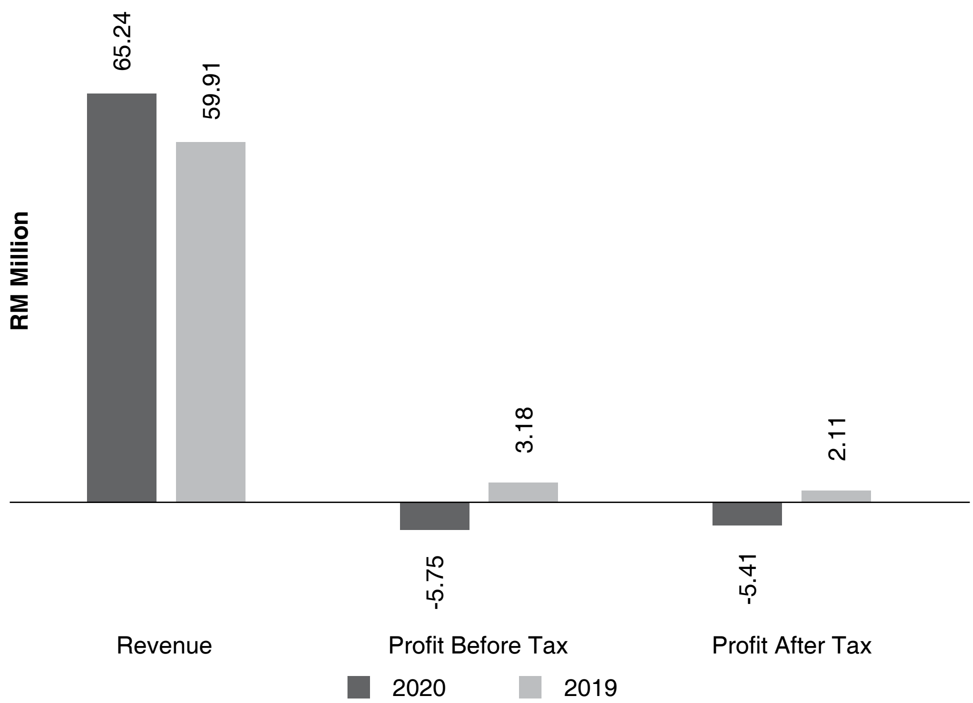
We remain cautious on the outlook for 2021 as demand for our products are dependent on continued recovery of the economy, which has become a little less certain due to the imposition of the second and third MCOs in the early part of 2021 and the prolonging of the Conditional Movement Control Order ("CMCO"). There are opportunities resulting from these uncertainties, which the manufacturing team will tap into. We remain vigilant and alert on cashflow management and will continue to seek avenues to increase revenue through sales.

Construction

For FY2020, PBSB recorded a revenue and LBT of RM65.24 million and RM5.75 million respectively, as compared to a revenue and PBT of RM59.91 million and RM3.18 million respectively recorded in FY2019.

OPERATIONAL REVIEW (Cont'd)

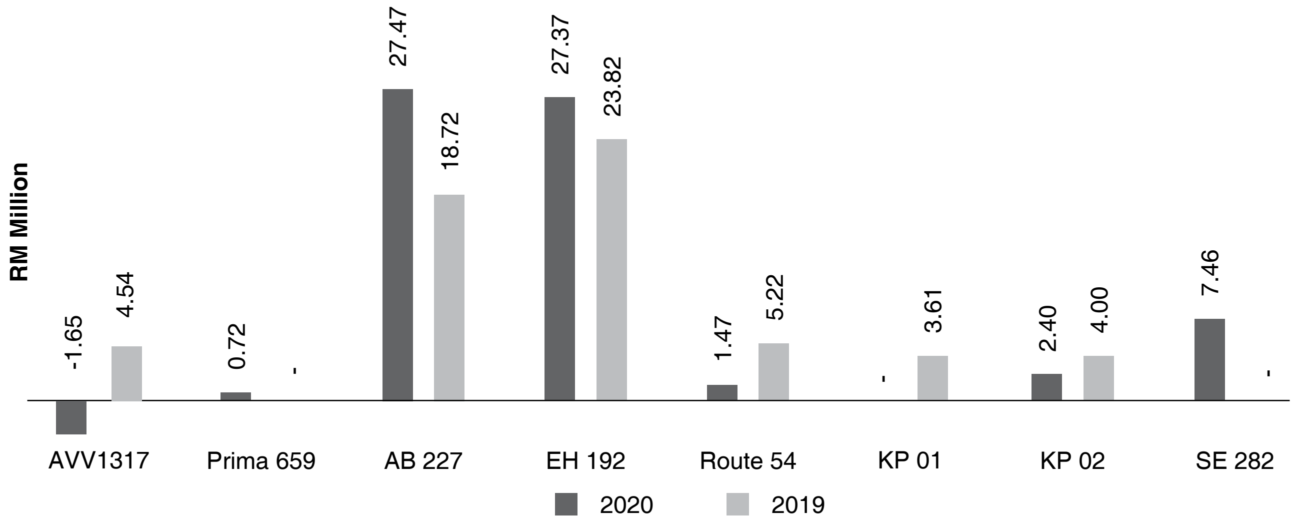
Review of financial performance – PBSB



PBSB registered a higher revenue in 2020 amid a very challenging year for the entire world economy due to the COVID-19 pandemic. PBSB's total revenue recorded a 8.9% increase, improving from RM59.91 million in FY2019 to RM65.24 million in FY2020. The higher revenue recognition was positively contributed by the Aspen Group's Beacon (AB 227) and Eco World Development's Eco Horizon (EH 192) projects, which reached the peak of their construction cycle in 2020, and the completion and handover of two projects in first half of 2021. Our new Prisma Bumiraya's Montage (SE 282) project, which commenced construction in July 2020, also contributed positively to the revenue of PBSB.

OPERATIONAL REVIEW (Cont'd)

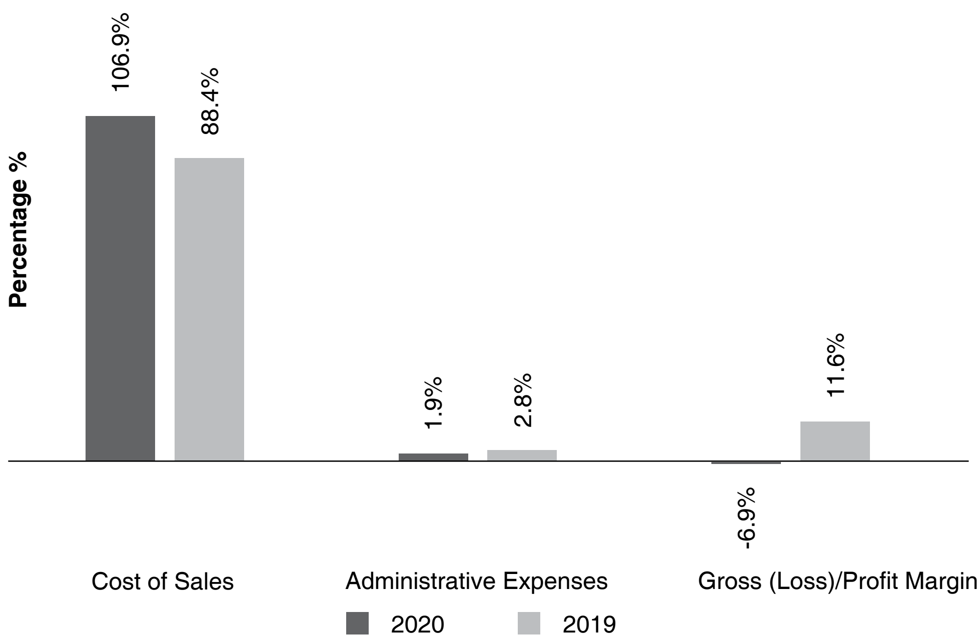
Construction Revenue By Projects 2019 – 2020



The unprecedented events brought on by the COVID-19 pandemic disrupted progress for all our projects and affected our budgeted cost. With the implementation of the MCO, all construction projects were brought to a complete halt, directly increasing the costs to complete the projects. The loss incurred for the financial year under review was largely due to the revision of gross profit for our ongoing projects after taking into consideration the impact of additional costs for mobilization following the MCO period and the prolonging of the construction period.

Our costs exceeded our revenue in FY2020, causing PBSB to register a negative Gross Profit Margin for the first time in the Company's history. PBSB registered a -6.9% Gross Profit Margin in 2020 compared to 11.6% in the preceding financial year. The financial impact of the pandemic was lessened through various internal measures undertaken by the Company to reduce our administrative expenses. Our administrative expenses was 1.9% against our revenue in FY2020 compared to 2.8% registered in FY2019.

Cost of Sales, Administrative Expenses and Gross (Loss)/Profit Margin – Construction



PBSB observed strict SOP as advised by the Ministry of Health amid the ongoing pandemic. We implemented several internal new measures in conjunction with the SOP to mitigate the operation risks while continuing to deliver our projects to clients in a timely and efficient manner. These measures were also designed to vigilantly manage our construction costs and to give our future clients confidence in awarding new projects to us in view of the ongoing pandemic.

OPERATIONAL REVIEW (Cont'd)

Construction Industry Outlook and Prospects for 2021

PBSB has three construction projects as of end-December 2020. The Beacon project with a revised contract value of RM66.74 million slated for completion in April 2021; the Eco Horizon project with a contract value of RM52.95 million slated for completion in February 2021 and; The Montage project with a contract value of RM42.54 million, which commenced on 1 July 2020. For Q1 of FY2021, these projects will continue to contribute positively to PBSB's revenue and profit. Our outstanding order book at the end of Q4 2020 stood at RM53.98 million.

Malaysia's property market performance significantly declined in 2020, falling by 9.9% in volume and 15.8% in value according to the Valuation and Property Services Department's annual report. Uncertainty stemming from the pandemic and a reduction in consumer spending saw many property projects postponed in 2020.

We note that Bank Negara Malaysia has projected a GDP growth of between 6% and 7.5% for 2021, citing a combination of exports rebound, improving private consumption and vaccine rollout boosting sentiment. The Ministry of Finance has also projected the construction sector to rebound with a growth of 13.9% for 2021 backed by the revival of major infrastructure projects such as the East Coast Rail Link and Mass Rapid Transit 3 line, coupled with affordable housing projects. Nevertheless, the re-implementation of MCO and CMCO in January 2021 in certain States and Districts to contain the spread of COVID-19 is expected to dampen consumer sentiment.

Economic recovery will depend largely on the trajectory of the pandemic, which has disrupted supply chains and affected building material costs, especially steel bars. According to the Construction Industry Development Board's records, the price of steel bars reached RM2,890/MT in January 2021, which is a considerable rise when compared to the average price of RM2,435/MT in the January to April 2020 period. Coupled with the inadequate supply of iron ore on a global basis together with the disruptions to logistics due to various lockdowns in many countries, prices of steel bar and iron-based building materials are expected to maintain and possibly rise above their current prices. PBSB is working closely with several steel bar and iron-based building material suppliers to secure the materials at a locked-in price to mitigate the price fluctuations.

We do expect Malaysia's construction sector to bounce back in 2021, recovering from a contraction of 10.77% in 2020. The Bursa Malaysia Construction Index for FY2020 improved by 20.81% from its lowest in March 2020 when the first MCO was implemented to March 2021.This is a clear indication of the confidence in the construction industry's gradual recovery. The non-residential building, rail and road sub-sectors will be key drivers of the return to growth, while the residential buildings sub-sector is expected to remain subdued owing to large unsold inventory. It is widely indicated that the growth in Malaysia's construction sector will remain fairly robust by regional standards over the next five to 10 years.

We are cautiously optimistic on the gradual recovery of the industry and the economy in general in 2021. The global roll-out of vaccines will certainly give us the much-needed boost. PBSB has re-organized resources internally to enhance the efficiency and productivity of the team and to optimize our cash flows position. We will be working closely with our strong network of developers on the potential development projects that are slated for construction in the first-half of 2021, clearly positioning PBSB as the preferred builder of their choice.

We are looking forward to actively participate in some of the open tenders stemming from infrastructure projects that have been announced. Our marketing efforts will focus mainly on working closely with established construction players to jointly look at some of these public infrastructure projects.

Sustainability is central to Central Global Berhad ("CGB") group operations as we strive to achieve our goals and meet the expectations of our stakeholders. For years, we have undertaken every initiative to integrate sustainability into our business operations and practices.

Our Sustainability Statement is prepared in accordance to the guideline of Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statements in Annual Reports.

Our sustainability initiatives are based on material sustainability identified and prioritised by the Management and related to economic, environment and social issues relevant to our business.

ECONOMIC

(i) Business Growth

CGB's manufacturing unit, Central Industrial Corporation Berhad ("CICB") plant at Sungai Petani was the brainchild of our Group's expansion project when we relocated from Perai, for increased production capacities.

Market opportunities in the competitive self-adhesive tapes markets has driven us to plan for further capacity expansion to cater for our customers growing demand. In addition to potentially increasing production capacity for core products, we also plan to enhance our range of specialty tapes.

Besides our core business of manufacturing self-adhesive tapes and labels, we consistently extend our product portfolio for tape related trading items to cater to a wider spectrum of customers and end-users requirements, a series of new trading items was introduced in 2019 to reflect our commitment and the effort continued in 2020. Our ultimate objective is to become a preferred solution provider to the regional self-adhesive tapes and label industries.

(ii) Diversification

In 2018, the Group diversified into construction and construction related activities via a 51% stake in Proventus Bina Sdn. Bhd. ("PBSB"), a company with a Construction Industry Development Board ("CIDB") G7 license. The Group acquired the remaining minority stakes in the company in January 2021, making it a wholly owned subsidiary of the Group.

PBSB has built an impressive track record in the commercial and residential building sectors in a short timeframe. We were awarded a project in Pulau Pinang in January 2020 and work commenced in July 2020. The Group is confident that PBSB will continue to secure projects with reputable developers that can contribute positively to the Group.

(iii) New Product Development

CGB's manufacturing operations is centered on innovation as a key driver to sustainability. We recognise this important equation to remain competitive and be of value to our customers. Our New Product Development team spearhead the development of new products and enhancement of existing range of products.

Our products are developed to enhance user experience. Samples and test outcomes are shared with customers for their review and acceptance prior to commercialisation. In 2020, our New Product Development pipeline has resulted three new products commercialised in additional to the enhancement of another two existing products. This had allowed our Company to sustain our business growth trajectory.

(iv) Quality Assurance

CGB is committed to deliver high quality products to our customers and our manufacturing operations have been accredited ISO9001 from SIRIM Malaysia since 1994. In 2018, we successfully upgraded our quality system to ISO9001:2015. The new quality standard marked a significant enhancement in quality management and our adoption of such standard will further improve the consistency of our products quality and performance. Our quality management system was renewed by SIRIM in the Surveillance Audit in 2019 and in the Recertification Audit in 2020.

Similarly our construction unit, PBSB values customer satisfaction as one of our top priorities and is committed to deliver quality to our customers. PBSB uses internationally accepted assessment standards such as the Construction Quality Assessment System and Quality Assessment System in Construction based on Construction Industry Standard (CIS 7:2014). These systems were designed to standardise quality assessment of workmanship in structural works, architectural works and mechanical and electrical works.

Both CICB and PBSB will continue to use these standards to benchmark our products to ensure continued quality delivery to our customers.

ECONOMIC (Cont'd)

(v) Corporate Liability Provision

Our Group policy is to conduct business in an honest and ethical manner and in accordance with the laws that apply us. The Group seeks to be a good corporate citizen and achieve our business goals in a manner that enhances our reputation for integrity.

In order to do that, the Group has instituted a Code of Business Conduct as part of our efforts to foster proper business conduct and ethical decision-making; to prevent unethical or unlawful behavior and to stop any such behavior as soon as reasonably possible after its discovery.

In line with good corporate governance practices, our Group has established a Whistleblower Policy together with the relevant mechanism and encourages our employees to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste and abuse involving the resources of the Group.

In May 2020, the Group engaged KPMG to facilitate the review and enhancement of the ethical framework pursuant to the corporate liability provision in the Malaysian Anti-Corruption Commission Act 2009. The deliverables were presented to the Board of Directors and approved in August 2020. An online training covering introduction to the provision and key policies was conducted in March 2021, attended by all executives of the Group.

ENVIRONMENT STEWARDSHIP

Our manufacturing operations is committed to prevent pollution through environmental controls, minimisation of wastes and efficient use of all the energy and engages competent consultants to conduct Air Emission Monitoring and Noise Monitoring to ensure that our operations meet the requirements set by the Department of Environment ("DOE") and Department of Occupational Safety and Health ("DOSH").

At the same token, our manufacturing operation's environment team promotes environmental awareness and the conservation of the environment. The environment team plays an active part in providing awareness and education in environment Corporate Social Responsibility ("CSR") to our employees. In addition, we also communicate to our customers, suppliers, contractors, shareholders and the public on our commitment to environmental protection and conservation.

With the CSR Charter in mind, we are committed to preserve pollution through minimisation of waste. We are obliged to ensure that our operations do not degrade the environment and over the years, undertaken its fair share to conserve the environment including:

i) Solvent Recovery

Our manufacturing operations has invested approximately RM2.0 Million on a solvent recovery plant to recover solvent from the tape coating process. It is a cost-effective method as it reduces the actual consumption of solvent significantly.

ii) Scheduled Waste Management

All of our manufacturing operations scheduled waste are packed according to the requirements of DOE and disposed at licensed scheduled waste treatment facility. In November 2019, we sponsored an employee to attend the Certified Environmental Professional In Scheduled Waste Management program and in April 2021 she is certified by DOE as competent person in Scheduled Waste Management.

iii) Non-Scheduled Waste Management

All of our manufacturing operations non-scheduled waste are disposed by licensed contractors at industrial waste dump sites. Recyclable waste will be sold to salvage buyer to reduce consumption of natural resources.

iv) Wood Fuel for Boiler

Instead of using diesel which is not environment friendly, waste wood from logging and furniture factories are used as wood fuel for Boiler for steam generation used to produce adhesive tapes in our manufacturing operations. Our boiler and other machines undergo inspection from DOSH every 12 months.

ENVIRONMENT STEWARDSHIP (Cont'd)

v) Chemical Health Risk Assessment

As various chemicals are used in our manufacturing operations to produce adhesive tapes, we engage a registered Chemical Health Risk Assessor to carry out the assessment. Our effort in undertaking the protection of our environment is part of our commitment to maintain our standard towards environmental control.

vi) Construction Waste Management

For our construction operations, PBSB undertakes various environmental management to minimise the pollution at the construction site including:

- Provide sheet pile to prevent soil collapse during excavation
- Provide washing bay for vehicle leaving the site
- Recycling of all construction materials.
- Recyclable wastes will be sold to salvage buyers to reduce consumption of resources.

SOCIAL RESPONSIBILITY

Our Group efforts in undertaking CSR are part of our commitment and mission in managing our business responsibility towards ensuring all the stakeholders have benefited in one way or another.

We continue to play our part as a responsible corporate citizen and discharge our social responsibilities through active participation in CSR programs.

i) Industrial Training

Our Group manufacturing operations has provided industrial training (for a period of 3 to 6 months, with allowance provided) to undergraduates studying at local higher education institutions as opportunities for these undergraduates to experience the operations and production of the Company. For suitable and qualified trainees, the Company may offer permanent employment to them after they graduated.

ii) Employees' Welfare

In today's competitive environment, the most important contribution to the Group's growth is its employees. As part of our CSR, the Group has initiated the following activities to promote the welfare of our employees:

- **Appreciation for Suggestions**

  Suggestions from employees are encouraged and recognised. The Group rewards employees in kind or cash for suggestions that help to increase productivity, reduce costs and minimise wastages.

- **Emergency Response Team**

  CICB's Emergency Response Team assists the manufacturing operations Management and employees during emergencies to ensure that all our employees are safe during such incidents and our Company's properties and materials are well protected from accidents or mishaps.

- **Personal Protective Equipment**

  Employees' safety and health are our utmost concern. CICB's manufacturing operations issues Personal Protective Equipment including safety shoes, ear plug, hand glove, face mask/aspirator, back brace, etc., to ensure all employees carry out their duties in a safe environment.

- **Safety & Health Team**

  Our manufacturing operations have an in-house Occupational Safety & Health Committee which meet at least once quarterly to discuss on safety and health related issues concerning our employees, plant & equipment and also the working environment. The Committee's objective is to continue to improve the manufacturing operations safety and health performance by proactively providing awareness and programs for our employees in relation to a safe workplace.

SOCIAL RESPONSIBILITY (Cont'd)

ii) Employees' Welfare (Cont'd)

- **Safety & Health Team (Cont'd)**

PBSB engages qualified safety personals on each of the project site. We scheduled our staffs to attend various trainings organised by the CIDB so that they can equip themselves with updated knowledge and policies.

- **Human Capital Development**

Our Group believes that our human capital forms the backbone of the organisation. Our human resource's strategy is aligned to business priorities as we recognise the symbiosis between an organisation and our human capital. Aligning our growth strategy to external changes and mobilising our employees to act quickly in response to these changes is critical to our sustainable growth. Our policy is to provide training for all levels of staff and we contribute to Human Resource Development Fund and committed to the development and training of our employees to enhance their respective skills and competencies.

In 2020, a total of thirteen public training programs and webinars were attended by employees of CICB and PBSB.

- **Employee Engagement**

In today's Human Resource, employee engagement is critical. We recognise the importance and benefits of an engaged and satisfied workforce in sustaining high levels of productivity, improve employee retention, promote customer loyalty and Group profitability.

Both CICB and PBSB strive to provide a good and conductive workplace, practicing a system without discriminations against ethnicity, gender, age or status. All staffs share equal opportunities on appointment, promotion, development and reward on a fair basis for a harmonious, well balanced and healthy working environment in our Group.

iii) COVID-19 Pandemic

On 18 March 2020, the Malaysian Government has declared Movement Controlled Order ("MCO") for two weeks and it was applicable to every industry and individual in the country. Both CICB and PBSB were affected by the order and daily activities suspended.

While continuing our operation from home in the manner of meetings, discussion and training, we appealed to the Ministry of International Trade and Industry ("MITI") for special approval to operate. Our business resumed on 4 April 2020 with 50% of our workforce allowed to present at work. In addition to adhering to the Standard Operating Procedure ("SOP") issued by the National Security Council, we committed to protecting the safety, health and welfare of workers by providing medical-grade face masks, gloves, hand sanitisers and meals to our workers who returned to work. The manufacturing operation resumed to full-workforce operation in May 2020 but our counter-COVID SOP remains.

Construction was one of the first sectors in our nation's economy to reopen. This is due to the efforts of the Ministry of Works in collaboration with CIDB Malaysia, and MITI, who devised the SOP that enabled the sector to operate safely, protect its workers and reduce the risk of spreading the infection.

SOCIAL RESPONSIBILITY (Cont'd)

iii) COVID-19 Pandemic (Cont'd)

The construction industry is under scrutiny as work resumes under the MCO, Conditional Movement Control Order and Recovery Movement Control Order. CIDB exhorts all contractors to adhere to the SOP set out to maintain their operations, keep their workers safe and sites open. Errant contractors will risk their sites being shut down.

With the alarming situation of COVID-19 pandemic, PBSB took necessary action and precautions for the safety of employees, immediate family and the business as to avoid any infection or unexpected circumstances. All employees including visitors and contractors coming into the office or project site are required to strictly follow the SOP.

Audit and Risk
Management Committee Report

The Board of Directors is pleased to present the report on the Audit and Risk Management Committee Report for the financial year ended 31 December 2020.

The primary objective of the Audit and Risk Management Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to the corporate accounting and practices for the Company and all its subsidiaries ("Group") and to ensure the adequacy and effectiveness of the Group's internal control measures.

MEMBERS

Mr. Ng Seng Bee *(Chairman, Independent Non-Executive Director)*
Dato' Tan Yee Boon *(Independent Non-Executive Director)*
Mr. Lee King Loon *(Independent Non-Executive Director)*

No former audit partner of the Company's external auditors shall be appointed to the Committee unless he has observed a cooling-off period of at least three (3) years before being appointed as member of the Committee.

TERMS OF REFERENCE

Membership

The Audit and Risk Management Committee shall be appointed by the Board of Directors from amongst their number and shall be composed not fewer than three (3) members. All the members of the Committee must be Non-Executive Directors, with a majority of them being Independent Directors. Alternate Directors must not be appointed as members of the Committee. All members of the Committee shall be financially literate and at least one of the members of the Committee:

i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
ii) if he is not a member of MIA
    a) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 and have at least three (3) years working experience; or
    b) he must be a member of one of the associations of accountants specified in Part II of the 1 Schedule of Accountants Act 1967 and have at least three (3) years working experience; or
iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director. The Chairman elected shall be subject to endorsement by the Board. If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Notice of Meeting and Attendance

The agenda for Audit and Risk Management Committee meetings shall be circulated before each meeting to members of the Committee. The quorum for meetings of the Committee shall be two (2) members with the majority of members present being independent directors.

The Committee may require the external and/or internal auditors and any official of the Company to attend any of its meetings as it determines. The external auditors shall have the right to appear and be heard at any meeting of the Audit and Risk Management Committee and shall appear before the Committee when required to do so by the Committee.

The head of finance, the head of internal audit and a representative of the internal or external auditors shall normally attend meetings. Other Board members may attend meetings upon the invitation of the Committee. The Committee shall meet with the external auditors without executive board members present at least once a year.

The Company Secretary of the Company shall be the Secretary of the Committee.

Frequency of Meetings

Meetings of the Audit and Risk Management Committee shall be held not less than four (4) times a year. Upon request of any of its members, the internal or external auditors, the Chairman of the Audit and Risk Management Committee shall convene a meeting of the Committee.

TERMS OF REFERENCE (Cont'd)

Authority

In carrying out their duties and responsibilities, the Audit and Risk Management Committee shall:

a) investigate any matters within its terms of reference;
b) have full and unrestricted access to any information pertaining to the Group;
c) have direct communication channels with the External and Internal Auditors, as well as employees of the Group;
d) be able to obtain independent professional or other advice if it deems necessary; and
e) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Duties

The duties of the Committee shall be:

1) To review with the external auditors:

- the audit plan;
- the evaluation of the system of internal accounting controls;
- problems and reservation arising from their audits; and
- the audit report on the financial statements.

2) To review the assistance given by the employees of the Company to the external and internal auditors;

3) To review the external auditors' management letter and management response;

4) To review the quarterly results and annual financial statements, prior to the approval by the Board of Directors, focusing particularly on:

   a) changes in or implementation of major accounting policy changes;
   b) significant and unusual events;
   c) significant adjustments arising from audit;
   d) the going concern assumption; and
   e) compliance with accounting standards and other legal requirements.

5) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

6) To review the internal audit programme, processes, results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken regarding the recommendations of the internal audit function;

7) To review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

8) To consider the nomination/appointment, remuneration and resignation or dismissal of the auditors;

9) To review the risk profile of the Company and establish risk management processes that should be adopted and develop appropriate strategy, guidelines and policies for implementation;

10) To promptly report to Bursa Malaysia Securities Berhad if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Listing Requirements;

11) To review such other functions as may be agreed to by the Committee and the Board of Directors from time to time.

The Terms of Reference of the Committee is published on the Company's website at www.cgbgroup.com.my in line with Paragraph 15.11 of Main Market Listing Requirements.

TERMS OF REFERENCE (Cont'd)

Reporting Procedures

The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.

Details of attendance at Audit and Risk Management Committee Meetings

There were four (4) Audit and Risk Management Committee meetings held during the financial year ended 31 December 2020. Details of the attendance of Audit and Risk Management Committee members at the meetings are as follows:

	Total Meetings Attendance
Mr. Ng Seng Bee	**4/4 meetings**
Mr. Andrew Chong Shuh Ren (Appointed on 3 June 2020 and resigned on 5 March 2021)	**3/3 meetings**
Mr. Phang Kwai Sang (Appointed on 1 October 2020 and resigned on 26 February 2021)	**1/1 meeting**
Dato' Tan Yee Boon* (Appointed on 26 February 2021)	**N/A**
Mr. Lee King Loon* (Appointed on 26 February 2021)	**N/A**

* Appointed after financial year ended 31 December 2020.

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The activities carried out by the Audit and Risk Management Committee during the financial year under review were as follows:

a) Reviewed with the External Auditors on the audit plan and the audit report on the financial statements;

b) Reviewed the quarterly financial results for each quarter of the Company and the Group prior to the Board of Directors' approval and announcement to Bursa Malaysia Securities Berhad, focusing particularly on:

- the overall performance of the Group;
- the prospects for the Group;
- compliance with accounting standards and other legal requirements;
- changes in or implementation of major accounting policy changes;
- significant and unusual events; and
- significant adjustments arising from audit.

c) Reviewed the year-end financial statements prior to submission to the Board of Directors for consideration and approval;

d) Reviewed the proposed audit plan to be undertaken by the Internal Auditors;

e) Reviewed the internal audit reports, audit recommendations and Management's responses to these recommendations as well as the timely actions taken to improve the system of internal controls and procedures, and completion of the internal audit plan;

f) Evaluated the performance of the External and Internal auditors and made recommendations in relation to their reappointment and audit fees to the Board for consideration;

g) Reviewed the report prepared by Risk Management Working Group; and

h) Reviewed the Audit and Risk Management Committee Report and the Statement of Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Audit and Risk Management Committee shall oversee all internal audit function and is authorised to commission investigations to be conducted by the Internal Auditors, as it deems fit. The responsibilities of the internal audit function, which report directly to the Committee, include the provision of reasonable assurance to all levels of Management concerning the overall control over assets and the effectiveness of the system of the internal control in achieving the Company's overall objectives.

The Company has outsourced the Internal Audit functions to Messrs RSM Corporate Consuting Sdn. Bhd. ("RSM"), an independent professional firm as the Internal Auditors for the financial year ended 31 December 2020.

During the financial year, RSM carried out a total of one (1) implementation and ERM Framework, one (1) audit and three (3) follow-up reviews on the Company's subsidiaries in accordance with the audit plan. The Internal Auditors had updated the principal risks faced, or potentially exposed by the Company and its subsidiaries in their internal audit reports.

For the financial year 2020, the total cost incurred for the internal audit function was RM17,794.

The Board of Directors ("the Board") of CGB and its subsidiaries (the "Group") recognises the importance of good corporate governance and continues to be committed to a good corporate governance practice throughout the Group and its subsidiaries to enhance shareholders' value and the financial performance of the Group.

The Board believes that good governance will help to realise long-term shareholders' value, whilst taking into account the interest of other stakeholders. The Board evaluates and continues to enhance the existing corporate governance practices in order to remain relevant with developments in market practice and regulations.

The following statement reports on how the Group has applied the principles and recommendations of good corporate governance during the financial year under review as set out in the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission and the Main Market Listing Requirements ("MMLR").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

It is the overall governance responsibilities of the Board to lead and control the Group. Amongst others, these responsibilities include charting the strategic direction of the Group and supervising its affairs to ensure its success; implementation of suitable and effective internal controls and risk management; and ensuring compliance with the relevant laws, regulations, guidelines and directives.

Clear Functions Reserved for the Board and Those Delegated to Management

The Board acknowledges its role in the stewardship of the Group's direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, which involves reviewing and adopting a strategic plan for the Group, overseeing the conduct of the Group's businesses and to evaluate whether the businesses are properly managed, identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures, succession planning, overseeing the development and implementation of a shareholder communication policy, reviewing the adequacy and the integrity of the management information and internal control system of the Group. Key matters, such as approval for interim and final results, major capital expenditure, formalising the budgetary process are reserved for the Board.

Clear Roles and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:

i) Responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for the Management and monitoring the achievement of these goals;

ii) Decides on the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group;

iii) Monitor and evaluate the performance of the Management to ensure that the performance criteria remains dynamic;

iv) Ensure the Group maintains an effective system of internal controls and is able to identify and manage principal risks resulting in efficiency in operations and a stable financial environment;

v) Monitor the compliance with all relevant statutory and legal obligations;

vi) Regularly considers succession planning and balance composition of the Board;

vii) Clarify the roles and responsibilities of members of the Board and the Management to facilitate Board's and Management's accountability to the Company and its shareholders; and

viii) Establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities.

The Board has established three (3) Board Committees which operate within its own specific terms of reference. The Board Committees undertake in-depth deliberation of the issues at hand before tabling its recommendations thereon to the Board.

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

I. BOARD RESPONSIBILITIES (Cont'd)

Clear Roles and Responsibilities (Cont'd)

The three (3) Board Committees are as follows:

a) Audit and Risk Management Committee;
b) Nomination Committee; and
c) Remuneration Committee.

The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings.

Code of Conduct and Compliance

The Group has formalised a set of ethical standards through the Code of Business Conduct ("the Code") to ensure Directors and employees practise ethical, business like and lawful conduct, including proper use of authority and provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability. The Code was last reviewed by the Board on 24 May 2021 and is published on the Company's website at www.cgbgroup.com.my.

The Group has also established the Whistleblower Policy ("the Policy") so that any employee of the Group can seek guidance and report suspected and/or known misconduct, wrongdoings, corruption and other malpractices involving the resources of the Group and in the matters of financial reporting and compliance. Reports can be made anonymously and arrangements are in place for the independent investigations and appropriate follow-up action. The Policy was last reviewed by the Board on 24 May 2021 and is published on the Group's website at www.cgbgroup.com.my.

Anti-Bribery and Corruption Policy

The Company does not endorse to bribery, be it giving or accepting the ill-gotten monies.

The Company has established the Anti-Bribery and Corruption Policy pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Company has engaged consultants in the 2nd quarter of 2020 to build the framework and train our staff on the Anti-Bribery and Corruption Policy. The Company has adopted this policy in the current financial year and published on the Group's website at www.cgbgroup.com.my.

Business Sustainability and Environmental, Social and Governance

The Group is committed to operate its business in accordance with environmental, social and economic responsibilities in compliance with all relevant laws in order to meet the requirements and aspirations of various stakeholders. The Group strives to achieve a long term sustainable balance between meeting its business goals and preserving the environment as it recognises that the sustainability of ecosystems is an integral part of sustaining its long term business plans. A Sustainability Statement is set out on pages 25 to 29 of this Annual Report.

Access to Information and Advice

Prior to meetings of the Board and Board Committees, appropriate documents, which include the agenda, Board Papers and reports relevant to the issues to be deliberated at the meetings covering the areas of financial, operational and regulatory compliance matters, are circulated to all Directors, to enable them to review and disseminate the reports, obtain further explanation, if necessary and enable focused and constructive deliberation at meetings. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provisions of the Companies Act 2016.

Presentations and briefings by the Management and relevant external consultants, where applicable, are also held at Board meetings to advise the Board and furnish relevant information and clarification for the Board to arrive at a considered decision.

All Directors have direct access to the Senior Management and have unrestricted access to all information relating to the Group to enable them to discharge their duties. In the furtherance of its duties, the Board may when necessary, obtain independent professional advice on specific matters, at the Group's expense.

All Directors have direct access to the services of the Company Secretary. The Board is regularly updated and advised by the Company Secretary.

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

I. BOARD RESPONSIBILITIES (Cont'd)

Qualified and Competent Company Secretary

The Board is supported by experienced and competent Company Secretaries in discharging its duties and responsibilities. The Company Secretaries are qualified Chartered Secretaries, members of the Malaysian Institute of Chartered Secretaries and Administrators. The Board receives regular advice, updates and notices from the Company Secretaries to ensure compliance with applicable laws, regulations and corporate governance matters. The Company Secretaries attend and ensure that all Board and Board Committees meetings are properly convened and all deliberations and decisions are properly minuted and kept. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

The appointment and termination of Company Secretary are under the purview of the Board of Directors.

Board Charter

The Board delegates the day-to-day operations of the Group to the Executive Director and managers of its subsidiaries who have vast experience in the respective business of the Group. The Board has established clear functions reserved for the Board and those delegated to the Management in the Board Charter ("the Charter"). The Charter provides guidance for the Directors and the Management on the responsibilities of the Board, its Committees and requirements of Directors which are subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. The Charter was last reviewed by the Board on 24 May 2021 and is published on the Company's website at www.cgbgroup.com.my.

REINFORCE INDEPENDENCE

Assessment of Independence

The Board undertakes an annual assessment of Independent Directors and is satisfied that they continue to bring independent and objective judgement to board deliberations. A self-assessment is also carried out by the Independent Directors once every year.

Tenure of Independent Director

One of the recommendations of MCCG states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, the Board has not adopted a nine-year policy for Independent Directors.

Chairman and Executive Director

The roles of the Chairman and the Executive Director are separated to ensure there is a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the Executive Director has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.

The Board is led by Dato' Faisal Zelman bin Datuk Abdul Malik, an Executive Chairman while the executive management of the group of companies is headed by the Group Executive Director, Mr. Tan Yeang Tze (Tobby) and supported by the senior management personnel of the respective subsidiaries. Together, they oversee the operations as well as coordinating the development and implementation of business and corporate strategies of the Group.

The Executive and Non-Executive Directors, with their different backgrounds and specialisations, collectively bring to them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations.

Composition of the Board

At the date of this statement, the Board consists of five (5) members comprising one (1) Executive Chairman, one (1) Executive Director and three (3) Independent Non-Executive Directors. All the Independent Non-Executive Directors fulfill the criteria of independence as defined in the MMLR of Bursa Securities. The proportion of more than one-third of the Independent Non-Executive Directors provides effective check and balance in the functioning of the Board.

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

I. BOARD RESPONSIBILITIES (Cont'd)

REINFORCE INDEPENDENCE (Cont'd)

Composition of the Board (Cont'd)

The presence of Independent Non-Executive Directors in the Board is essential as they provide an unbiased and independent view, advice and judgement to the decision-making of the Board and provide an appropriate check and balance for the Executive Director and managers of its subsidiaries, thereby ensuring that no one individual or group dominates the Board's decision-making process. They also ensure strategies proposed by the Management are fully deliberated on and take into account the interests of minority shareholders, employees, customers and the communities in which the Group conducts its business. Together with the Executive Director and managers who have intimate knowledge of the businesses, the Board is constituted of individuals who have a proper understanding of and competence to deal with, current and emerging business issues.

FOSTER COMMITMENT

Time Commitment and Expectations

During the financial year ended 31 December 2020, the Board met on seven (7) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, strategic decisions and the direction of the Group.

	Meetings Attended
Dr. Uzir Bin Abdul Malik (Resigned on 26 February 2021)	**7/7**
Mr. Chuah Guan Leong (Resigned on 10 March 2021)	**7/7**
Dato' Tan Yee Boon	**7/7**
Mr. Phang Kwai Sang (Resigned on 26 February 2021)	**7/7**
Mr. Ng Seng Bee	**7/7**
Mr. Andrew Chong Shuh Ren (Resigned on 5 March 2021)	**6/6**
Dato' Faisal Zelman bin Datuk Abdul Malik* (Appointed on 26 February 2021)	
Mr. Tan Yeang Tze (Tobby)* (Appointed on 26 February 2021)	
Mr. Lee King Loon* (Appointed on 26 February 2021)	

* Appointed after financial year ended 31 December 2020.

All Directors are furnished with an agenda and supporting documents on matters requiring their consideration in advance of each Board meeting. The Chairman, with the assistance of the Company Secretary, undertakes the primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis. During the meetings, the Board is briefed on matters dealt with in the agenda and, where appropriate, additional information is made available to Directors. All proceedings of Board meetings are duly recorded and the minutes thereof signed by the Chairman of the Board.

Training

The Board, through the Nomination Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately. As at the date of this Statement, all Directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board is cognizant of the need to ensure that its members undergo continuous trainings to enhance their knowledge, expertise, skills and professionalism in discharging their duties. As the Board members have attended a diverse range of training programmes during the year to enhance their knowledge and skills in specific areas, the Nomination Committee is of the opinion that the Directors have assessed and addressed their own training needs.

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

I. BOARD RESPONSIBILITIES (Cont'd)

FOSTER COMMITMENT (Cont'd)

Training (Cont'd)

During the financial year, except for Dato' Faisal Zelman bin Datuk Abdul Malik, Mr. Tan Yeang Tze (Tobby) and Mr. Lee King Loon who were appointed on 26 February 2021 and Dato' Tan Yee Boon who was unavailable to attend due to his tight business schedule, Mr. Ng Seng Bee has attended the following training programmes facilitated by KPMG Malaysia:

Name	Date	Training Programmes
Mr. Ng Seng Bee	21 April 2020	• COVID-19 Financial Reporting Impacts
	12 June 2020	• Challenges to Impairment of Non-Financial Assets due to Covid-19
	25 September 2020	• Captains' Forum: Transformation towards recovery

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements and announcements of quarterly financial results to shareholders, the Board takes responsibility in conveying a balanced and understandable assessment of the Group's position and prospects.

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, announcements of quarterly financial results to Bursa Securities as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reports.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Company and its subsidiaries ("the Group") as at the end of the financial year and the results of their operations and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

State of internal controls

The Statement on Risk Management and Internal Control furnished on pages 43 to 45 of this Annual Report, provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit and Risk Management Committee with the internal and external auditors are included in the Audit and Risk Management Committee's terms of reference as detailed on pages 30 to 33 of this Annual Report.

A summary of the work of the Audit and Risk Management Committee during the financial year are set out in the Audit and Risk Management Committee Report on page 32 of this Annual Report.

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

I. BOARD RESPONSIBILITIES (Cont'd)

UPHOLD INTEGRITY IN FINANCIAL REPORTING (Cont'd)

Assessment of External Auditors

Currently, the Group does not have any policy to review procedures for appointment and assessing the independence of auditors. During the financial year, an assessment was carried out to evaluate the performance and independence of the external auditors.

Going forward, the Audit and Risk Management Committee will establish a policy governing the circumstance under which contracts for provision of non-audit services could be entered into by the external auditors.

II. BOARD COMPOSITION

Nomination

The Nomination Committee ("the Committee") comprises the following members:

- Dato' Tan Yee Boon : Chairman, Independent Non-Executive Director
- Mr. Ng Seng Bee : Member, Independent Non-Executive Director
- Mr. Lee King Loon : Member, Independent Non-Executive Director

The Committee consists entirely of Independent Non-Executive Directors. In observance with MCCG, the Committee is chaired by an Independent Non-Executive Director.

Develop, Maintain and Review the Criteria for Recruitment and Annual Assessment of Directors

The Committee is responsible for identifying, evaluating and nominating suitable candidates to be filled to the Board and Board Committees. In proposing its recommendation, the Committee will consider and evaluate the candidates' required mix of skills, knowledge, experience, expertise, professionalism, integrity, capabilities, competencies, time commitment and in case of candidates for the position of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities and its creditability are also taken into consideration.

The Board, assisted by the Committee, assesses the effectiveness of the Board, the Board Committees and the contribution of each individual Director, including Independent Directors, on an annual basis. Questionnaires are sent to Directors to obtain their feedback, views and suggestions to improve the performance of the Board and its Board Committees. The assessment results were summarised for analysis by the Company Secretary. The recommendations of the Committee will be presented to the Board for consideration.

The Committee met two (2) times during the financial year and all Committee members attended the meeting. During the year, the Committee conducted assessment on the effectiveness of the Board, its Committees and the contribution of each Director. Various factors were considered including its composition and size, mix of skills and experience, conduct of meetings, roles and responsibilities, contribution and performance, communications and supply of timely information. All assessments and evaluations carried out by the Nomination Committee are documented. The Committee has also identified programmes, with the assistance of the Company Secretary, for the continuous training of the Board members to ensure that they are conversant with industry trends and developments. The Board has taken steps to ensure that its members continuously have access to appropriate continuing education programmes.

The Board has not established gender policy on setting targets for women candidates but the Committee will from time to time review the suitability and competency of women candidates to the Board. The Board does not have a formal gender diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group based on merit, experience and knowledge. The same goes to the senior management.

In the absence of formal procedure, a Director accepting new directorship will notify the Board ahead of his new appointment and pledged his or her time commitment for accepting new directorships with other listed entities. Going forward, the Board would obtain from its Directors their full commitment to devote sufficient time to carry out their responsibilities effectively and efficiently and where appropriate, the ability of the candidates to act as Independent Non-Executive Directors to exercise independent judgement and opinion.

The Terms of Reference of the Committee is published on the Company's website at www.cgbgroup.com.my in line with Paragraph 15.08A(2) of MMLR.

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

II. BOARD COMPOSITION (Cont'd)

Re-election

In accordance with the provisions of the Company's Constitution, one-third of the Directors for the time being or, if their number is not a multiple of three (3), then the number nearest to one-third shall retire from office at the Annual General Meeting ("AGM"). All the Directors shall retire from office at the first annual general meeting and once at least in each three years and shall be eligible for re-election. In the event of any vacancy in the Board resulting in non-compliance with Paragraph 15.02 (1) of the MMLR, the Company must fill the vacancy within three (3) months.

III. DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee ("the Committee") consists of the following Directors:

- Mr. Lee King Loon : Chairman, Independent Non-Executive Director
- Dato' Tan Yee Boon : Member, Independent Non-Executive Director
- Mr. Ng Seng Bee : Member, Independent Non-Executive Director

The Group's policy on the Directors' remuneration is to attract, retain and motivate Directors to effectively oversee the business of the Group. The Committee is responsible for recommending and putting in place a structured remuneration framework for Executive Director.

The Committee takes into account corporate financial performance as well as performance on a range of non-financial factors including accomplishment of strategic goals. The Committee recommends to the Board the remuneration package of the Executive Directors and the Managing Director of the subsidiaries it is the responsibility of the Board to approve the remuneration package of an Executive Director, with the Executive Director concerned abstaining from deliberation and voting on the same.

For Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole, with the Directors concerned abstaining from deliberations or voting on decision in respect of their individual remuneration.

All Directors are paid with Directors' fees and meeting allowance. Additional fees will be given for undertaking responsibilities as Chairman of the Board. The aggregate amount of Directors' fees to be paid to the Directors is subject to the approval of the shareholders at AGM.

In addition to the above, the Directors are covered by the Directors and Officers ("D&O") Liability insurance in respect of any liabilities arising from acts committed in their capacity as D&O of the Company.

During the financial year, all members attended the meetings and the Committee reviewed the remuneration package for the Executive Directors and the Managing Director of the subsidiaries.

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

III. DIRECTORS' REMUNERATION (Cont'd)

Details of the Directors' Remuneration

Details of the nature and amount of each major element of the remuneration of Directors of the Company during the financial year ended 31 December 2020, are as follows:

	Fee RM	Salaries RM	Bonuses RM	Statutory contributions RM	Benefits RM	Total RM
Wong Yuk Thin	5,000	447,604	-	67,141	17,400	537,145
Dr. Uzir Bin Abdul Malik	50,000	-	-	-	12,000	62,000
Ng Seng Bee	36,000	-	-	-	10,500	46,500
Koay Then Hin	18,000	-	-	-	# 96,760	114,760
Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Madmud	18,000	-	-	-	# 51,690	69,690
Phang Kwai Sang	36,000	-	-	-	10,250	46,250
Dato' Tan Yee Boon	36,000	-	-	-	9,250	45,250
Chuah Guan Leong	36,000	144,000	-	17,280	8,000	205,280
Andrew Chong Shuh Ren	18,000	-	-	-	9,000	27,000
Total	**253,000**	**591,604**	**-**	**84,421**	**224,850**	**1,153,875**

the amounts were included gratuity under the provisions of section 227(5)(d) of the Companies Act 2016 (RM91,760 for Koay Then Hin and RM46,440 for Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud).

Range of remuneration	Number of Senior Management staff
RM100,001 - RM150,000	**3**
RM150,001 - RM200,000	**2**
RM200,001 - RM250,000	**2**

The board has chosen to disclose the remuneration of the senior management staff in bands instead of named basis as the Board considered the information of the remuneration of these staff to be sensitive and proprietary. The transparency and accountability aspects of corporate governance applicable to the remuneration of these staff are deemed appropriately served by the above disclosures.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Risk Management Framework

The Board of Directors has always placed significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminate risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.

Ongoing reviews are performed throughout the year to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place.

Internal Audit Function

The Board acknowledges the importance of internal audit function and has engaged the services of an external independent professional accounting and consulting firm who reports directly to the Audit and Risk Management Committee at least on a quarterly basis. Further details of the Group's internal control system and framework are found in the Statement on Risk Management and Internal Control and the Audit and Risk Management Committee Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP

Corporate Disclosure

The Board recognises the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. The Board acknowledges that shareholders should be informed of all material business matters which influence the Group. Timely release of quarterly financial results to Bursa Securities and other information and corporate actions taken by the Group that warrant an announcement to Bursa Securities under MMLR of Bursa Securities provide shareholders with a current overview of the Group's performance. Towards this end, the Board has established a Policy on Corporate Disclosure which provides guidance to the Board, the Management and the employees on the Group's disclosure requirements and practices in disseminating material information to and in dealing with stakeholders, analysts, media and the investing public.

In addition, the Board and the Management welcome any form of visit by fund managers and analysts and conduct regular briefings to them as the Board believes that this will give investors and interested parties on one hand, a better appreciation and understanding of the Group's performance and on the other, awareness of the expectations and concerns of investors and such interested parties.

Using Information Technology for Effective Dissemination

The Group also maintains an official website at www.cgbgroup.com.my that provides background information of the Group to the public. However, in any circumstances, while the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. However, in any of the circumstances, the Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to shareholders and stakeholders.

Encourage Shareholder Participation at General Meetings

Whilst this Annual Report provides a comprehensive source of information on the Group's financial and operational performance, AGM and Extraordinary General Meetings provide a platform for shareholders to seek more information and clarification on the audited financial statements, operational issues and other matters of interest.

The Directors readily avail themselves to answer any such questions that may arise as shareholders may seek more information than what is available in this Annual Report. The Company's practice is to send out the notice of AGM and related papers to shareholders at least twenty-one (21) days before the meeting.

Poll Voting

At general meetings, shareholders are given the opportunity to seek clarification on any matter pertaining to the business activities and financial performance of the Group. All resolutions in the general meetings were deliberated, take on the questions and answers before putting to vote. Voting is by way of poll where everyone shall have one vote. An independent scrutineer is appointed to verify the poll results.

Communication and Engagement with Shareholders

The Board will maintain an effective communication policy that enables both the Board and the Management to communicate effectively with shareholders and the general public. The shareholders shall be informed of all material matters affecting the Group.

The ways of communication to shareholders are as follows:

a) timely announcements and disclosures made to the Bursa Securities, which include quarterly financial results, material contract awarded, changes in the composition of the Group and any other material information that may affect investors' decision making;

b) make available of the additional corporate information and/or disclosures of the Group for reference on the Company's website; and

c) ensure that the general meetings are conducted in an efficient manner, which includes supply of comprehensive and timely information and active participation of the shareholders at AGM.

COMPLIANCE STATEMENT

The Board is satisfied that the Group had applied most of the principles and best practices of MCCG during the financial year. The Board is committed and will continue to enhance compliance with MCCG within the Group. This statement on Corporate Governance has been approved by the Board of the Company.

The Malaysian Code on Corporate Governance promulgates, inter-alia, the need for listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investment and Group's assets. The Board of Directors (the "Board") of CGB is pleased to present the Statement on Risk Management and Internal Control (the "Statement") which is in compliance with paragraph 15.26(b) of Bursa Securities' Main Market Listing Requirements and has taken into account the guidelines mentioned in the Statement.

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises and affirms its overall responsibility for the Group's system of internal control and risk management as well as reviewing the adequacy and effectiveness of those systems on a regular basis. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, they can only provide reasonable assurance rather than absolute assurance against material misstatement or loss.

The Board and Management acknowledge that a sound internal control system is a vital process developed to ensure effective and efficient operation, provide reliable and relevant reporting, and compliance with the applicable laws and regulations. The Board has established an on-going process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing and achieving its business objectives and strategies. This process has been in place throughout the financial year and up to the date of approval of the Annual Report.

The Group has established a Risk Management Working Group ("RMWG") for Central Industrial Corporation Berhad ("CICB") and Proventus Bina Sdn Bhd ("PBSB") headed by the respective to identify risk profiles of all departments within the operations and also reviewing the areas that require further improvement. The RMWG consists of the Managing Director as the chairman and the Head of Departments as members.

The terms of reference of RMWG are:

a) Create a high level risk policy aligned with the Group's strategic business objectives;
b) Identify critical risks, whether present or potential, their changes and the management's action plans to manage the risks;
c) Perform risks oversight and review the risk profiles of the respective Companies and monitor organisational performance; and
d) Provide guidance to the business units/departments on the Group's risk appetite and capacity.

The RMWG held two (2) meetings during the year and all Department Heads are responsible to carry out action plans at their respective areas of responsibilities. Progress is monitored by the Management through meetings scheduled quarterly or as and when deemed necessary.

The following processes are being carried out continuously by its manufacturing operations, CICB:

a) Actively engages in the development of new products through new formulations and substitute materials via a New Product Development program ("NPD") with meetings every fortnightly. The NPD meeting is chaired by the Technical Manager to spearhead the development activities and to monitor overall progress;

b) Implement strict credit evaluation on every new customer for credit worthiness before credit terms and credit limits are approved. Annual assessment and review of existing customers credit worthiness to mitigate and monitor overall credit risks are conducted during the monthly Accounts Receivable meetings between Finance and Sales departments; and

c) The Sales and Finance departments jointly conduct Accounts Receivable meetings every month analysing the ageing of every customers and decide on actions to be taken to recover overdue receivables and doubtful debts.

And by its construction operations, PBSB:

a) The Finance team follow up with the customers constantly through phone calls or reminders in order to reduce the outstanding debts.

b) The Contract Manager to carry out post mortem analysis on quarterly basis for all failed tenders. The Contract department ensures that the estimated costs submitted at the tender stage is supported in accordance with the Company's Policies and Procedures; and

c) Every revision of costing sheet for existing projects must be signed-off by both the Project Director and Managing Director.

RISK MANAGEMENT

Risk management is regarded by the Board as part of the business operation activities of the Group. It is the Board's priority to ensure that the uncertainties and investment risks in new business ventures are managed in order to safeguard the interest of the shareholders. Collectively, the Board oversees and reviews the conduct of the Group's businesses while the Management executes measures and controls to ensure that risks are effectively managed. As part of risk identification process, the Board receives updates of the Group's risk management by the Management during the Board meetings.

The Board, assisted by the Audit and Risk Management Committee deliberates the integrity of the financial results, Annual Report and audited financial statements before presenting these financial information to the shareholders and public investors.

For bribery and corruption risks, the Group has adopted the Guidelines on Adequate Procedures pursuant to Subsection(5) of Section 17A under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 during the financial year to prevent, detect and respond to bribery and corruption risks.

INTERNAL AUDIT

During the financial year, the Group engaged RSM Corporate Consulting Sdn. Bhd. ("RSM"), an independent professional firm as the Internal Auditors to provide independent internal audit services to the Group. RSM is responsible to develop the internal audit plan for year 2020.

The principal role of the Internal Auditors is to assist the Audit and Risk Management Committee in discharging its duties and responsibilities on reviewing the adequacy and effectiveness of the internal control system, risk management framework and governance control and processes.

The Audit and Risk Management Committee has full and direct access to the Internal Auditors, reviews their reports on all audits performed and monitors their performance. The Audit and Risk Management Committee also in its framework reviews the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors.

The outsourced Internal Auditors carried out internal audits on various operating units within the Group based on a risk-based audit plan approved by the Audit and Risk Management Committee. Based on these audits, the outsourced Internal Auditors provided the Audit and Risk Management Committee with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control.

For the financial year ended 31 December 2020, a summary of activities carried out by the outsourced Internal Auditors for Group include:

- Implementation of ERM Framework (PBSB)
- One (1) audit on:
  - Tender Management and Debtors Control (PBSB)

- Three (3) follow-up reviews on:
  - Project Management (PBSB)
  - Tender Management and Debtors Control (PBSB)
  - Sales to Receivables (CICB)

- Issued reports on the results of the internal audit/reviews, weaknesses identified with suggested recommendations for improvements to Management for further action to improve the system of internal control;

- Attended Audit and Risk Management Committee's meetings to table and to discuss the internal audit reports; and

- Followed-up the implementation of corrective action plans agreed by Management.

INTERNAL CONTROL

The Board and Audit and Risk Management Committee

The Board which has overall responsibility for the system of internal controls and risk management that adequately manage the various risks faced by the Group while the Audit and Risk Management Committee is overall responsible for providing assurance, where appropriate to the Board, as an independent party on the effectiveness of the internal control system and risk management in the Group.

Organisational Structure and Authorisation

In striving to operate a sound system of risk management and internal control that drives the Group towards achieving its goals, the Board has put in place an organisation structure with formally defined lines of responsibility and Limits of Authority for the Group's operating units.

The daily running of business operations is entrusted to the respective Managing Directors of the subsidiaries. Under the purview of the Managing Directors, the respective heads of each department of the operating subsidiaries are empowered with the responsibility to manage their respective operations.

The head office coordinates the process for the Group for the coming year wherein the Budgets are discussed and ultimately approved by the Board. Actual performances are monitored and measured monthly against Budget by the Management and corrective actions taken to address shortfall areas. Major decisions that require the approval of the Board are only made after detailed appraisal and review. Proposals for major capital expenditure and new investment by the Group are reviewed and approved by the Board.

Information and Communication

The Audit and Risk Management Committee holds meetings to deliberate on the findings and recommendations for improvement by the Internal Auditors on the state of the internal control system and reports to the Board. The Audit and Risk Management Committee also reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

Quarterly performance reports provide the Board and Management with information on financial performance and key business indicators.

Monitoring and Review

Scheduled periodic meetings of the Board, Board Committees and Management represent the main platform by which the Group's performance and conduct are monitored. Informal Board and Management meetings at operational level are also held during the financial year in order to assess performance and controls.

Periodic reviews of adequacy and integrity of selected areas of internal control system are carried out by the Internal Auditor and results of such reviews are reported to the Audit and Risk Management Committee. The internal audit function thereby provides independent assurance on the areas reviewed by the Internal Auditor to the Board on the effectiveness of the Group's internal control system.

Board Assurance and Limitation

While the Board reiterates that the risk management and system of internal control should be continuously improved in line with evolving business developments, it should also be noted that all risk management and system of internal control can only manage rather than eliminate the risks of the failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

The Board is committed towards enhancing the internal control system of the Group. Where areas of improvement in the system are identified, the Board considers the recommendations made by both the Audit and Risk Management Committee and Management.

The Board has received assurance from the respective Managing Directors and Heads of Finance of its major operating units that the subsidiary's risk management and internal control system are operating adequately and effectively in all material aspects, based on the risk management and internal control system of the subsidiary and on-going improvements to internal control will continue to be prioritised by the subsidiary.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 24 May 2021.

Other Information

Audit Fees and Non-Audit Fees

The amount of audit and non-audit fees incurred for the services rendered by external auditors of the Group for the financial year ended 31 December 2020 were as follows:

	Group RM	Company RM
Audit Fees	163,764	25,000
Non-audit Fees	28,000	19,000

Corporate Exercise Fees

There was no corporate exercise fee incurred during the year.

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2020 or since the end of the previous financial year.

Utilisation of Proceeds

No proceeds were raised from any corporate proposal during the financial year.

Recurrent Related Party Transactions of A Revenue Nature

There were no recurrent related party transactions of a revenue nature during the financial year.

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Independent Auditors' 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 investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM	Company RM
Loss for the year attributable to:		
- Owners of the Company	**2,864,429**	**1,490,748**
- Non-controlling interest	**2,651,115**	**-**
	5,515,544	**1,490,748**

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividend

No dividend was paid since the end of the previous financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Dato' Faisal Zelman bin Datuk Abdul Malik	(Appointed on 26 February 2021)
Tan Yeang Tze (Tobby)	(Appointed on 26 February 2021)
Lee King Loon	(Appointed on 26 February 2021)
Dato' Tan Yee Boon	
Ng Seng Bee	
Dato' Seraja Mahkota	
Dato' Wira Zainuddin Bin Mahmud	(Retired on 16 July 2020)
Koay Then Hin	(Retired on 16 July 2020)
Wong Yuk Thin	(Retired on 16 July 2020)
Phang Kwai Sang	(Resigned on 26 February 2021)
Dr. Uzir Bin Abdul Malik	(Resigned on 26 February 2021)
Andrew Chong Shuh Ren	(Appointed on 3 June 2020 and resigned on 5 March 2021)
Chuah Guan Leong	(Resigned on 10 March 2021)

Directors of subsidiaries

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries during the financial year and up to the date of this report are as follows:

Dato' Faisal Zelman bin Datuk Abdul Malik	(Appointed on 9 March 2021)
Tan Yeang Tze (Tobby)	(Appointed on 9 March 2021)
Lim Han Boon	(Appointed on 3 May 2021)
Beh Kim Boon	(Appointed on 3 May 2021)
Terence Yee Wai Leong	
Wong Yuk Thin	(Resigned on 4 February 2021)
Chuah Guan Leong	(Resigned on 8 February 2021)
Kong Teck Fong	(Resigned on 10 March 2021)

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
Interests in the Company:				
Chuah Guan Leong - own	**7,269,030**	**-**	**-**	**7,269,030**

None of the other Directors holding office at 31 December 2020 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations or the fixed salary of a full time employee of 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid up capital of the Company during the financial year.

No debentures were issued by the Company during the financial year.

Options granted over unissued shares

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

Indemnity and insurance costs

During the financial year, the total amount of indemnity given to or insurance effected for Directors and officers of the Group and of the Company is RM9,000 for a total sum insured of RM5,000,000. There was no indemnity given to or insurance effected for the auditors of the Group and of the Company.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business 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:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the values attributed to the current assets in financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, except for those disclosed in Note 22 to the financial statements of the Group, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events during the year

The details of such events are disclosed in Note 33 to the financial statements.

Subsequent events

The details of such events are disclosed in Note 34 to the financial statements.

Auditors

The auditors, KPMG PLT, retire and are not seeking re-appointment.

The auditors' remuneration is disclosed in Note 22 to the financial statements.

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

……………………………..………………………..…….

Dato' Tan Yee Boon

Director

…………………………………..............................

Tan Yeang Tze (Tobby)

Director

Penang,

Date: 24 May 2021

Consolidated Statement Of
Financial Position
as at 31 December 2020

	Note	2020 RM	2019 RM
Assets			
Property, plant and equipment	3	**12,407,157**	14,093,990
Right-of-use assets	4	**1,485,566**	1,483,380
Investment properties	5	**962,365**	990,020
Goodwill	7	**-**	22,285
Deferred tax assets	8	**-**	45,000
Total non-current assets		**14,855,088**	16,634,675
Inventories	9	**13,101,800**	14,549,777
Contract assets	10	**9,334,370**	9,231,556
Trade and other receivables	11	**35,403,170**	29,287,795
Current tax assets		**-**	26,000
Fixed deposits with a licensed bank	12	**3,090,563**	3,835,801
Cash and cash equivalents	13	**9,905,970**	11,752,693
Total current assets		**70,835,873**	68,683,622
Total assets		**85,690,961**	85,318,297
Equity			
Share capital	14	**51,406,681**	51,406,681
Reserves	15	**(6,499,590)**	(3,439,006)
Total equity attributable to owners of the Company		**44,907,091**	47,967,675
Non-controlling interest		**1,926,029**	4,577,144
Total equity		**46,833,120**	52,544,819

	Note	2020 RM	2019 RM
Liabilities			
Loans and borrowings	16	**185,938**	282,417
Lease liabilities		**58,820**	-
Employee benefits	17	**1,842,135**	1,655,592
Deferred tax liabilities	8	**196,000**	641,000
Total non-current liabilities		**2,282,893**	2,579,009
Loans and borrowings	16	**3,242,891**	2,701,193
Lease liabilities		**84,470**	100,623
Trade and other payables	18	**33,230,937**	26,822,413
Current tax liabilities		**16,650**	570,240
Total current liabilities		**36,574,948**	30,194,469
Total liabilities		**38,857,841**	32,773,478
Total equity and liabilities		**85,690,961**	85,318,297

The notes on pages 66 to 128 are an integral part of these financial statements.

Consolidated Statement Of
Profit Or Loss And Other Comprehensive Income
for the year ended 31 December 2020

	Note	2020 RM	2019 RM
Continuing operations			
Revenue	19	**117,720,377**	114,057,933
Cost of sales		**(114,584,760)**	(100,785,358)
Gross profit		**3,135,617**	13,272,575
Other income		**3,491,779**	695,406
Distribution expenses		**(3,416,351)**	(3,332,495)
Administrative expenses		**(6,301,015)**	(6,619,781)
Net (gain)/loss on impairment of financial instruments and contract assets	22	**263,425**	(389,394)
Other expenses		**(2,837,232)**	(2,388,333)
Results from operating activities		**(5,663,777)**	1,237,978
Finance income	20	**181,559**	247,710
Finance costs	21	**(272,422)**	(216,579)
Net finance (costs)/income		**(90,863)**	31,131
(Loss)/Profit before tax	22	**(5,754,640)**	1,269,109
Tax expense	24	**239,096**	(847,176)
(Loss)/Profit for the year		**(5,515,544)**	421,933

	Note	2020 RM	2019 RM
Other comprehensive (expense)/income, net of tax			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of employee benefits		**(167,467)**	-
	30	**(167,467)**	-
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		**(28,688)**	1,814
	30	**(28,688)**	1,814
Total other comprehensive (expense)/income for the year, net of tax		**(196,155)**	1,814
Total comprehensive (expense)/income for the year		**(5,711,699)**	423,747
(Loss)/Profit attributable to:			
Owners of the Company		**(2,864,429)**	(609,567)
Non-controlling interest		**(2,651,115)**	1,031,500
(Loss)/Profit for the year		**(5,515,544)**	421,933
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(3,060,584)**	(607,753)
Non-controlling interest		**(2,651,115)**	1,031,500
Total comprehensive (expense)/income for the year		**(5,711,699)**	423,747
Basic/Diluted loss per ordinary share (sen)	25	**(3.18)**	(0.68)

The notes on pages 66 to 128 are an integral part of these financial statements.

Consolidated Statement Of
Changes In Equity

for the year ended 31 December 2020

	Attributable to owners of the Company						
	Non-distributable			Distributable			
	Share capital RM	Reorganisation reserve RM	Translation reserve RM	Accumulated losses RM	Total RM	Non-controlling interest RM	Total equity RM
1 January 2019	2	51,406,679	275,147	(3,106,400)	48,575,428	3,545,644	52,121,072
Foreign currency translation differences for foreign operation (Note 30)	-	-	1,814	-	1,814	-	1,814
Total other comprehensive income for the year	-	-	1,814	-	1,814	-	1,814
(Loss)/Profit for the year	-	-	-	(609,567)	(609,567)	1,031,500	421,933
Total comprehensive income/(expense) for the year	-	-	1,814	(609,567)	(607,753)	1,031,500	423,747
Distribution to and contribution by owners of the Company							
- Shares exchange (Note 14)	51,406,679	(51,406,679)	-	-	-	-	-
Total transaction with owners of the Company	51,406,679	(51,406,679)	-	-	-	-	-
At 31 December 2019	51,406,681	-	276,961	(3,715,967)	47,967,675	4,577,144	52,544,819
	Note 14	Note 15					

	Attributable to owners of the Company					
	Non-Distributable		Distributable			
	Share capital RM	Translation reserve RM	Accumulated losses RM	Total RM	Non-controlling interest RM	Total equity RM
1 January 2020	51,406,681	276,961	(3,715,967)	47,967,675	4,577,144	52,544,819
Foreign currency translation differences for foreign operation (Note 30)	-	(28,688)	-	(28,688)	-	(28,688)
Remeasurement of employee benefits	-	-	(167,467)	(167,467)	-	(167,467)
Total other comprehensive expense for the year	-	(28,688)	(167,467)	(196,155)	-	(196,155)
Loss for the year	-	-	(2,864,429)	(2,864,429)	(2,651,115)	(5,515,544)
Total comprehensive expense for the year	-	(28,688)	(3,031,896)	(3,060,584)	(2,651,115)	(5,711,699)
At 31 December 2020	51,406,681	248,273	(6,747,863)	44,907,091	1,926,029	46,833,120
	Note 14	Note 15				

The notes on pages 66 to 128 are an integral part of these financial statements.

Consolidated Statement Of
Cash Flows
for the year ended 31 December 2020

	Note	2020 RM	2019 RM
Cash flows from operating activities			
(Loss)/Profit before tax		**(5,754,640)**	1,269,109
Adjustments for:			
Depreciation of			
- Property, plant and equipment	3	**2,751,286**	3,260,727
- Right-of-use assets	4	**176,728**	239,560
- Investment properties	5	**27,655**	26,976
Goodwill written off	7	**22,285**	-
Gain on disposal of plant and equipment	22	**(22,827)**	(19,658)
Plant and equipment written off	22	**3,402**	1,130
Employee benefits	17	**146,616**	150,582
Net (gain)/loss impairment loss on financial assets	22	**(263,425)**	389,394
Finance income	20	**(181,559)**	(247,710)
Finance costs	21	**272,422**	216,579
Operating (loss)/profit before changes in working capital		**(2,822,057)**	5,286,689
Change in inventories		**1,448,530**	5,036,150
Change in contract assets		**(102,814)**	(6,451,542)
Change in trade and other receivables		**(6,731,785)**	(9,073,963)
Change in trade and other payables		**7,264,523**	12,680,833
Cash (used in)/generated from operations		**(943,603)**	7,478,167
Tax paid		**(688,494)**	(385,205)
Employee benefits paid	17	**(127,540)**	(211,580)
Net cash (used in)/from operating activities		**(1,759,637)**	6,881,382

Cash Flows

for the year ended 31 December 2020 (Cont'd)

	Note	2020 RM	2019 RM
Cash flows from investing activities			
Purchase of plant and equipment	A	**(1,069,466)**	(1,945,160)
Proceeds from disposal of plant and equipment		**24,447**	24,700
Withdrawal/(Placement) of fixed deposits		**483,844**	(83,059)
Interest received		**181,559**	247,710
Net cash used in investing activities		**(379,616)**	(1,755,809)
Cash flows from financing activities			
Withdrawal/(Placement) of fixed deposits pledged		**261,394**	(1,673,867)
Interests paid		**(272,422)**	(216,579)
Payment of hire purchase creditor		**(89,358)**	(21,226)
Payment of lease liabilities		**(136,247)**	(193,303)
Net cash used in financing activities		**(236,633)**	(2,104,975)
Net (decrease)/increase in cash and cash equivalents		**(2,375,886)**	3,020,598
Effect of exchange rate fluctuations on cash and cash equivalents		**(5,414)**	372
Cash and cash equivalents at 1 January		**9,140,857**	6,119,887
Cash and cash equivalents at 31 December	B	**6,759,557**	9,140,857
Cash outflows for leases as a lessee			
Included in net cash (used in)/from operating activities			
Payment relating to short-term leases	22	**181,299**	107,869
Payment relating to leases of low-value assets	22	**19,412**	14,503
Included in net cash used in financing activities			
Payment of lease liabilities		**136,247**	193,303
Interest paid in relation to lease liabilities	21	**3,610**	10,820
Total cash outflows for leases		**340,568**	326,495

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 January 2019 RM	Acquisition of new hire purchase RM	Net changes from financing cash flows RM	At 31 December 2019/ 1 January 2020 RM	Acquisition of new lease RM	Net changes from financing cash flows RM	Foreign exchange movements RM	At 31 December 2020 RM
Hire purchase creditor	-	393,000	(21,226)	**371,774**	**-**	**(89,358)**	**-**	**282,416**
Lease liabilities	293,926	-	(193,303)	**100,623**	**178,716**	**(136,247)**	**198**	**143,290**
Total liabilities from financing activities	293,926	393,000	(214,529)	**472,397**	**178,716**	**(225,605)**	**198**	**425,706**

Notes

A. During the financial year, the Group acquired plant and equipment which were financed as follows:

	Group 2020 RM	Group 2019 RM
Hire purchase creditor	**-**	393,000
Cash payments	**1,069,466**	1,945,160
	1,069,466	2,338,160

B. Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2020 RM	Group 2019 RM
Cash and bank balances	13	**9,405,970**	8,712,526
Short term deposits placed with a licensed bank	13	**500,000**	3,040,167
Bank overdrafts	16	**(3,146,413)**	(2,611,836)
		6,759,557	9,140,857

The notes on pages 66 to 128 are an integral part of these financial statements.

Statement Of
Financial Position
as at 31 December 2020

	Note	2020 RM	2019 RM
Assets			
Interests in subsidiaries	6	**55,751,528**	55,690,528
Total non-current assets		**55,751,528**	55,690,528
Amount due from a subsidiary	11	**394,010**	-
Cash and cash equivalents	13	**250,039**	2
Total current assets		**644,049**	2
Total assets		**56,395,577**	55,690,530
Equity			
Share capital	14	**51,406,681**	51,406,681
Reserves	15	**(2,038,843)**	(548,095)
Total equity		**49,367,838**	50,858,586
Liabilities			
Other payables	18	**7,027,739**	4,831,944
Total current liabilities		**7,027,739**	4,831,944
Total liabilities		**7,027,739**	4,831,944
Total equity and liabilities		**56,395,577**	55,690,530

The notes on pages 66 to 128 are an integral part of these financial statements.

Statement Of
Profit Or Loss And Other Comprehensive Income
for the year ended 31 December 2020

	Note	Year ended 2020 RM	Period from 5.10.2018 to 31.12.2019 RM
Administrative expenses		**(696,058)**	(548,095)
Net loss on impairment of financial instruments	22	**(520,000)**	-
Other operating expenses		**(274,690)**	-
Loss before tax	22	**(1,490,748)**	(548,095)
Tax expense	24	**-**	-
Loss for the year/period representing total comprehensive expense for the year/period		**(1,490,748)**	(548,095)

The notes on pages 66 to 128 are an integral part of these financial statements.

Statement Of
Changes In Equity
for the year ended 31 December 2020

	Attributable to owners of the Company		
		Non-distributable	
	Share capital RM	Accumulated losses RM	Total equity RM
At 5 October 2018 (date of incorporation)	2	-	2
Loss for the period representing total comprehensive expense for the period	-	(548,095)	(548,095)
Contribution by owners of the Company			
- Shares exchange (Note 14)	51,406,679	-	51,406,679
Total transaction with owners of the Company	51,406,679	-	51,406,679
At 31 December 2019/1 January 2020	**51,406,681**	**(548,095)**	**50,858,586**
Loss for the year representing total comprehensive expense for the year	**-**	**(1,490,748)**	**(1,490,748)**
At 31 December 2020	**51,406,681**	**(2,038,843)**	**49,367,838**
	Note 14	**Note 15**	

The notes on pages 66 to 128 are an integral part of these financial statements.

Statement Of
Cash Flows
for the year ended 31 December 2020

	Note	Year ended 2020 RM	Period from 5.10.2018 to 31.12.2019 RM
Cash flows from operating activities			
Loss before tax		**(1,490,748)**	(548,095)
Adjustment for :			
Unrealised loss on foreign exchange	22	**24,690**	-
Impairment loss on investment in a subsidiary	22	**250,000**	-
Net impairment loss on financial assets	22	**520,000**	-
Operating loss before changes in working capital		**(696,058)**	(548,095)
Change in other payables		**13,440**	25,000
Net cash used in operating activities		**(682,618)**	(523,095)
Cash flows from investing activities			
Investments in subsidiaries		**(311,000)**	-
Advances to a subsidiary		**(938,700)**	-
Net cash used in investing activities		**(1,249,700)**	-
Cash flows from financing activities			
Loan from a subsidiary		**1,500,000**	-
Advances from a subsidiary (net)		**682,355**	523,095
Net cash from financing activities		**2,182,355**	523,095
Net change in cash and cash equivalents		**250,037**	-
Cash and cash equivalents at 1 January/date of incorporation		**2**	2
Cash and cash equivalents at 31 December	13	**250,039**	2

Note

A. During the financial period ended 31 December 2019, the Company acquired the investments in subsidiaries as follows:

	Period from 5.10.2018 (date of incorporation) to 31.12.2019 RM
Financed through	
- Shares exchange	51,406,679
- Amount due to a subsidiary	4,283,849
	55,690,528

The notes on pages 66 to 128 are an integral part of these financial statements.

Central Global Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office are as follows:

Principal place of business

A5-06, Block A Plaza Dwi Tasik
Jalan 5/106 Bandar Sri Permaisuri
56000 Kuala Lumpur

Registered office

Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2020 do not include other entities.

The Company is principally engaged in investment holding.

The principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 24 May 2021.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standard and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments,* MFRS 139*, Financial Instruments: Recognition and Measurement,* MFRS 7*, Financial Instruments: Disclosures,* MFRS 4*, Insurance Contracts* and MFRS 16*, Leases - Interest Rate Benchmark Reform - Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128*, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standard and amendments, where applicable, in the respective financial years when the abovementioned accounting standard and amendments become effective.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standard and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Presentation format

As disclosed in Note 32.1, in 2019, the Company entered into a business combination exercise with CICB, hereinafter referred to as the "Acquisition".

In accordance with MFRS 3, Business Combinations, the Acquisition was accounted for using the reverse acquisition method with the Company being the accounting acquiree and CICB being the accounting acquirer.

Consolidated financial statements prepared following a reverse acquisition are a continuation of the financial statements of CICB, which is the accounting acquirer, with one adjustment, which was to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. Comparative information presented had accordingly been, in the case of the Group, retroactively adjusted into the reorganisation reserve to reflect the legal capital of the Company.

1. Basis of preparation (Cont'd)

(b) Presentation format (Cont'd)

As the consolidated financial statements represented the continuation of the financial statements of CICB, including its subsidiaries (collectively known as "CICB Group"), except for its capital structure, the consolidated financial statements reflected :

(a) the assets and liabilities of the CICB Group recognised and measured at their pre-combination carrying amounts;
(b) the assets and liabilities of the Company recognised and measured at their fair value;
(c) the retained earnings and other equity balances of CICB Group before the Acquisition;
(d) the amount recognised as issued equity interests in the consolidated financial statements was determined by adding the issued equity interest of CICB Group outstanding immediately before the business combination to the fair value of the Company. However, the equity structure reflects the equity structure of the Company, including the equity interests the legal parent issued to effect the combination. Accordingly, the equity structure of CICB Group was restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the Company issued in the reverse acquisition; and
(e) the non-controlling interest's proportionate share of CICB Group's pre-combination carrying amounts of retained earnings and other equity interests.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(d) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(e) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - Extension options and incremental borrowing rate in relation to leases
- Note 5 - Valuation of investment properties
- Note 6 - Impairment loss on investments in subsidiaries
- Note 9 - Valuation of inventories
- Note 19 - Revenue on construction contracts
- Note 28.4 - Measurement of expected credit loss ("ECL")

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution (or included in a disposal group that is classified as held for sale or distribution). The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the period between non-controlling interests and owners of the Company.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(vii) Non-controlling interests (Cont'd)

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to gain or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see note 2(l)(i)).

Financial liabilities

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(iv) 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 guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

(v) 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 transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

2. Significant accounting policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The principal depreciation rates for the current and comparative periods based on their estimated useful lives are as follows:

	%
Buildings	2 - 10
Plant, machinery and loose tools	7.5 - 33.33
Furniture, fittings, equipment and installations	7.5 - 33.33
Motor vehicles	20

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see note 2(l)(i)).

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

2. **Significant accounting policies (Cont'd)**

(g) **Investment properties**

Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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 initially and subsequently measured at cost are accounted for similarly to property, plant and equipment. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties which are owned are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 2(d).

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is measured similarly as other right-of-use assets.

Transfers between investment properties and property, plant and equipment do not change the carrying amount of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of 50 years for shoplots.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

The fair values are based on market values, being the estimated amount by the Directors for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(h) **Inventories**

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

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) **Contract asset/Contract liability**

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see note 2(l)(i)).

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

(j) **Contract costs**

(i) **Incremental cost of obtaining a contract**

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

2. Significant accounting policies (Cont'd)

(j) Contract costs (Cont'd)

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(l) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2. Significant accounting policies (Cont'd)

(l) Impairment (Cont'd)

(i) Financial assets (Cont'd)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial period in which the reversals are recognised.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. Significant accounting policies (Cont'd)

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed once in every three years by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at 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 finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

2. Significant accounting policies (Cont'd)

(p) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(q) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company 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 the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

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

(ii) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as "other income".

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

2. Significant accounting policies (Cont'd)

(r) 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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year/period, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years/periods.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(t) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

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

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

2. Significant accounting policies (Cont'd)

(u) Operating segments

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

(v) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1	:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2	:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	:	unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment - Group

	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installations RM	Motor vehicles RM	Total RM
Cost					
At 1 January 2019	10,604,314	31,329,858	3,803,532	1,427,853	47,165,557
Additions	63,520	2,118,858	155,782	-	2,338,160
Disposals	-	(5,500)	(158,710)	(74,000)	(238,210)
Write off	-	(187,366)	(6,549)	-	(193,915)
Effect of movements in exchange rates	-	-	184	-	184
At 31 December 2019/1 January 2020	**10,667,834**	**33,255,850**	**3,794,239**	**1,353,853**	**49,071,776**
Additions	**-**	**592,948**	**415,218**	**61,300**	**1,069,466**
Disposals	**-**	**-**	**(2,595)**	**(144,560)**	**(147,155)**
Write off	**(1,400)**	**(9,432)**	**(106,780)**	**-**	**(117,612)**
Effect of movements in exchange rates	**-**	**-**	**220**	**-**	**220**
At 31 December 2020	**10,666,434**	**33,839,366**	**4,100,302**	**1,270,593**	**49,876,695**

3. Property, plant and equipment - Group (Cont'd)

	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installations RM	Motor vehicles RM	Total RM
Depreciation					
At 1 January 2019	2,809,547	25,355,888	2,924,610	1,052,783	32,142,828
Depreciation for the year	212,089	2,586,864	340,468	121,306	3,260,727
Disposals	-	(458)	(158,710)	(74,000)	(233,168)
Write off	-	(187,366)	(5,419)	-	(192,785)
Effect of movements in exchange rates	-	-	184	-	184
At 31 December 2019/1 January 2020	**3,021,636**	**27,754,928**	**3,101,133**	**1,100,089**	**34,977,786**
Depreciation for the year	**212,546**	**2,205,000**	**209,533**	**124,207**	**2,751,286**
Disposals	**-**	**-**	**(975)**	**(144,560)**	**(145,535)**
Write off	**(114)**	**(9,432)**	**(104,664)**	**-**	**(114,210)**
Effect of movements in exchange rates	**-**	**-**	**211**	**-**	**211**
At 31 December 2020	**3,234,068**	**29,950,496**	**3,205,238**	**1,079,736**	**37,469,538**
Carrying amounts					
At 1 January 2019	7,794,767	5,973,970	878,922	375,070	15,022,729
At 31 December 2019/1 January 2020	7,646,198	5,500,922	693,106	253,764	14,093,990
At 31 December 2020	**7,432,366**	**3,888,870**	**895,064**	**190,857**	**12,407,157**

4. Right-of-use assets - Group

	Land RM	Building RM	Total RM
At 1 January 2019	1,429,014	293,926	1,722,490
Depreciation for the year	(46,190)	(193,370)	(239,560)
At 31 December 2019/1 January 2020	**1,382,824**	**100,556**	**1,483,380**
Addition	**-**	**178,716**	**178,716**
Depreciation for the year	**(46,190)**	**(130,538)**	**(176,728)**
Effect of movements in exchange rates	**-**	**198**	**198**
At 31 December 2020	**1,336,634**	**148,932**	**1,485,566**

The Group leases an office building that runs for a period of 2 years, with an option to renew the lease after that date. Lease payments are reviewed every two years to reflect current market rentals.

4.1 Extension options

The lease of office building contains extension option exercisable by the Group before the end of the non-cancellable contract period where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension option held is exercisable only by the Group and not by the lessor. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension option. The Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted) RM	Potential future lease payments not included in lease liabilities (discounted) RM	Historical rate of exercise of extension option %
2020			
Building	**-**	**174,617**	**-**
2019			
Building	100,623	-	100

4.2 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension option. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. Investment properties - Group

	Shoplots RM
Cost	
At 1 January 2019/31 December 2019/1 January 2020/ 31 December 2020	**1,345,658**
Depreciation	
1 January 2019	328,662
Depreciation for the year	26,976
At 31 December 2019/1 January 2020	355,638
Depreciation for the year	27,655
At 31 December 2020	**383,293**
Carrying amounts	
At 1 January 2019	1,016,996
At 31 December 2019/1 January 2020	**990,020**
At 31 December 2020	**962,365**

Investment properties comprise a number of shoplots that are leased to third parties. Each of the leases contains an initial non-cancellable period of 2 years. Subsequent renewals are negotiated with the lessee and on average renewal periods are 2 years. No contingent rents are charged.

The following are recognised in profit or loss in respect of investment properties:

	2020 RM	2019 RM
Lease income	**111,220**	107,200
Direct operating expenses		
- Income generating investment properties	**44,800**	40,795

5. Investment properties - Group (Cont'd)

5.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

	2020 RM	2019 RM
Less than one year	**49,200**	112,800
One to two years	**14,300**	37,600
Total undiscounted lease payments	**63,500**	150,400

5.2 Fair value information

The fair value was based on Directors' estimation using the latest available market information and recent experience and knowledge in the location and category property being valued. The fair values of all investment properties of the Group as at 31 December 2020 are classified as level 3 of the fair value hierarchy and determined to be approximately RM2,140,000 (2019 : RM2,108,000).

Estimation uncertainty, key assumptions and significant unobservable inputs

The Directors estimate the fair values of the Group's investment properties by comparing the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities.

The significant unobservable input is price per square foot which is estimated at RM325 (2019 : RM320). The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

6. Interests in subsidiaries - Company

	2020 RM	2019 RM
Costs of investments	**51,717,779**	51,406,779
Less: Impairment loss	**(250,000)**	-
	51,467,779	51,406,779
Loans to a subsidiary	*** 4,283,749**	* 4,283,749
	55,751,528	55,690,528

* The loans to a subsidiary reclassified from receivables are regarded as net interest in a subsidiary as the Company recognised these amounts as a long term source of capital to the subsidiary.

6. Interests in subsidiaries - Company (Cont'd)

Impairment loss

The impairment loss during the year of RM250,000 (2019: RM Nil) is in relation to Central Global Impact Pte. Ltd. which was disposed off subsequent to the financial year (see Note 34.5), based on the consideration agreed and is included in the other expenses.

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2020 %	2019 %
Direct subsidiaries of the Company:				
Central Industrial Corporation Berhad ("CICB")	Malaysia	Manufacturing and sales of self-adhesive label stocks and tapes of its own brand and trading of other self-adhesive label stocks and tapes	**100**	100
CIC Construction Sdn. Bhd. ("CICC")	Malaysia	Investment holding, contractor of building and infrastructure and trading of building materials	**100**	100
Central Global Impact Pte. Ltd. ("CGI")#	Singapore	Wholesale trade of a variety of goods	**100**	-
Direct subsidiaries of the CICB:				
CIC Marketing Sdn. Bhd. ("CICM")	Malaysia	Marketing of self-adhesive label stocks and tapes	**100**	100
CICS Distributors Pte. Ltd. ("CICS")#	Singapore	Trading of adhesive tapes	**100**	100
Subsidiary of CICC				
Proventus Bina Sdn. Bhd. ("PBSB")	Malaysia	Contractor of building and general contract works and trading of building materials	**51**	51

Not audited by member firms of KPMG International.

6. Interests in subsidiaries - Company (Cont'd)

6.1 Non-controlling interest in a subsidiary

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	PBSB RM
2020	
NCI percentage of ownership interest and voting interest	**49%**
Carrying amount of NCI	**1,926,029**
Loss allocated to NCI	**2,651,115**
Summarised financial information before intra-group elimination	
As at 31 December	
Non-current assets	**2,168,586**
Current assets	**35,716,054**
Non-current liabilities	**(185,939)**
Current liabilities	**(33,768,030)**
Net assets	**3,930,671**
Year ended 31 December	
Revenue	**65,240,235**
Loss for the year and total comprehensive expense	**5,410,439**
Cash flows used in operating activities	**(2,938,590)**
Cash flows used in investing activities	**(46,417)**
Cash flows from financing activities	**1,822,244**
Net decrease in cash and cash equivalents	**(1,162,763)**
Dividend paid to NCI	**-**

6. **Interests in subsidiaries - Company (Cont'd)**

6.1 Non-controlling interest in a subsidiary (Cont'd)

	PBSB RM
2019	
NCI percentage of ownership interest and voting interest	49%
Carrying amount of NCI	4,577,144
Profit allocated to NCI	1,031,500
Summarised financial information before intra-group elimination	
As at 31 December	
Non-current assets	4,083,024
Current assets	33,718,306
Non-current liabilities	(627,417)
Current liabilities	(27,832,801)
Net assets	9,341,112
Year ended 31 December	
Revenue	59,910,304
Profit for the year and total comprehensive income	2,105,103
Cash flows from operating activities	2,615,201
Cash flows used in investing activities	(1,581,131)
Cash flows used in financing activities	(1,922,280)
Net decrease in cash and cash equivalents	(888,210)
Dividend paid to NCI	-

7. **Goodwill - Group**

	RM
Cost	
At 1 January 2019/31 December 2019/1 January 2020	**22,285**
Write off during the year (Note 22)	**(22,285)**
At 31 December 2020	**-**

Goodwill acquired in a business combination was allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from the business combination. The carrying amount of goodwill had been allocated to PBSB that was acquired during the financial year ended 31 December 2018.

During the financial year ended 31 December 2020, the goodwill is fully written off following the less favourable operating results of PBSB.

8. Deferred tax assets/(liabilities) - Group

Recognised deferred tax assets/(liabilities)

The recognised deferred tax asset and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed capital allowances	**317,000**	302,000	**-**	-	**317,000**	302,000
Unutilised tax losses	**14,000**	59,000	**-**	-	**14,000**	59,000
Provisions	**700,000**	583,000	**-**	-	**700,000**	583,000
Property, plant and equipment	**-**	-	**(1,227,000)**	(1,540,000)	**(1,227,000)**	(1,540,000)
Deferred tax assets/(liabilities)	**1,031,000**	944,000	**(1,227,000)**	(1,540,000)	**(196,000)**	(596,000)
Set-off of tax	**(1,031,000)**	(899,000)	**1,031,000**	899,000	**-**	-
Net deferred tax assets/(liabilities)	**-**	45,000	**(196,000)**	(641,000)	**(196,000)**	(596,000)

Movements in temporary differences during the financial year are as follows:

	At 1.1.2019 RM	Recognised in profit or loss (Note 24) RM	At 31.12.2019/ 1.1.2020 RM	Recognised in profit or loss (Note 24) RM	At 31.12.2020 RM
Unabsorbed capital allowances	183,000	119,000	302,000	15,000	**317,000**
Unutilised tax losses	81,000	(22,000)	59,000	(45,000)	**14,000**
Provisions	584,000	(1,000)	583,000	117,000	**700,000**
Property, plant and equipment	(1,694,000)	154,000	(1,540,000)	313,000	**(1,227,000)**
	(846,000)	250,000	(596,000)	400,000	**(196,000)**

8. Deferred tax assets/(liabilities) - Group (Cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2020 RM	2019 RM
Unabsorbed capital allowances	**555,000**	36,000
Unutilised reinvestment allowances	**10,238,000**	10,238,000
Unutilised tax losses	**5,516,000**	577,000
Other temporary diferences	**-**	719,000
	16,310,000	11,570,000

The unabsorbed capital allowances do not expire under current tax legislation.

As stipulated in the Finance Act 2018, effective from the year of assessment ("YA") 2018, any unutilised reinvestment allowances and unutilised tax losses can only be carry forward for a maximum period of 7 consecutive YAs. The unutilised reinvestment allowances and unutilised tax losses for YA 2018 and prior YAs can be carried forward until YA 2025. Any amounts not utilised upon expiry of the 7 years' period will be disregarded.

As at 31 December, the utilised reinvestment allowances and unutilised tax losses will expire as follows:

	2020 RM	2019 RM
Unutilised tax losses		
- YA 2025	**577,000**	577,000
- YA 2027	**4,939,000**	-
	5,516,000	577,000
Unutilised reinvestment allowances		
- YA 2025	**10,238,000**	10,238,000

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

9. Inventories - Group

	2020 RM	2019 RM
Raw materials	**6,864,726**	6,953,036
Work-in-progress	**1,978,975**	2,467,196
Manufactured inventories	**2,154,769**	3,780,260
Trading inventories	**1,842,075**	1,086,191
Consumables	**261,255**	263,094
	13,101,800	14,549,777
Recognised in profit or loss:		
Inventories recognised as cost of sales	**44,872,953**	48,725,178
Write-down to net realisable value	**476,232**	291,759

The write-down is included in other expenses.

9. Inventories - Group (Cont'd)

9.1 Significant judgments and assumptions

In determining the amount of inventories to be written down, the Directors took into consideration the age of inventories and the likelihood of future consumption and sale.

10. Contract assets - Group

	Note	2020 RM	2019 RM
Contract assets	10.1	**9,334,370**	9,231,556

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 60 days and payment is expected within 60 days.

10.1 Significant changes to contract assets balance during the year are as follows:

	Note	2020 RM	2019 RM
Opening balance		**9,231,556**	2,780,014
Revenue recognised as a result of changes in measure of progress	6.1	**65,240,235**	59,910,304
Decrease due to progress billings raised during the year		**(65,137,421)**	(53,458,762)
Closing balance		**9,334,370**	9,231,556

11. Trade and other receivables

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Trade					
Third parties	11.1	**22,498,593**	18,512,762	**-**	-
Retention sum	11.2	**8,620,121**	6,822,257	**-**	-
Trade receivables from contracts with customers		**31,118,714**	25,335,019	**-**	-
Non-trade					
Amount due from a subsidiary	11.3	**-**	-	**394,010**	-
Other receivables	11.4	**1,645,111**	422,045	**-**	-
Deposits	11.5	**2,543,602**	2,432,665	**-**	-
Prepayments	11.6	**95,743**	1,098,066	**-**	-
		4,284,456	3,952,776	**394,010**	-
		35,403,170	29,287,795	**394,010**	-

11. Trade and other receivables - Group (Cont'd)

11.1 Included in trade receivables - third parties of the Group is an amount of RMNil (2019 : RM882,564) in relation to a tripartite novation arrangement between a subsidiary with a contract customer and a sub-contractor to novate the debt (see Note 33.3). The tripartite novation arrangement was completed during the financial year ended 31 December 2020.

11.2 Retention sum relates to construction work-in-progress. Retention sum is unsecured, interest-free and is expected to be collected as follows:

	2020 RM	2019 RM
Within 1 year	**-**	1,068,920
More than 1 year	**8,620,121**	5,753,337
	8,620,121	6,822,257

11.3 The non-trade amount due from a subsidiary is unsecured, interest-free and repayable on demand.

11.4 Included in other receivables of the Group are amounts of :

i) RM1,081,696 (2019 : RMNil) representing Profit Guarantee Shortfall receivable (see Note 33.2);
ii) RM345,287 (2019 : RM129,999) representing advance payments to suppliers for the purchase of inventories and non-trade supplies; and
iii) RM76,271 (2019 : RM75,379) representing amount receivable from sub-contractors in relation to the construction work performed on their behalf.

11.5 Included in deposits of the Group is an amount of RM2,000,000 (2019 : RM2,000,000) representing deposit paid to a sub-contractor for future construction work and to secure the repayment by a subsidiary. The security deposit is refundable upon the cessation of dealings with the sub-contractor.

11.6 Included in prepayments of the Group is an amount of RM Nil (2019 : RM965,835) in relation to the professional interior design services for a construction contract.

12. Fixed deposits with a licensed bank - Group

	2020 RM	2019 RM
Fixed deposits placed with a licensed bank	**3,090,563**	3,835,801

12.1 Fixed deposits of RM1,412,473 (2019 : RM1,673,867) are pledged as security for bank borrowings of a subsidiary (Note 16).

13. Cash and cash equivalents

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short term deposits placed with a licensed bank	**500,000**	3,040,167	**-**	-
Cash and bank balances	**9,405,970**	8,712,526	**250,039**	2
	9,905,970	11,752,693	**250,039**	2

14. Share capital - Group/Company

	2020		2019	
	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully paid ordinary shares with no par value classified as equity instruments				
At 1 January	**51,406,681**	**90,000,002**	2	2
Issued during the period:				
- Shares exchange	**-**	**-**	51,406,679	90,000,000
At 31 December	**51,406,681**	**90,000,002**	51,406,681	90,000,002

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

15. Reserves

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable					
Accumulated losses		**(6,747,863)**	(3,715,967)	**(2,038,843)**	(548,095)
Translation reserve	15.1	**248,273**	276,961	**-**	-
		(6,499,590)	(3,439,006)	**(2,038,843)**	(548,095)

The movements of reserves are shown in the statements of changes in equity.

15.1 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

15.2 Reorganisation reserve

The reorganisation reserve at the consolidated financial statements represents the difference between the legal capital of the Company (accounting acquiree) and CICB (accounting acquirer).

16. Loans and borrowings - Group

	Note	2020 RM	2019 RM
Non-current			
Hire purchase creditor		**185,938**	282,417
		185,938	282,417
Current			
Hire purchase creditor		**96,478**	89,357
Bank overdrafts	16.1	**3,146,413**	2,611,836
		3,242,891	2,701,193
		3,428,829	2,983,610

16.1 Bank overdrafts

The bank overdrafts are secured by way of the following:

i) facilities agreement as principal instrument;
ii) deed of assignment of contract proceed;
iii) corporate guarantee provided by the Company;
iv) personal guarantee provided by a former Director of a subsidiary; and
v) pledge of fixed deposits with a licensed bank (Note 12).

17. Employee benefits - Group

17.1 Retirement benefits

	2020 RM	2019 RM
Net defined benefit liability	**1,842,135**	1,655,592

The Group provides retirement benefits for all permanent Union employees who joined the Company prior to 1 January 2008. Under the Scheme, a retired/resigned employee is entitled to receive an annual payment equal to 0.75 month of the last drawn salary for each year of service the employee provided.

Movements in net defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit liability and its components:

	Defined benefit obligation/ Net defined benefit liability	
	2020 RM	2019 RM
Balance at 1 January	**1,655,592**	1,716,590
Included in profit or loss		
Current service cost	**64,042**	67,322
Interest cost	**82,574**	83,260
	146,616	150,582
Included in other comprehensive income		
Remeasurement loss		
- Actuarial loss arising from:		
- Financial assumptions	**167,467**	-
Other		
Benefits paid	**(127,540)**	(211,580)
Balance at 31 December	**1,842,135**	1,655,592

17. Employee benefits - Group (Cont'd)

17.1 Retirement benefits (Cont'd)

Defined benefit obligation

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	2020	2019
Discount rate	**3.8%**	5.2%
Future salary growth	**5.0%**	5.0%

At 31 December 2020, the weighted-average duration of the defined benefit obligation was 7 years (2019 : 7 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Defined benefit obligation	
	Increase RM	Decrease RM
2020		
Discount rate (1% movement)	**(106,231)**	**118,241**
Future salary growth (1% movement)	**140,720**	**(127,791)**
2019		
Discount rate (1% movement)	(110,951)	124,112
Future salary growth (1% movement)	129,111	(117,355)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

18. Trade and other payables

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Trade					
Trade payables	18.1	**27,533,396**	23,806,885	**-**	-
Retention sum	18.2	**2,977,158**	1,832,355	**-**	-
		30,510,554	25,639,240	**-**	-
Non-trade					
Amount due to a subsidiary					
- loans	18.3	**-**	-	**5,783,749**	4,283,749
- advances	18.4	**-**	-	**1,205,550**	523,195
Other payables		**1,807,417**	733,526	**-**	-
Accrued expense		**912,966**	449,647	**38,440**	25,000
		2,720,383	1,183,173	**7,027,739**	4,831,944
		33,230,937	26,822,413	**7,027,739**	4,831,944

18.1 Included in trade payables of the Group is an amount of RMNil (2019 : RM882,564) in relation to a tripartite novation arrangement between a subsidiary with a contract customer and a sub-contractor to novate the debt (see Note 33.3).

18.2 Retention sum relates to construction work-in-progress. Retention sum is unsecured, interest-free and is expected to be paid after 2 years.

18.3 Included in loans from a subsidiary of the Company is an amount of RM4,283,749 (2019 : RM4,283,749) in relation to the transfer of interest in a subsidiary from CICB in conjunction with the reorganisation that was completed in 2019.

The loans are unsecured, interest-free and repayable on demand.

18.4 The advances from a subsidiary of the Company are unsecured, interest-free and payable on demand.

19. Revenue

	Group 2020 RM	Group 2019 RM
Revenue from contracts with customers	**117,720,377**	114,057,933

19. Revenue (Cont'd)

19.1 Disaggregation of revenue

	Group	
	2020 RM	2019 RM
Primary geographical markets		
- Malaysia	**101,255,865**	96,603,288
- Asia (excluding Malaysia)	**11,223,918**	9,995,671
- Australia	**3,152,293**	5,011,766
- United States of America	**614,760**	770,989
- Europe	**1,019,872**	844,719
- Other countries	**453,669**	831,500
	117,720,377	114,057,933
Major products and service lines		
- Self adhesive tapes	**28,495,261**	29,642,608
- Self adhesive label stocks	**7,791,932**	9,049,641
- Trading goods	**16,192,949**	15,455,380
- Construction contracts	**65,240,235**	59,910,304
	117,720,377	114,057,933
Timing and recognition		
- At a point in time	**52,480,142**	54,147,629
- Over time	**65,240,235**	59,910,304
	117,720,377	114,057,933

19. Revenue (Cont'd)

19.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Label stocks and tapes	Revenue is recognised when the control of the goods are transferred and accepted by the customers.	Credit period of 15 - 90 days from invoice date.	Discounts are given to customers where the customers pay within 30 days from invoice date.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.
Construction contracts	Revenue is recognised over time using the cost incurred method. The construction is on land owned by the customer.	Based on agreed milestones, certified by architects.	Certain projects are embedded with sharing of base cost saving.	Not applicable.	Defect liability period of 2 years is given to the customer.

19.3 Transaction price allocated to the remaining performance obligations

The revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date amounted to RM53,982,660 (2019 : RM86,948,618). The Group expects to recognise the revenue progressively over 1 to 2 years based on the progress of satisfaction of the performance obligation. The disclosure is only providing information for contracts that have a duration of more than one year.

	2021 RM	2022 RM	Total RM
2020			
Construction contracts	**47,483,283**	**6,499,377**	**53,982,660**

	2020 RM	Total RM
2019		
Construction contracts	86,948,618	86,948,618

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

19. Revenue (Cont'd)

19.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers on construction contracts.

The Group measured the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total contract costs to complete and variable transaction price arising from the sharing of base cost saving, where relevant. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

20. Finance income - Group

	2020 RM	2019 RM
Recognised in profit or loss:		
Interest income of financial assets calculated using the effective interest method that are:		
- at amortised cost	**181,559**	247,710

21. Finance costs - Group

	2020 RM	2019 RM
Recognised in profit or loss:		
Interest expense of financial liabilities that are not at fair value through profit or loss	**268,812**	205,759
Interest expense on lease liabilities	**3,610**	10,820
	272,422	216,579

22. (Loss)/Profit before tax

		Group		Company	
	Note	Year ended 31.12.2020 RM	Year ended 31.12.2019 RM	Year ended 31.12.2020 RM	Period from 5.10.2018 (date of incorporation) to 31.12.2019 RM
(Loss)/Profit before tax is arrived at after charging/(crediting):					
Auditors' remunerations					
- Audit fees					
KPMG PLT		**142,500**	156,000	**25,000**	25,000
Other auditors		**21,264**	12,150	**-**	-
- Non-audit fees					
KPMG PLT		**4,000**	4,000	**4,000**	4,000
Local affiliates of KPMG PLT		**24,000**	10,000	**15,000**	1,000
Corporate exercise expenses		**-**	237,044	**-**	237,044
Gain on disposal of plant and equipment		**(22,827)**	(19,658)	**-**	-
Government grants	a	**(756,000)**	-	**-**	-
Insurance claim (gross)		**(1,752,189)**	-	**-**	-
Profit Guarantee Shortfall	33.2	**(1,081,696)**	-	**-**	-
Lease income from investment properties	5	**(111,220)**	(107,200)	**-**	-
Bad debts recovered		**-**	(8,479)	**-**	-
Bad debt written off		**10,060**	3,217	**-**	-
Goodwill written off	7	**22,285**	-	**-**	-
Depreciation of					
- Property, plant and equipment	3	**2,751,286**	3,260,727	**-**	-
- Right-of-use assets	4	**176,728**	239,560	**-**	-
- Investment properties	5	**27,655**	26,976	**-**	-
Impairment loss on investment in a subsidiary		**-**	-	**250,000**	-
Inventories written down	9	**476,232**	291,759	**-**	-
Plant and equipment written off		**3,402**	1,130	**-**	-
Foreseeable loss		**222,049**	-	**-**	-
Employee benefits	17	**146,616**	150,582	**-**	-
Personnel expenses (excluding Directors' emoluments)					
- Wages, salaries and others		**9,312,584**	9,189,183	**-**	-
- Employees' Provident Fund contributions		**1,096,800**	1,106,995	**-**	-
Net foreign exchange loss		**71,642**	64,025	**24,690**	-

22. (Loss)/Profit before tax (Cont'd)

		Group		Company	
	Note	Year ended 31.12.2020 RM	Year ended 31.12.2019 RM	Year ended 31.12.2020 RM	Period from 5.10.2018 (date of incorporation) to 31.12.2019 RM
Expenses arising from leases:					
Expenses relating to short-term leases	b	**181,299**	107,869	-	-
Expenses relating to leases of low-value assets	b	**19,412**	14,503	-	-
Net losses/(gains) on impairment of financial instruments and contract assets					
Financial assets at amortised cost					
- Allowance of impairment loss on trade receivables		**-**	389,394	520,000	-
- Reversal of impairment loss on trade receivables		**(263,425)**	-	-	-
		(263,425)	389,394	520,000	-

Note a

The Group received wage subsidy from government to retain local employees during the approved period of economy uncertainty brought about by the Coronavirus (COVID-19) outbreak.

Note b

The Group leases office equipment and office premises with contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

23. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	Year ended 31.12.2020 RM	Year ended 31.12.2019 RM	Year ended 31.12.2020 RM	Period from 5.10.2018 (date of incorporation) to 31.12.2019 RM
Directors of the Company				
Current Directors				
- Fees	212,000	276,000	212,000	138,000
- Remuneration	203,000	613,200	203,000	97,150
- Employees' Provident Fund contributions	17,280	78,468	17,280	9,648
Past Directors				
- Fees	41,000	-	41,000	-
- Remuneration	148,450	-	10,250	-
	621,730	967,668	483,530	244,798
Other Directors				
- Fees	-	6,000	-	-
- Remuneration	909,906	436,226	-	-
- Employees' Provident Fund contributions	132,441	63,021	-	-
	1,042,347	505,247	-	-
	1,664,077	1,472,915	483,530	244,798

The Group's estimated monetary value of Directors' benefit-in-kind are RM17,400 (2019: RM17,400).

24. Tax expense

Recognised in profit or loss

	Group		Company	
	Year ended 31.12.2020 RM	Year ended 31.12.2019 RM	Year ended 31.12.2020 RM	Period from 5.10.2018 (date of incorporation) to 31.12.2019 RM
Current tax expense				
- Current year	**118,000**	1,099,000	**-**	-
- Prior year	**42,904**	(1,824)	**-**	-
	160,904	1,097,176	**-**	-
Deferred tax expense				
Origination and reversal of temporary differences	(401,000)	(258,000)	**-**	-
Under provision in prior year	1,000	8,000	**-**	-
	(400,000)	(250,000)	**-**	-
Total tax expense	(239,096)	847,176	**-**	-

Reconciliation of tax expense

	Group		Company	
	Year ended 31.12.2020 RM	Year ended 31.12.2019 RM	Year ended 31.12.2020 RM	Period from 5.10.2018 (date of incorporation) to 31.12.2019 RM
(Loss)/Profit for the year/period	**(5,515,544)**	421,933	**(1,490,748)**	(548,095)
Total tax expense	**(239,096)**	847,176	**-**	-
(Loss)/Profit excluding tax	**(5,754,640)**	1,269,109	**(1,490,748)**	(548,095)
Income tax calculated using Malaysian tax rate of 24%	**(1,381,114)**	304,586	**(357,780)**	(131,543)
Effect of lower tax rate in foreign jurisdiction*	**25,691**	2,445	**-**	-
Non-deductible expenses	**14,098**	531,039	**357,780**	131,543
Non-taxable income	**(83,876)**	-	**-**	-
Effect of unrecognised deferred tax assets	**1,137,600**	-	**-**	-
Other items	**4,601**	2,930	**-**	-
	(283,000)	841,000	**-**	-
Under provided in prior year	**43,904**	6,176	**-**	-
	(239,096)	847,176	**-**	-

* Subsidiaries operates in a tax jurisdiction with a lower tax rate.

25. Earnings per ordinary share - Group

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 December 2020 was based on the loss attributable to ordinary shareholders of RM2,864,429 (2019 : RM609,567) and a weighted average number of ordinary shares outstanding during the year of 90,000,002 (2019 : 90,000,002).

Diluted loss per ordinary share

The diluted loss per ordinary share is the same as basic loss per ordinary share as there are no dilutive potential ordinary shares.

26. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or 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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group.

The Group has related party relationship with its significant investors, subsidiaries, associate and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 11 and Note 18.

	Year ended 31.12.2020 RM	Period from 5.10.2018 (date of incorporation) to 31.12.2019 RM
Company		
Subsidiaries		
Loans from a subsidiary	**1,500,000**	4,283,749
Advances from a subsidiary, net	**682,355**	523,095
Advances to a subsidiary	**938,700**	-

There were no transactions with the key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 23 to the financial statements.

27. Operating segments - Group

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. Managing Director of respective business units) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments :

- Manufacturing and sale of self-adhesive label stocks and tapes
- Construction contracts
- Wholesale trade of a variety of goods ("Trading")

Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total assets are used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial period to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

27. **Operating segments - Group (Cont'd)**

	Self-adhesive label stocks and tapes		Construction contracts		Trading		Others		Consolidated	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Segment profit/(loss)	**121,024**	(1,351,913)	**(4,696,568)**	3,169,117	**(483,038)**	-	**(696,058)**	(548,095)	**(5,754,640)**	1,269,109
Included in the measure of segment profit/(loss) are:										
- Revenue from external customers	**52,480,142**	54,147,629	**65,240,235**	59,910,304	**-**	-	**-**	-	**117,720,377**	114,057,933
- Depreciation and amortisation	**933,171**	1,923,005	**2,022,498**	1,604,258	**-**	-	**-**	-	**2,955,669**	3,527,263
- Write down of inventories	**476,232**	291,759	**-**	-	**-**	-	**-**	-	**476,232**	291,759
- Interest income	**119,916**	197,304	**61,643**	50,406	**-**	-	**-**	-	**181,559**	247,710
- Interest expense	**3,610**	10,820	**268,812**	205,759	**-**	-	**-**	-	**272,422**	216,579
- goodwill written off	**-**	-	**22,285**	-	**-**	-	**-**	-	**22,285**	-
Segment assets	**45,577,903**	47,516,967	**38,966,336**	37,801,330	**896,683**	-	**250,039**	-	**85,690,961**	85,318,297
Included in the measure of segment assets are:										
- Additions to non-current assets other than financial instruments and deferred tax assets	**859,875**	309,623	**108,060**	2,028,537	**280,247**	-	**-**	-	**1,248,182**	2,338,160

27. Operating segments - Group (Cont'd)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in an associate), deferred tax assets and goodwill.

	Revenue RM	Non-current assets RM
2020		
Malaysia	**101,255,865**	**14,594,930**
Asia (excluding Malaysia)	**11,223,918**	**260,158**
Australia	**3,152,293**	**-**
United States of America	**614,760**	**-**
Europe	**1,019,872**	**-**
Others	**453,669**	**-**
	117,720,377	**14,855,088**
2019		
Malaysia	96,603,288	16,462,620
Asia (excluding Malaysia)	9,995,671	104,770
Australia	5,011,766	-
United States of America	770,989	-
Europe	844,719	-
Others	831,500	-
	114,057,933	16,567,390

Major customers

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

	Revenue		Segment
	2020 RM	2019 RM	
All common control companies of:			
Customer A	**25,815,548**	18,724,459	Construction contracts
Customer B	**27,368,226**	23,819,440	Construction contracts

28. Financial instruments

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2020 categorised as amortised cost ("AC").

	Carrying amount RM	AC RM
2020		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	**35,307,427**	**35,307,427**
Fixed deposits with a licensed bank	**3,090,563**	**3,090,563**
Cash and cash equivalents	**9,905,970**	**9,905,970**
	48,303,960	**48,303,960**
Company		
Amount due from a subsidiary	**394,010**	**394,010**
Cash and cash equivalents	**250,039**	**250,039**
	644,049	**644,049**
Financial liabilities		
Group		
Loans and borrowings	**3,428,829**	**3,428,829**
Trade and other payables	**33,230,937**	**33,230,937**
	36,659,766	**36,659,766**
Company		
Other payables	**7,027,739**	**7,027,739**
2019		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	28,189,729	28,189,729
Fixed deposits with licensed banks	3,835,801	3,835,801
Cash and cash equivalents	11,752,693	11,752,693
	43,778,223	43,778,223

28. Financial instruments (Cont'd)

28.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM
2019		
Financial assets		
Company		
Cash and cash equivalents	2	2
Financial liabilities		
Group		
Loans and borrowings	2,983,610	2,983,610
Trade and other payables	26,822,413	26,822,413
	29,806,023	29,806,023
Company		
Other payables	4,831,944	4,831,944

28.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net gains/(losses) on:				
Financial assets at amortised cost	**363,282**	(200,447)	**(544,690)**	-
Financial liabilities at amortised cost	**(268,812)**	(205,759)	**-**	-
	94,470	(406,206)	**(544,690)**	-

28.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28. Financial instruments (Cont'd)

28.4 Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arise principally from the individual characteristics of each customer and financial guarantees given to contract customers in lieu of bank guarantee or performance bond issued by financial institutions. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

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

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of the Group's receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Concentration at credit risk

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by geographic region was:

	2020 RM	2019 RM
Group		
Malaysia	**37,781,633**	32,533,523
Asia (excluding Malaysia)	**1,919,691**	1,695,371
Australia	**596,834**	19,807
United States of America	**-**	195,895
Europe	**40,930**	121,979
Others	**113,996**	-
	40,453,084	34,566,575

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group's debt recovery process includes the issuance of formal reminder letter before the issuance of letter of demand and consequently legal actions. For any amounts past due more than 90 days, they are monitored individually by sales management team.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments except for construction segment. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

For construction contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. Most of these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Group			
2020			
Current (not past due)	**34,898,581**	**-**	**34,898,581**
Past due 1 - 30 days	**2,171,856**	**-**	**2,171,856**
Past due 31 - 60 days	**1,191,282**	**-**	**1,191,282**
Past due 61 - 90 days	**181,590**	**-**	**181,590**
	38,443,309	**-**	**38,443,309**
Credit impaired			
More than 90 days past due	**2,009,775**	**-**	**2,009,775**
Individually impaired	**133,661**	**(133,661)**	**-**
	40,586,745	**(133,661)**	**40,453,084**
Trade receivables	**31,252,375**	**(133,661)**	**31,118,714**
Contract assets	**9,334,370**	**-**	**9,334,370**
	40,586,745	**(133,661)**	**40,453,084**

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

As at 31 December 2020, trade receivables with more than 90 days past due include an amount of RM121,608 for a completed construction contract which will only be reimbursed upon the release of final account, as such no loss allowance is provided.

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Group			
2019			
Current (not past due)	29,691,889	-	29,691,889
Past due 1 - 30 days	1,632,133	-	1,632,133
Past due 31 - 60 days	610,900	-	610,900
Past due 61 - 90 days	233,674	-	233,674
	32,168,596	-	32,168,596

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Group			
Credit impaired			
More than 90 days past due	2,397,979	-	2,397,979
Individually impaired	400,624	(400,624)	-
	34,967,199	(400,624)	34,566,575
Trade receivables	25,735,643	(400,624)	25,335,019
Contract assets	9,231,556	-	9,231,556
	34,967,199	(400,624)	34,566,575

As at 31 December 2019, trade receivables with more than 90 days past due amounting to RM1,850,935 for a completed construction contract which will only be reimbursed upon the release of final account, as such no loss allowance is provided.

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

	2020 RM	2019 RM
Group		
Trade receivables credit impaired		
Balance at 1 January	**400,624**	20,495
Net remeasurement of loss allowance	**(263,425)**	389,394
Write off	**(3,538)**	(9,265)
Balance as at 31 December	**133,661**	400,624

As at 31 December 2020, RM8,566 (2019 : RM9,265) of trade receivables were written off but they are still subject to enforcement activity.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly in respect of Profit Guarantee Shortfall (Note 33.2), deposits paid for office buildings and utilities, and refundable security deposit paid to a sub-contractor who has relatively low credit risk where a net trade payable position stood at the reporting date. These deposits will be received at the end of each lease terms or upon cessation of dealings with the sub-contractor, where applicable. The Group manages the credit risk together with the leasing arrangement and amount due to a sub-contractor.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to external suppliers and bank in respect of construction work secured by and banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiary to fulfil the construction contracts on an individual basis.

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM26,862,161 (2019: RM4,350,000) where the financial guarantees of RM6,612,161 (2019 : RM3,750,000) and RM20,250,000 (2019: RM600,000) are provided as credit enhancements to a subsidiary's secured contracts and a subsidiary's secured banking facilities respectively.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to complete the contract secured according to terms entered into;
- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed contracts individually using internal information available.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provided unsecured loan to a subsidiary. The Company monitored the ability of the subsidiary to repay the loan on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the previous reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

Loan provided is not secured by any collateral or supported by any other credit enhancements and is solely provided to wholly-owned subsidiary of the Company.

Recognition and measurement of impairment loss

Generally, the Company considers loan to a subsidiary to have low credit risk. 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 subsidiary's loan when it is payable, the Company considers the loan to be in default when the subsidiary is not able to pay when demanded. The Company considers a subsidiary 's loan to be credit impaired when:

- The subsidiary is unlikely to repay its loan to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for the loan using internal information available.

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Inter-company loans and advances (Cont'd)

The following table provides information about the exposure to credit risk and ECL for loan to a subsidiary as as 31 December.

	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
Company			
2020			
Low credit risk	**394,010**	**-**	**394,010**
Credit impaired	**520,000**	**(520,000)**	**-**
	914,000	**(520,000)**	**394,010**

The movements in the allowance for impairment in respect of loan to a subsidiary during the year is as follows:

	Lifetime ECL RM
Company	
2019	
Balance at 1 January 2019	-
Net remeasurement of loss allowance	520,000
	520,000

The significance increase in net measurement of loss allowance is primarily due to the subsidiary due to the subsidiary which its business venture was not successful.

28.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate/ Discount rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2020							
Non-derivative financial liabilities							
Lease liabilities	143,290	5.25	149,958	89,975	59,983	-	-
Hire purchase creditor	282,416	3.70	310,164	112,801	112,801	84,562	-
Bank overdrafts	3,146,413	6.90	3,146,413	3,146,413	-	-	-
Trade and other payables	33,230,937	-	33,230,937	33,230,937	-	-	-
	36,803,056		36,837,472	36,580,126	172,784	84,562	-
2019							
Non-derivative financial liabilities							
Lease liabilities	100,623	5.25	102,168	102,168	-	-	-
Hire purchase creditor	371,774	3.70	422,964	112,801	112,801	197,362	-
Bank overdrafts	2,611,836	8.40	2,611,836	2,611,836	-	-	-
Trade and other payables	26,822,413	-	26,822,413	26,822,413	-	-	-
	29,906,646		29,959,381	29,649,218	112,801	197,362	-

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM	Contractual interest rate/ Discount rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Company							
2020							
Non-derivative financial liabilities							
Other payables	7,027,739	-	7,027,739	7,027,739	-	-	-
Financial guarantees *	-	-	26,862,161	26,862,161	-	-	-
	7,027,739		33,889,900	33,889,900	-	-	-
2019							
Non-derivative financial liabilities							
Other payables	4,831,944	-	4,831,944	4,831,944	-	-	-
Financial guarantees *	-	-	4,350,000	4,350,000	-	-	-
	4,831,944		9,181,944	9,181,944	-	-	-

* The amount represents the outstanding guarantees to external suppliers and banking facilities of the subsidiaries as at the end of the reporting period.

28. Financial instruments (Cont'd)

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

28.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Chinese Yuan ("CNY") and Singapore Dollar ("SGD").

Risk management objectives, policies and processes for managing the risk

The Group ensures that the net exposure is kept to an acceptable level, by buying and selling foreign currencies at spot rate where necessary to address short-term imbalances.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Group Denominated in		Company Denominated in
	USD RM	CNY RM	SGD RM
Group			
2020			
Trade and other receivables	**1,298,281**	**-**	**394,010**
Cash and cash equivalents	**3,326,791**	**-**	
Trade and other payables	**(411,747)**	**(940,712)**	**-**
Net exposure	**4,213,325**	**(940,712)**	**394,010**
2019			
Trade and other receivables	687,575	-	-
Cash and cash equivalents	1,652,326	-	-
Trade and other payables	(1,329,702)	(165,598)	-
Net exposure	1,010,199	(165,598)	-

Currency risk sensitivity analysis

A 10% (2019 : 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

28. Financial instruments (Cont'd)

28.6 Market risk (Cont'd)

28.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

	Profit or loss	
	2020 RM	**2019 RM**
Group		
USD	**320,213**	(76,775)
CNY	**(71,494)**	12,585
Company		
SGD	**29,945**	-

A 10% (2019 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

28.6.2 Interest rate risk

The Group's investments in fixed rate deposits and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-earning financial instruments, based on carrying amounts as at the end of the reporting period was:

	2020 RM	**2019 RM**
Group		
Fixed rate instruments		
Financial assets		
- Fixed deposits with licensed banks	**3,090,563**	3,835,801
- Cash and cash equivalents	**500,000**	3,040,167
	3,590,563	6,875,968
Financial liabilities		
- Lease liabilities	**(143,290)**	(100,623)
- Hire purchase creditor	**(282,416)**	(371,774)
	(425,706)	(472,397)
	3,164,857	6,403,571

28. Financial instruments (Cont'd)

28.6 Market risk (Cont'd)

28.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk (Cont'd)

	2020 RM	2019 RM
Group		
Floating rate instruments		
Financial liabilities		
- Bank overdrafts	**(3,146,413)**	(2,611,836)

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	100 bp increase RM	100 bp decrease RM
Group		
31 December 2020		
Floating rate instruments	**(23,913)**	**23,913**
31 December 2019		
Floating rate instruments	(19,850)	19,850

28. Financial instruments (Cont'd)

28.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, payables and short-term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The tables below analyses other financial instruments at fair value.

	Fair value of financial instruments not carried at fair value Level 3 RM	Total fair value RM	Carrying amount RM
Group			
2020			
Financial liabilities			
Hire purchase creditor	**289,500**	**289,500**	**282,416**
2019			
Financial liabilities			
Hire purchase creditor	387,946	387,946	371,774

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Hire purchase creditor	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

29. Contingent Liabilities, unsecured - Company

The Company has confirmed its continuing financial support to enable a subsidiary to meet its financial obligations as and when they fall due.

30. Other comprehensive (expense)/income - Group

	2020			2019		
	Before tax RM	Tax expense RM	Net of tax RM	Before tax RM	Tax expense RM	Net of tax RM
Item that will not be reclassified subsequently to profit or loss						
Remeasurement of employee benefits	**(167,467)**	**-**	**(167,467)**	-	-	-
	(167,467)	**-**	**(167,467)**	-	-	-
Item that is or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	**(28,688)**	**-**	**(28,688)**	1,814	-	1,814
	(28,688)	**-**	**(28,688)**	1,814	-	1,814

31. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business.

The debt-to-equity ratio are as follows:

Group	2020 RM	2019 RM
Total loans and borrowings	**3,428,829**	2,983,610
Lease liabilities	**143,290**	100,623
Less: Cash and cash equivalents	**(9,905,970)**	(11,752,693)
Less: Fixed deposits with licensed banks	**(3,090,563)**	(3,835,801)
Net cash	**(9,424,414)**	(12,504,261)
Total equity	**46,833,120**	52,544,819
Debt-to-equity ratio	**Nil**	Nil

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

32. Business combinations

2019

32.1 Acquisition of a subsidiary

In June 2019, the Company acquired the entire equity interest in CICB through the issuance of 90,000,000 new ordinary shares as shares exchange with the existing shareholders of CICB for all the shares of CICB ("CICB Shares") with the shares of the Company ("CGB Shares") on the basis of one new CGB Share for every one CICB Share held.

Upon completion of the above transaction, CICB became a wholly-owned subsidiary of the Company. In accordance with MFRS 3, *Business Combinations*, the acquisition was accounted for using the reverse acquisition method, with the Company being the accounting acquiree and CICB had being the accounting acquirer.

Under the principles of reverse acquisition as disclosed in Note 1(b), the internal reorganisation, which merely results in a change in shareholders of CICB, had no impact to the consolidated financial statements as the Company was dormant and had a nominal issued and paid-up capital prior to the shares exchange.

32.2 Acquisition of entity under common control

In June 2019, the Company acquired all the equity interest owned by CICB in CIC Construction Sdn. Bhd.

Business combination arising from transfer of interest in entity that was under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented.

Hence, the above acquisition had no impact to the consolidated financial statements.

33. Significant events during the year

33.1 On 6 March 2020, the Company incorporated a wholly-owned subsidiary, Central Global Impact Pte. Ltd. ("CGI") in Singapore at Singapore Dollar 2.

33.2 Pursuant to the Subscription Agreement ("SA") dated 22 December 2017 entered into between CIC Construction Sdn. Bhd. ("CICC"), Proventus Bina Sdn. Bhd. ("PBSB") and the existing shareholders of PBSB ("Promoters"), the Promoters had provided a cumulative profit after tax ("PAT") guarantee of not less than RM3,672,000 attributable to CICC (based on shareholdings of 51%) ("Profit Guarantee") over the three financial year(s) ended ("FYE") 31 December 2017, 2018 and 2019 ("Profit Guarantee Period").

In this regard, PBSB has achieved a cumulative PAT of RM2,590,304 attributable to CICC during the Profit Guarantee Period. The cumulative PAT attributable to CICC was short by RM1,081,696 ("Profit Guarantee Shortfall") when compared to the Profit Guarantee mainly due to the delays in the progress work at the construction site and the general slowdown in the construction industry. The Profit Guarantee Shortfall was received by CICC on 5 February 2021.

33.3 On 5 November 2020, PBSB entered into a tripartite novation agreement with a contract customer and a subcontractor to novate a debt of RM882,564.

34. Subsequent events

34.1 On 6 January 2021, PBSB entered into an agreement with its contract customer, Tai Weng Construction & Engineering Sdn. Bhd. ("Tai Weng") to mutually terminate the employment under the Letter of Award dated 1 November 2017. Upon the termination and settlement of the project, PBSB and Tai Weng shall no longer have any claim against each other.

34.2 The Company's wholly-owned subsidiary, CIC Construction Sdn. Bhd. ("CICC") had on 12 January 2021, entered into a conditional Share Sale Agreement ("SSA") with the existing shareholders of Proventus Bina Sdn. Bhd. ("PBSB") to acquire the remaining 1,310,000 ordinary shares in PBSB, representing 49% of the total number of issued shares of PBSB for a cash consideration of RM4,441,947. The proposed acquisition will result in CICC increasing its equity stake in PBSB from the existing 51% to 100%.

The transaction was completed on 4 February 2021.

34.3 On 5 April 2021, the Company announced that it proposes to undertake a private placement of up to 18,000,000 ordinary shares in the Company, representing not more than 20% of its total number of issued shares (excluding treasury shares, if any).

34.4 On 16 April 2021, PBSB had accepted a letter of award with a contracted sum of RM100,542,544 from a third party, RYRT International Sdn. Bhd. for a project known as Project Menaik taraf Sistem Bekalan Air Di Lahad Datu Fasa 1.

34.5 On 27 April 2021, the Company had entered into a Share Sale Agreement with a former Executive Director in disposing a wholly-owned subsidiary, CGI at a total consideration of Singapore Dollar 20,000.

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 52 to 128 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 then ended.

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

……………………………..……………………….

Dato' Tan Yee Boon

Director

……………………………..……………………….

Tan Yeang Tze (Tobby)

Director

Penang,

Date : 24 May 2021

Statutory Declaration

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

I, **Kew Sy Leng**, the Officer primarily responsible for the financial management of Central Global Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 128 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 abovenamed **Kew Sy Leng**, NRIC: 680221-11-5111, MIA CA10964, at George Town in the State of Penang on 24 May 2021.

…………………………..…

Kew Sy Leng

Before me :

To the Members of Central Global Berhad

(Registration No. 201801036114 (1298143 - T))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Central Global 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 128.

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 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 auditors' 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 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.

(a) Valuation of inventories

Refer to Note 9 to the financial statements.

Key audit matter

As at 31 December 2020, the Group's inventories were RM13,101,800. We have identified the valuation of inventories as a key audit matter due to the voluminous nature of the inventories, the amount was significant to the statement of financial position of the Group and judgement was applied in determining the allowances for slow moving and obsolete inventories.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Evaluated the design and implementation of the Group's controls over the review of allowance over obsolete and slow moving inventories to ascertain that they are implemented and operated effectively;
- Attended physical inventory count at year end and observed whether there were inventories that may be slow moving or obsolete;
- Compared selling prices subsequent to the financial year for a sample of inventory lines to test whether these exceed the carrying amount of inventories at year end; and
- Assessed the Group's process in identifying slow moving and obsolete inventories and determining the allowances for slow moving and obsolete inventories.

Key Audit Matters (Cont'd)

(b) Recoverability of trade receivables

Refer to Note 11 to the financial statements.

Key audit matter

As at 31 December 2020, the Group's gross trade receivables were RM31,252,375, against which impairment allowances of RM133,661 were made.

We have identified the recoverability of trade receivables as a key audit matter because the profile and nature of the Group's customers may expose the Group to a potential risk of trade receivables balance not being recovered. The Group also applied judgement in determining the impairment of trade receivables required by taking into account the credit and repayment history of the customers. Therefore, there is a potential risk of over valuation of the trade receivables.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Evaluated the design and implementation of the Group's credit control;
- Performed detailed testing on the trade receivables ageing to ascertain the underlying accuracy of information used in assessing the adequacy of impairment allowances for trade receivables;
- Checked the receipts from customers subsequent to the financial year end;
- Assessed the adequacy of impairment allowances for trade receivables by assessing the Directors' assumptions, action plans to recover and collect the debts, taking into account the historical data of the payment trend of the customers;
- Considered the adequacy of the expected credit losses ("ECLs") provided by the management against the ECLs computed using the 'roll rate' method based on past due ageing; and
- Evaluated the reasonableness of management's key judgements and estimates made in adopting MFRS 9, including selection and application of methods, significant assumptions, data sources and selection of point estimate.

(c) Revenue recognition relating to construction activities

Refer to Note 19 to the financial statements.

Key audit matter

The Group recognises project revenue based on the stage of completion which is determined by the proportion of the construction costs incurred for work performed to date bear to the estimated total construction costs.

We have identified the recognition of revenue as a key audit matter because of the judgement and estimates exercised by the Directors on the following areas:

- Assessment of total construction costs;
- Assessment of the stages of completion of the contract; and
- Appropriateness of provision for foreseeable losses and liquidated damages.

How the matter was addressed in our audit

We have performed the following audit procedures, among others:

- Evaluated the design and implementation of controls over the review, update and approval of the project budgeted costs and the approval and recording of actual construction costs incurred;
- Agreed the contract sum to Letter of Award duly awarded by contract customers;
- Assessed the project budgeted costs for both on-going and completed projects during the year by comparing to construction contracts awarded or tendered, supplier quotations and invoices;
- Compared the percentage-of-completion (POC) computed to the last external's architect certificate as at year end;
- Agreed a sample of construction costs incurred during the year to the suppliers' invoices and delivery orders; and
- Obtained confirmations from selected sub-contractors; and
- Reviewed the projects' milestones and schedules to determine whether the Group has considered the need for foreseeable loss or liquidated and ascertained damages.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company 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 gives a true and fair view.

- 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 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors is disclosed in Note 6 to the financial statements.

Other Matter

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lim Su Ling
Approval Number : 03098/12/2021 J
Chartered Accountant

Penang

Date : 24 May 2021

List of Properties

As at 31 December 2020

Adress/Location	Tenure	Year of Revaluation/ Acquisition	Area	Age of Building (Years)	Description/ Existing Use	Net Book Value (RM)
P.T. 8558/8559, Mukim Sungai Pasir, Kuala Muda, Kedah.	Leasehold (Expire:2050)	2001	347,836 sq.ft	30	Land with Factory	8,017,973
No. 5-13.1, 5-13.2, 5-14.1, 5-14.2, 5-15.1, 5-15.2, 5-16.1, 5-16.2, 5-17.1, 5-17.2 and 5-18, Block A, Plaza Dwitasik, Phase 1, Bandar Sri Permaisuri, Off Jalan Permaisuri, Cheras, 56000, Kuala Lumpur.	Leasehold (Expire:2095)	2006	11,368 sq.ft	22	Office Building	1,713,394

Analysis
Of Shareholdings

As at 30 April 2021

Total Number of Issued Shares	:	90,000,002 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS
As at 30 April 2021

ANALYSIS OF LISTED SECURITIES BY SIZE OF HOLDINGS AS AT 30 APRIL 2021 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Size of Holdings	No. of Holders	Total Holdings	%
Less than 100 shares	225	4,358	0.00
100 - 1,000 shares	262	144,879	0.16
1,001 - 10,000 shares	666	2,962,535	3.29
10,001 - 100,000 shares	221	7,101,580	7.89
100,001 below 5% of issued shares	85	62,221,972	69.14
5% and above of issued shares	2	17,564,678	19.52
Total	**1,461**	**90,000,002**	**100.00**

DIRECTORS' SHAREHOLDINGS IN THE COMPANY
(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2021)

		Direct Interest		Deemed Interest	
No.	Name	Shares	%	Shares	%
1.	DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK	-	-	-	-
2.	TAN YEANG TZE (TOBBY)	3,175,000	3.53	-	-
3.	LEE KING LOON	-	-	-	-
4.	DATO' TAN YEE BOON	-	-	-	-
7.	NG SENG BEE	-	-	-	-

SUBSTANTIAL SHAREHOLDERS
As at 30 April 2021

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2021)

		Direct Interest		Deemed Interest	
No.	Name	Shares	%	Shares	%
1.	CHEW HIAN TAT	24,264,678	26.96	-	-

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2021 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Names	No. of Shares held	%
1	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT	12,660,000	14.07
2	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT (MGN-CHT0002M)	4,904,678	5.45
3	LIM PHECK JOO	4,418,000	4.91
4	HSBC NOMINEES (ASING) SDN. BHD. - EXEMPT AN FOR BANK VONTOBEL AG	4,400,000	4.89
5	CALVIN LAU CHUEN YIEN	4,102,100	4.56
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT (7006414)	3,900,000	4.33
7	KENANGA NOMINEES (ASING) SDN. BHD. - EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	3,860,100	4.29
8	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. -PLEDGED SECURITIES ACCOUNT FOR TAN YEANG TZE (TOBBY)	3,175,000	3.53
9	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - EPSILON MANAGEMENT SDN. BHD.	2,947,400	3.27
10	GA SKYLIGHT BERHAD	2,549,600	2.83
11	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT (MY3742)	2,150,000	2.39
12	HO WAH GENTING INVESTMENT BANK (LABUAN) P.L.C	2,050,000	2.28
13	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM HAN BOON	1,940,300	2.16
14	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIEW HUI TONG (MY3730)	1,800,000	2.00
15	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. - THE BANK OF NEW YORK MELLON FOR ASSURED ASSET MANAGEMENT LIMITED	1,400,000	1.56
16	LIEW HUI TONG	1,374,822	1.53
17	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. - EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,278,900	1.42
18	TRAWORLD TOUR SDN. BHD.	1,248,600	1.39
19	TEY GIAP CHIAN	1,148,900	1.28
20	LEONG KOK PENG	950,000	1.06
21	CARTABAN NOMINEES (ASING) SDN. BHD. - EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	761,100	0.85
22	ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	710,200	0.79
23	CHEW HIAN TAT	650,000	0.72
24	LAVIN CONNEXION SDN. BHD.	640,000	0.71
25	YANG LAI SEE	631,800	0.70
26	CHEW CHEN YEE	594,000	0.66
27	TEY GIAP CHIAN	540,000	0.60
28	TEH AIK SIN	530,000	0.59
29	TA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR PING HIOW YEW	500,000	0.56
30	YEE WAI HAN	495,000	0.55

ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL 2nd ANNUAL GENERAL MEETING ("AGM")

Date	: Tuesday, 22 June 2021
Time	: 10.00 a.m.
Broadcast Venue	: Level 36, Hyatt House Kuala Lumpur, Mont' Kiara, G-2, Arcoris, No.2, Jalan Kiara, Mont' Kiara 50480, Kuala Lumpur

MODE OF MEETING

In light of the COVID-19 outbreak and as part of our safety measures, the 2nd AGM of Central Global Berhad ("Company") will be conducted on a fully virtual basis via live streaming and online voting from the Broadcast Venue.

The Broadcast Venue is strictly to comply with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the Meeting. No shareholders/proxies should be physically present at the Broadcast Venue on the day of the 2nd AGM.

Kindly ensure that you are connected to the internet at all times to participate and vote when our virtual 2nd 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.

You may email your questions in relate to matters of discussion in the AGM in advance to the Company.

REGISTRATION AND DIGITAL BALLOT FORM ("DBF") VOTING PROCEDURES

As no shareholders/proxies should be physically present at the Broadcast Venue, shareholders/proxies who wish to participate in the 2nd AGM will have to register online and participate remotely. Kindly follow the steps below to ensure that you can obtain your DBF and details to log in to the Webinar session to participate at the 2nd AGM online:

1. Open this link **https://vps.megacorp.com.my/9jy3v1** or scan the QR code above and submit all the details requested at least twenty-four (24) hours before the time of the 2nd AGM.

2. Only shareholders are allowed to register their details online. Shareholders can also appoint proxy/Chairman via online, as in Step 1 above. Please ensure that your details are accurate as any non-compliance may result in you not being able to receive your DBF.

3. Alternatively, you may deposit your Form of Proxy at the office of Poll Administrator, Mega Corporate Services Sdn Bhd ("MegaCorp") at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email **AGM-support.CGB@megacorp.com.my** not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote or, and in default the instrument of proxy shall not be treated as valid.

4. For corporate shareholders / Nominee Accounts, please follow Step 3 above.

5. The Poll Administrator will e-mail a copy of your DBF to you to participate and vote at the meeting once they have verified your details.

6. Registered shareholders/proxies would receive two (2) emails:

   i. Webinar session link (to join the virtual meeting); and
   ii. DBF (for remote voting purposes).

POLL VOTING

The voting will be conducted by a poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed MegaCorp as Poll Administrator to conduct the poll by way of electronic voting and Cygnus Technology Solutions Sdn Bhd as Scrutineers to verify the poll results.

For the purpose of the 2nd AGM, e-voting will be carried out via your digital devices (e.g., Computer/Mobile Phone/Tablets). The DBF itself is self-explanatory. Please carefully read the instructions on the e-mail from Webinar Master to familiarise yourself with the steps needed to exercise your rights at the 2nd AGM.

Shareholders/proxies can proceed to vote on the resolutions and submit your votes during the voting period as stipulated on the DBF. Upon completion of the voting session at the 2nd AGM, the Scrutineers will verify the poll results after which the Chairman of the 2nd AGM will announce the results of the resolutions.

RECORD OF DEPOSITORS FOR THE AGM

The date of Record of Depositors for the 2nd AGM is 16 June 2021. As such, only members whose names appear in the Record of Depositors as at 16 June 2021 shall be eligible to participate, speak and vote at the 2nd AGM.

NO REFRESHMENTS AND NO DOOR GIFTS

There will be no distribution of refreshments and door gifts for the 2nd AGM of the Company.

ENQUIRY

If you have any enquiries prior to the 2nd AGM, please contact the following persons during office hours:

Poll Administrator

Mega Corporate Services Sdn. Bhd.
Mr Alfred Devan John or Encik Norhisham Abdul Hamid

Telephone No.	:	(03) 2692 4271 / 26948984
Facsimile No.	:	(03) 2732 5388
E-mail	:	AGM-support.CGB@megacorp.com.my

Central Global Berhad

Ms Yeoh Yuan Ting

Telephone No.	:	(03) 9171 8966
Facsimile No.	:	(03) 9171 8922
E-mail	:	info@cgbgroup.com.my

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Central Global Berhad
201801036114 (1298143-T)

PROXY FORM

No. of Shares Held:	
CDS Account No.:	

I/We ……………………………………..…………………..……….............................(NRIC No……………....……..........…..…)

(Full name in block letters)

of ………...

(Full address)

being a member/members of **CENTRAL GLOBAL BERHAD** hereby appoint the following person(s):

Full Name (in Block)	NRIC/Passport No.	Proportion in Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:			

and/or*

Full Name (in Block)	NRIC/Passport No.	Proportion in Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:			

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on my/our behalf at the Second Annual General Meeting of the Company will be conducted on a fully virtual basis at the Broadcast Venue at Level 36, Hyatt House Kuala Lumpur, Mont' Kiara, G-2, Arcoris, No. 2, Jalan Kiara, Mont' Kiara 50480, Kuala Lumpur on Tuesday, 22 June 2021 at 10:00 a.m. and at every adjournment thereof.

My/our proxy/proxies is(are) to vote as indicated below:

	Ordinary Resolutions	**First Proxy**		**Second Proxy**	
		For	**Against**	**For**	**Against**
1	To approve the payment of Directors' fees and allowance from 1 July 2021 until the next Annual General Meeting				
2	To re-elect the director, Dato' Faisal Zelman bin Abdul Malik				
3	To re-elect the director, Mr. Tan Yeang Tze (Tobby)				
4	To re-elect the director, Mr. Lee King Loon				
5	To appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company				
6	Authority to allot shares				

(Please indicate with an "x" in the space provided above on how you wish your vote to be cast. If you do not indicate how you wish to vote on any resolutions, the proxy(ies) will vote or abstain from voting at his/her/their discretion(s)).

As witness my hand this………………..day of…………………………2021

…………………………....
Signature/Common Seal

*** Strike out whichever is not desired.**

Notes:

1. *The broadcast venue 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 at the main venue.* ***No shareholders/proxies*** *from the public will be physically present at the meeting venue. Shareholders who wish to participate the Second Annual General Meeting will therefore have to register via the link* ***https://vps.megacorp.com.my/9jy3v1****. Kindly refer to the annexure of the Administrative Details for further information.*
2. *Only depositors whose names appear in the Record of Depositors as at 16 June 2021 shall be entitled to attend the Second Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf. All voting will be conducted by way of poll.*
3. *A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
4. *(a) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
   (b) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its Common Seal or the hand of its attorney.*
6. *Except for body corporate, you have the option to register directly at* ***https://vps.megacorp.com.my/9jy3v1*** *to submit the proxy appointment electronically not later than Sunday, 20 June 2021 at 10.00 a.m. Kindly refer to the annexure of the Administrative Details for further information.*
7. *All Proxy Form must be deposited at the Company's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or email to* ***AGM-support.CGB@megacorp.com.my*** *not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

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Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia.

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CENTRAL GLOBAL BERHAD
201801036114 (1298143-T)

A5-06 Block A Plaza Dwi Tasik,
Jalan 5/106 Bandar Sri Permaisuri,
56000 Kuala Lumpur, Malaysia.
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