



2020

ANNUAL REPORT

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 34th Annual General Meeting (“AGM”) of Public Packages Holdings Berhad (“PPHB” or “the Company”) will be held at Angier & Borden Level 4, Meeting Room, The Prestige Hotel of 8 Gat Lebuhraya, 10300 Penang on Monday, 31 May 2021 at 10.00 a.m. for the following purposes:-

AGENDA

Ordinary Business

- | | | |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of Directors and Auditors thereon. | Please refer to Note 8 |
| 2. | To re-elect Mr. Koay Chiew Poh, a Director who retires by rotation in accordance with Article 99 of the Company’s Constitution and who, being eligible, offers himself for re-election. | Ordinary Resolution 1 |
| 3. | To re-elect Mr. Koay Teng Liang, a Director who retires in accordance with Article 99 of the Company’s Constitution and who, being eligible, offers himself for re-election. | Ordinary Resolution 2 |
| 4. | To approve the payment of Directors’ fees of not exceeding RM250,000 for the financial year ending 31 December 2021. | Ordinary Resolution 3 |
| 5. | To approve the payment of Directors’ benefits payable to Non-Executive Directors of not exceeding RM50,000 for the financial year ending 31 December 2021. | Ordinary Resolution 4
Please refer to Note 9 |
| 6. | To re-appoint Messrs. Grant Thornton Malaysia PLT as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

Special Business

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

- | | | |
|----|---|---|
| 7. | AUTHORITY TO ALLOT AND ISSUE NEW SHARES
“THAT, subject to the approvals of the regulatory authorities, the Board of Directors of the Company be hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company.

AND THAT any Executive Director and/or Secretary of the Company be hereby authorised to obtain the approval from Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing and quotation of the additional shares to be issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.”

AND THAT, such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.” | Ordinary Resolution 6
Please refer to Note 10 |
| 8. | PROPOSED CONTINUATION OF MR. ONG ENG CHOON IN OFFICE AS INDEPENDENT DIRECTOR
“THAT authority be and is hereby given to Mr. Ong Eng Choon who had served as an Independent Director of the Company for a cumulative term of more than 9 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company.” | Ordinary Resolution 7
Please refer to Note 11 |

- | | | |
|-----|---|---|
| 9. | PROPOSED CONTINUATION OF PUAN NURJANNAH BINTI ALI IN OFFICE AS INDEPENDENT DIRECTOR
“THAT authority be and is hereby given to Puan Nurjannah Binti Ali who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company.” | Ordinary Resolution 8
Please refer to Note 12 |
| 10. | PROPOSED CONTINUATION OF MR. NG THIM FOOK IN OFFICE AS INDEPENDENT DIRECTOR
“THAT authority be and is hereby given to Mr. Ng Thim Fook who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company.” | Ordinary Resolution 9
Please refer to Note 12 |
| 11. | To transact any other business of which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act, 2016. | |

By Order of the Board,

LEE PENG LOON (MACS 01258)
P’NG CHIEW KEEM (MAICSA 7026443)
 Company Secretaries

Penang
 Date: 30 April 2021

NOTES ON APPOINTMENT OF PROXY

- (1) A proxy may but need not be a member of the Company.
- (2) A member shall be entitled to appoint up to a maximum of 2 proxies to attend and vote at the same meeting. Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (3) Where a member is an Authorised Nominee as defined under the Securities Industries (Central Depositories) Act 1991 (“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 accounts it holds.
- (4) Where a member is an “Exempt Authorised Nominee”, it may appoint at least one proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (5) For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company at Wisma Public Packages, Plot 67 Lintang Kampong Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang not less than 48 hours before the time for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. Any completed Proxy Form transmitted by facsimile or electronic mail to the registered office of the Company will not be accepted.
- (6) In the case of a corporate member, the proxy form must be executed under the corporation’s common seal or under the hand of an officer or attorney duly authorised in which, it must be supported by a certified true copy of the relevant form or resolution appointing the officer or certified true copy of the power of attorney.
- (7) For the purposed of determining a member who shall be entitled to attend 34th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 17 May 2021. Only a depositor whose name appears on the Record of Depositors as at 17 May 2021 shall be entitled to attend the 34th AGM or appoint proxies to attend and/or vote on his/her behalf.

NOTES ON ORDINARY BUSINESS

- (8) The Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require the shareholders' approval for the Audited Financial Statements. Hence, the Agenda 1 is not put forward for voting.
- (9) The Resolution 4, if passed, will enable the Company to pay meeting allowances and other benefits to Non-Executive Directors of the Company in accordance with Section 230(1) of the Companies Act 2016.

NOTES ON SPECIAL BUSINESS

- (10) The Resolution 6, if passed, will enable the Directors to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of this notice, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

- (11) The Resolution 7, if passed, will enable the Independent Director who had served more than 9 years to be retained and continued to act as Independent Director of the Company to fulfil the requirements of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities and to be in line with the practice 4.2 of the Malaysian Code on Corporate Governance. The details of justifications are set out in the Company's Annual Report for the financial year ended 31 December 2020 issued on 30 April 2021.
- (12) The Resolutions 8 and 9 are to seek shareholders' approval through a two tier voting process and, if passed, will enable the Independent Directors who had served more than 12 years to be retained and continued to act as Independent Directors of the Company to fulfil the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities and to be in line with the practice 4.2 of the Malaysian Code on Corporate Governance. The details of justifications are set out in the Company's Annual Report for the financial year ended 31 December 2020 issued on 30 April 2021.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (PURSUANT TO PARAGRAPH 8.27(2) OF MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES)

- 1) No individuals are standing for election as Directors at the forthcoming 34th Annual General Meeting of the Company.
- 2) The profiles of the Directors who are standing for re-election as in Agenda 2 & 3 of the Notice of the 34th Annual General Meeting of the Company are set out in the Directors' Information section of the Annual Report for the financial year ended 31 December 2020 issued on 30 April 2021 ("AR 2020").
- 3) The details of the Directors' interests in the securities of the Company as at 30 April 2021 are set out in the Analysis of Shareholdings section of this Annual Report 2020.
- 4) The Resolution 6 tabled under Special Business as per the Notice of 34th Annual General Meeting of the Company dated 30 April 2021 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 20 July 2020.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of notice of meeting, the Directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- : Koay Chiew Poh
Executive Chairman
- Koay Chiew Kang
Executive Director
- Koay Teng Liang
Executive Director
- Koay Teng Kheong
Executive Director
- Nurjannah Binti Ali
Independent Non-Executive Director
- Ng Thim Fook
Independent Non-Executive Director
- Ong Eng Choon
Independent Non-Executive Director
- Koay Chue Beng
Alternate Director to Koay Chiew Poh

SECRETARIES

- : Lee Peng Loon (MACS 01258)
P'ng Chiew Keem (MAICSA 7026443)

AUDIT AND RISK MANAGEMENT COMMITTEE

- : Nurjannah Binti Ali (Independent Non-Executive Director)
Chairman
- Ng Thim Fook (Independent Non-Executive Director)
Committee Member
- Ong Eng Choon (Independent Non-Executive Director)
Committee Member

NOMINATING COMMITTEE

- : Nurjannah Binti Ali (Independent Non-Executive Director)
Chairman
- Ng Thim Fook (Independent Non-Executive Director)
Committee Member
- Ong Eng Choon (Independent Non-Executive Director)
Committee Member

REMUNERATION COMMITTEE	: Nurjannah Binti Ali (Independent Non-Executive Director) <i>Chairman</i> Ng Thim Fook (Independent Non-Executive Director) <i>Committee Member</i> Ong Eng Choon (Independent Non-Executive Director) <i>Committee Member</i> Koay Chiew Poh (Executive Chairman) <i>Committee Member</i>
SCHEME COMMITTEE	: Koay Teng Liang (Executive Director) <i>Chairman</i> Koay Chiew Kang (Executive Director) <i>Committee Member</i> Koay Teng Kheong (Executive Director) <i>Committee Member</i>
REGISTERED OFFICE AND BUSINESS ADDRESS	: Wisma Public Packages Plot 67 Lintang Kampong Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang. Malaysia Tel No: 04-6444888 Fax No: 04-6436699
REGISTRAR	: Tricor Investor & Issuing House Services Sdn. Bhd. (Company No.118401-V) Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia Tel No: 03-2783 9299 Fax No: 03-2783 9222
AUDITORS	: Grant Thornton Malaysia PLT Chartered Accountants Level 5, Menara BHL 51 Jalan Sultan Ahmad Shah 10050 Penang
PRINCIPAL BANKERS	: Malayan Banking Berhad Al Rajhi Banking & Investment Corporation (Malaysia) Berhad RHB Bank Berhad AmBank (M) Berhad CIMB Bank Berhad OCBC Bank (Malaysia) Berhad
STOCK EXCHANGE LISTING	: Main Market of Bursa Malaysia Securities Berhad Stock Name : PPHB Stock Code : 8273
WEBSITE	: http://www.pph.com.my

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board of Directors, I am pleased to present you the Annual Report and Audited Financial Statements of PPHB for the financial year ended 31 December 2020.

OVERVIEW OF GROUP'S HISTORY AND BUSINESS

PPHB is an investment holding company while the Group (PPHB and its subsidiaries) is primarily focused on the production and sale of paper packaging products. Established in 1976, PPHB is listed on the Main Market of Bursa Malaysia Securities Berhad in 1991. Over the years, the Group has transformed into a total packaging solutions provider with a focus on branding, designing and packaging. Customised packaging solutions and a full range of supply chain management service are provided to better cater for customers' needs.

The Group's operations are divided into five (5) key divisions: -

- Carton
- Offset Printing
- Paper Products
- Hotel Management
- Property Investments

Today, the Group has expanded to seven (7) manufacturing plants at Nibong Tebal, Kulim, Prai, Bayan Lepas and Shah Alam, supported by two (2) sales offices in Kuala Lumpur and Singapore. All locations are strategically selected to serve our customers of different locations.

The Group is also involved in the operation and management of the Prestige Hotel, which is located at 8 Gat Lebuhraya, 10300 Penang, in the heart of the Georgetown UNESCO world heritage site.

FINANCIAL AND OPERATIONAL REVIEW

The table below highlights the Group's financial performance for the financial year ended ("FYE") 31 December 2020.

	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Revenue (RM'000)	190,276	203,877	198,257	177,704	166,421
Gross Profit (RM'000)	59,897	63,889	58,084	54,103	51,940
Share of Results of Joint Ventures (RM'000)	7,646	1,206	1,210	439	400
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) (RM'000)	48,456	40,344	32,945	30,763	30,681
Profit Before Tax (RM'000)	35,981	29,534	24,508	20,729	21,527
Profit After Tax (RM'000)	27,123	23,632	19,008	15,525	16,508
Net Cash From Operating Activities (RM'000)	41,246	29,558	25,062	21,761	21,052
Total Assets (RM'000)	339,828	320,898	313,902	291,202	265,883
Borrowings (RM'000)	30,252	42,496	54,114	51,891	45,831
Earnings Per Share (Sen)	14.38	12.53	10.08	8.23	8.80*
Gearing Ratio	0.11	0.17	0.24	0.26	0.24

* Comparative number of shares was restated to take into account the effect of bonus issue.

REVENUE

For the year under review, the Group registered a revenue of RM190.3 million, representing a decline of RM13.6 million or 6.67% as compared to FYE 2019. Manufacturing division remains as the main revenue contributor of the Group. However, it only contributed RM173.1 million to the Group's total revenue for FYE 2020, representing a decrease of 7.14% as compared to RM186.4 million in the previous financial year. The lower contribution was mainly due to the slower demand from customers, and the disruption to the Group's business activities caused by the COVID-19 pandemic and a series of Movement Control Order ("MCO") imposed by the government.

On the other hand, the performance of the Group's hotel division improved despite the MCO and inter-state cross boarder restriction imposed by government, which mainly due to the hotel was in operation starting from June 2019 only. The total revenue of Prestige Hotel for FYE 2020 is RM7.4 million, representing an increase of 23.33% as compared to RM6.0 million in FYE 2019.

PROFITABILITY

The overall gross margin of the Group is slightly higher as compared to FYE 2019, increasing from 31.34% in the previous year to 31.48% in this year. The improvement in our gross margin was mainly due to lower material costs and cost control activities undertaken by the Group.

Despite a slight decline in revenue in FYE 2020, the Group managed to achieve a higher profit after tax of RM27.1 million, representing an increase of 14.77% or RM3.5 million as compared to FYE 2019. The higher profit after tax was mainly due to fair value gain that arises from the investment property of the Group's joint venture company, New Merit Development Sdn. Bhd.

Earnings per share during FYE 2020 is 14.38 cents (2019: 12.53).

CASH FLOWS AND LIQUIDITY

PPHB continued to record a strong statement of financial position, with cash and cash equivalents of RM78.5 million (2019: RM49.2 million). With that, the Group is in a healthy net cash position with its net cash per share at RM0.42 (2019: RM0.26).

The Group continued to record strong net cash flow from its operating activities, at RM41.2 million during the financial year under review. The net cash was used for capital expenditure and to pare down long-term and short-term borrowings.

GEARING RATIO

The Group's total short term and long-term borrowings reduced from RM42.5 million in previous year to RM30.3 million as at end of FYE 2020. The decrease was mainly due to repayment of long-term and short-term borrowings with the higher net cash generated from operations.

Further, our gearing ratio has been reduced to only 0.11 (2019: 0.17) during the financial year.

GROUP DEVELOPMENT

CAPITAL INVESTMENT

During the financial year under review, a total capital expenditure of RM3.0 million was incurred by the Group, of which RM0.8 million was used for the upgrading of production facilities. The Group views that the upgrading of our facilities is essential to keep abreast with the changing technology and to better serve our customer's needs. The new investment also aims to automate the existing production processes and systems which in turn will help to reduce Group's reliance on labour for its production.

TECHNOLOGY ENHANCEMENT

To lessen the Group's reliance on manual processes, we have continued our effort and investment in digitalisation initiatives. These initiatives enable the Group to automate workflow processes which will reduce the possibility of human error, improve Management's accessibility to information and enable easier integration of business systems thereby enhancing efficiency and effectiveness of the Group's core business processes.

Digitalisation and automation of systems and processes are implemented across all operations in stages, after successful trial run and proven with positive results.

ANTI-BRIBERY AND CORRUPTION MEASURES

The Group had adopted an Anti-Bribery and Corruption ("ABC") policy, which was established based on "TRUST" principles of the Guideline on Adequate Procedures, pursuant to of Section 17A (5) of Malaysia Anti-Corruption Commission ("MACC") Act 2009. This policy aims to uphold good corporate governance and to inculcate good ethical business practices among Directors, employees and associated persons of the Group. This policy provides a basic introduction on how the Group combats bribery and corruptions in the course of its business.

During the year, internal trainings have been conducted for the Directors, employees and associated persons of the Group to ensure that they maintain the highest ethical standards while discharging their duties.

This policy was approved by the Board on 22 February 2021 and is available for reference on the Company's website at www.pph.com.my.

BUSINESS RISKS

Credit risk

It is part of the Group's practice to extend credit terms to its customers. To manage credit risks, customer evaluations are carried out before credit limits are determined. The evaluation will take into consideration factors such as the Group's relationship with the customers as well as their respective payment history and credit worthiness. Periodic reviews on customer's collection performance are also carried out on weekly basis to minimise possibility of bad debts. Specific bad debts provision will be made once the debts are deemed uncollectable.

Foreign currency risk

The Group has exposure to foreign currency risk mainly due to sales and purchases via its subsidiary operating companies that are denominated in US Dollar ("USD") and Singapore Dollar ("SGD"). The Group will continue to manage the risk exposures that arise from fluctuations in foreign currencies.

As part of our effort to reduce foreign currency risk, the Group manages its foreign currencies through natural hedging mechanism, whereby proceeds received from sales and payment of purchases in the same currency are encouraged. Based on past experience, the Group has benefitted from this arrangement, especially during periods with unpredictable fluctuation in foreign currency.

Commodity price risk

The price of paper, being our major raw material, has tremendous impact on the Group's production. It represents about 60% of our total production cost. Thus, fluctuations in paper commodity price, foreign currency and supply in paper materials, will definitely affect the profitability of the Group. To mitigate the challenges faced, the Group maintains close communication with suppliers and constantly monitors paper materials cost to ensure fast response to volatility. Besides, the Group will keep sufficient level of paper inventories to enable the Group to react to unforeseen challenges.

COVID-19 Pandemic risk

The on-going pandemic has created many operational challenges. In order to mitigate the risk, the Group adheres strictly to the Standard Operation Procedure ("SOP") and the government's regulations to ensure the health and safety of the Group's employees and business associates. Various measures have been put in place, including the provision of hand sanitizers and mandatory body temperature checking at all plants prior to entering the premises and the arrangement for all employees to undergo the COVID-19 screening.

Nevertheless, the extent of the impact of such risk to the Group will depend on the future development of the pandemic, which are highly uncertain and unpredictable at this juncture. As such, the Management is committed to manage and assess the impact of the pandemic to the Group on on-going basis.

DIVIDEND

The Board has approved and paid an interim single-tier dividend of RM0.0025 per share to shareholders in respect of the financial year ended 31 December 2020.

MARKET REVIEW AND 2021 OUTLOOK

The Group expects 2021 to be another challenging year as competition remains intense. The Group will continue to focus on its core business and is committed to continue its efforts in improving its competitiveness by implementing various strategies such as enhancement in production efficiency, automation of production processes and procurement optimisation. The Group will continuously tap into new opportunities available in the market, broaden its product range and stay relevant with our customer's demand.

Barring any unforeseen circumstances due to the pandemic, the Group's prospect remains positive despite challenging and the Group strives to achieve satisfactory performance for the year ahead.

DIRECTORS' INFORMATION

Koay Chiew Poh, a Malaysian, age 69, is the founder of Public Packages Holdings Berhad ("PPHB") and was appointed to the Board on 16 March 1991 as Executive Chairman of the Company. He is a member of the Remuneration Committee. He is an entrepreneur with more than 30 years' experience in the packaging and printing industry. He served as a Sales Manager for Pan Asian Paper Product Manufacturing Sdn Bhd before he joined Federal Packages Sdn Bhd. He holds directorships in several of PPHB's subsidiaries.

He is the brother of Mr. Koay Chiew Kang, Mr. Koay Chue Beng, the father of Mr. Koay Teng Liang and Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 4 Board meetings held in the financial year ended 31 December 2020.

Koay Chiew Kang, a Malaysian, age 63, was appointed to the Board on 14 March 2012 as Executive Director. He graduated from Universiti Sains Malaysia with BSC. HBP (Hons). He has also attended the Owner/President Programme at Harvard Business School, Boston. He is a member of the Scheme Committee. He has been working with the Group as Manager in various departments, namely Administration, Production and Operation since the year 1985. Due to his extensive knowledge and experiences, he has been promoted to General Manager in year 1995. He also holds directorships in several of PPHB's subsidiaries.

He is the brother of Mr. Koay Chiew Poh, Mr. Koay Chue Beng, the uncle of Mr. Koay Teng Liang and Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 4 Board meetings held in the financial year ended 31 December 2020.

Koay Chue Beng, a Malaysian, age 60, was re-designated as Alternate Director to Mr. Koay Chiew Poh on 25 March 2011. Prior to this, he was the Executive Director of the Company since 9 February 2002. He had served as senior management in several private limited companies and has extensive experience in sales and marketing, new market development, distribution, planning and control. He is also actively involved in community services. He holds directorships in several of PPHB's subsidiaries.

He is the brother of Mr. Koay Chiew Poh, Mr. Koay Chiew Kang, the uncle of Mr. Koay Teng Liang and Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

Nurjannah Binti Ali, a Malaysian, age 62, was appointed to the Board on 5 February 1999 as an Independent Non-Executive Director. She is the Chairman of the Audit and Risk Management Committee and also the Chairman of the Nominating and Remuneration Committees. With an accounting background, Nurjannah has more than 15 years experience in finance and business. She is also a Director of Asia File Corporation Berhad.

She has no family relationship with any directors and/or major shareholders of the Company. She has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

She had attended all the 3 Board meetings held in the financial year ended 31 December 2020.

Ng Thim Fook, a Malaysian, age 67, was appointed to the Board on 15 November 2002 as an Independent Non-Executive Director. He is a member of the Audit and Risk Management, Nominating and Remuneration Committees. He is the Managing Director of NG Technology Pty Ltd and Express Tech Pty Ltd. He has been in IT business for the last 22 years.

He has no family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 4 Board meetings held in the financial year ended 31 December 2020.

Ong Eng Choon, a Malaysian, age 69, was re-designated as Independent Non-Executive Director on 25 March 2011. Prior to this, he was the Non-Independent Non-Executive Director of the Company since 23 January 2009. He is a member of the Audit and Risk Management, Nominating and Remuneration Committees. He graduated from Tunku Abdul Rahman College, Kuala Lumpur with a Diploma in Business Administration and has more than 30 years of working experience in the field of taxation. He spent 3 years with the Inland Revenue Department and 10 years with one of the top 4 accounting firms. He is currently the Executive Director of BDO Tax Services Sdn. Bhd. He is a Chartered Accountant (Malaysia), a Fellow Member of the Chartered Association of Certified Accountants, an Associate Member of the Institute of Chartered Secretaries and Administrators and a Fellow Member of the Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation).

He has no family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended 4 Board meetings held in the financial year ended 31 December 2020.

Koay Teng Liang, a Malaysian, age 44, was appointed to the Board as an Executive Director on 30 January 2009. Prior to the appointment, he was the Alternate Director to Mr. Koay Chiew Lee from 17 November 2003 until 23 January 2009. He is the Chairman of the Scheme Committee. He graduated from University of Melbourne, Australia with a Bachelor in Commerce (Hons) and Bachelor in International Business from Flinders University, Australia. He has also attended the Owner/President Programme at Harvard Business School, Boston. Prior to joining the Company, he was attached with Teckwah Industrial Corporation Limited, Singapore as a Program Executive. He holds directorships in several of PPHB's subsidiaries.

He is the son of Mr. Koay Chiew Poh, nephew of Mr. Koay Chiew Kang, Mr. Koay Chue Beng and brother of Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 4 Board meetings held in the financial year ended 31 December 2020.

Koay Teng Kheong, a Malaysian, age 40, was appointed to the Board as an Executive Director on 25 March 2011. He is a member of the Scheme Committee. He graduated from Monash University, Australia with a Masters in Management and Bachelor in Information Systems from University of Melbourne, Australia. He holds directorships in Public Packages Asia (S) Pte Ltd., a 100% owned indirect subsidiary of PPHB prior to this appointment and has actively participated and contributed towards the Group's revenue and management.

He is the son of Mr. Koay Chiew Poh, nephew of Mr. Koay Chiew Kang, Mr. Koay Chue Beng and brother of Mr. Koay Teng Liang who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 4 Board meetings held in the financial year ended 31 December 2020.

KEY SENIOR MANAGEMENT

Koay Chiew Kang

Executive Director/Group Managing Director

Age : 63

Gender : Male

Nationality : Malaysian

(Please refer to his profile as listed on Page 10 of the Annual Report.)

Koay Chiew Lee

Managing Director

Age : 59

Gender : Male

Nationality : Malaysian

Qualifications: -

- Diploma in Financial Accounting, Kolej Tunku Abdul Rahman
- Master of Business Administration, National University of Singapore

Working experience: -

- More than 33 years' experience in the packaging industry.
- Joined the Group as Manager and has worked with the Group in various departments, including Administration, Production and Operation.
- Holds directorship in several subsidiaries of the Group.
- He is the brother of Mr. Koay Chiew Poh, Mr. Koay Chiew Kang, Mr. Koay Chue Beng, and the uncle of Mr. Koay Teng Liang, Mr. Koay Teng Kheong who are members of the Board.

Appointment to current position: December 1997

Koay Teng Liang

Executive Director/Managing Director

Age : 44

Gender : Male

Nationality : Malaysian

(Please refer to his profile as listed on Page 11 of the Annual Report.)

Koay Teng Kheong

Executive Director

Age : 40

Gender : Male

Nationality : Malaysian

(Please refer to his profile as listed on Page 11 of the Annual Report.)

Gooi Chye Soon

Executive Director

Age : 58

Gender : Male

Nationality : Malaysian

Qualifications: -

- Bachelor of Science (Hons), University of Malaya

Working experience: -

- More than 24 years' experience in the packaging industry.
- Joined the Group as Production Manager and advanced to General Manager/Director, prior promotion to current position.

Appointment to current position: October 2016

Loo Weng Keen*General Manager/Director*

Age : 51
Gender : Male
Nationality : Malaysian

Qualifications: -

- Master of Business Administration (UK), Anglia Ruskin University

Working experience: -

- More than 27 years' experience in the packaging industry.
- Joined the business development division of the Group and advanced to General Manager, prior promotion to current position.

Appointment to current position: January 2017

Lau Chee Pong*General Manager*

Age : 54
Gender : Male
Nationality : Malaysian

Qualifications: -

- Sijil Pelajaran Malaysia ("SPM")

Working experience: -

- More than 31 years' experience in the packaging industry.
- Was working in a publishing company prior joining the Group.
- Joined the offset printing division of the Group in 1987 and advanced in the division prior promotion to current position.

Appointment to current position: June 2011

Tan Peck Sian*General Manager*

Age : 46
Gender : Male
Nationality : Malaysian

Qualifications: -

- Advanced Diploma BTEC National Printing Management, West Herts College (UK)

Working experience: -

- More than 21 years' experience in the packaging industry.
- Was working in a printing company prior joining the Group.
- Joined the Group as Sales Executive and was promoted to General Manager of PPH Display Design Sdn Bhd, a subsidiary of the Group, prior promotion to current position.

Appointment to current position: May 2008

Ooi Hun Keong*General Manager*

Age : 44
Gender : Male
Nationality : Malaysian

Qualifications: -

- Certified Hotel Administrator, American Hotel & Lodging Educational Institute

Working experience: -

- More than 24 years' experience in the hospitality industry.
- Joined the hotel division of the Group in 2018 and lead the pre-opening of Prestige Hotel.

Appointment to current position: August 2018

Sonny Cheah Soo Chuan*Marketing Director*

Age : 42
Gender : Male
Nationality : Malaysian

Qualifications: -

- Bachelor of Information System, University of Melbourne

Working experience: -

- More than 15 years' experience in the packaging industry.
- Was working in the IT industry in Singapore prior joining the Group.
- Joined the Group as a Management Trainee and advanced in the business development division.
- Was promoted to Marketing Manager, prior promotion to current position.
- He is the nephew of Mr. Koay Chiew Poh, Mr. Koay Chiew Kang, Mr. Koay Chue Beng, and the cousin of Mr. Koay Teng Liang, Mr. Koay Teng Kheong who are members of the Board.

Appointment to current position: June 2010

Kenny Cheah Soo Chye*General Manager, Business Development*

Age : 40
Gender : Male
Nationality : Malaysian

Qualifications: -

- Bachelor of Economics and Commerce, University of Melbourne

Working experience: -

- More than 13 years' experience in the packaging industry.
- Joined the customer service division of the Group and moved to business development division.
- Was promoted to Senior Business Development Manager, prior promotion to current position.
- He is the nephew of Mr. Koay Chiew Poh, Mr. Koay Chiew Kang, Mr. Koay Chue Beng, and the cousin of Mr. Koay Teng Liang, Mr. Koay Teng Kheong who are members of the Board.

Appointment to current position: January 2017

Khoo Soo Choon*Admin, Human Resource Manager*

Age : 59
Gender : Female
Nationality : Malaysian

Qualifications: -

- Master of Human Resource Management, University of Derby

Working experience: -

- More than 28 years' experience in the packaging industry.
- Was working in the banking industry prior joining the Group.
- Joined the Group as Executive Secretary and was promoted to current position.

Appointment to current position: September 2008

Chuah Tin Nee*Senior Operation Manager*

Age : 59
Gender : Female
Nationality : Malaysian

Qualifications: -

- Bachelor of Association of Business, United Kingdom

Working experience: -

- More than 30 years' experience in the packaging industry.
- Was working in the legal industry prior joining the Group.
- Joined the Group in various departments, including Administration, Production and Operation.
- Was promoted to Operation Manager, prior promotion to current position.

Appointment to current position: March 2015

Che Puan Abdullah*Government General Affairs Manager*

Age : 58
Gender : Female
Nationality : Malaysian

Qualifications: -

- Bachelor of Business Administration, University Utara Malaysia (UUM)

Working experience: -

- More than 29 years' experience in the packaging industry.
- Joined the Group as Human Resource Executive, prior promotion to current position.

Appointment to current position: September 2008

Wong Lai Chuen*Operation Manager*

Age : 54
Gender : Female
Nationality : Malaysian

Qualifications: -

- Bachelor of Business Administration, University of Mount Union

Working experience: -

- More than 25 years' experience in the packaging industry.
- Was working in the silk screen printing industry prior joining the Group.
- Joined the Group as Marketing Executive, prior promotion to current position.

Appointment to current position: April 2015

Chiang Pei Se*Corporate Manager*

Age : 44

Gender : Female

Nationality : Malaysian

Qualifications: -

- Bachelor of Accounting, University Utara Malaysia (UUM)
- Chartered Accountant, Malaysia Institute of Accountants

Working experience: -

- More than 13 years' experience in the packaging industry.
- Was working in the accounting firms prior joining the Group.
- Joined the Group as Group Accountant, prior promotion to current position.

Appointment to current position: April 2015

Notes:-**1. Family Relationship with Director and Shareholder**

None of the Key Senior Management has any family relationship with any director and/or major shareholder of PPHB, other than indicated above.

2. Conflict of Interest

None of the Key Senior Management has any conflict of interest with PPHB.

3. Conviction of Offences

None of the Key Senior Management has been convicted of any offences (other than traffic offences), in the past 5 years and there are no public sanctions or penalties imposed by any regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board recognises the importance of adopting and maintaining high standards of corporate governance and is fully committed to conducting the Group's affairs in a transparent and objective manner, with full accountability and integrity. The Board strives to safeguard shareholders' investments and stakeholders' interests, thereby enhancing their values. This Corporate Governance Statement pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMLR") outlines the Group's corporate governance practices and aims to provide vital insights to the shareholders, potential investors and stakeholders. The full Corporate Governance ("CG") Report 2020 is available on Company's website, www.pph.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

The Board is fully responsible for the overall governance and performance of the Group in accordance with Group's objective. The Board's role is to lead and control the Group's business and affairs on behalf of shareholders. The Board takes into consideration interests of all stakeholders in their decision making so as to ensure the Group's objective of creating long term shareholder value. The Board assumes the following key responsibilities, among others: -

- a. Develop and evaluate the Group's succession planning and talent management plans;
- b. Review, approve and monitor implementation of the strategies and business plans of the Group;
- c. Monitor and evaluate performance of the Group's business operations and activities;
- d. Oversee conduct of the Group's business, ensuring that affairs are carried out ethically and in full compliance with relevant laws and regulations;
- e. Identify principal risks and ensure execution of appropriate Risk Management and Internal Control procedures;
- f. Ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for orderly succession of the Board;
- g. Evaluate the adequacy and integrity of Company's financial and non-financial reporting of the Group; and
- h. Supervise the implementation of shareholders' communication policy.

The Group's succession planning is set as below: -

- a. Developing a recruitment and communication strategy;
- b. Identifying expected critical position vacancies;
- c. Determining critical position;
- d. Identifying current and future competencies;
- e. Identifying gaps in current employees' competency levels;
- f. Developing individual development plans for employees;
- g. Developing and implementing coaching and mentoring programmes; and
- h. Assisting with leadership transition and development.

The Board delegates the authority and responsibility of managing day-to-day operations of the Group to the Management Team led by the Executive Chairman. The Management Team is also responsible for implementation of business plans and strategies, policies and decisions approved by the Board and communicating matters to the Board.

Executive Chairman

The Executive Chairman acts as a spokesperson for the Board and represents the Group to the shareholders. He is responsible for the overall strategic direction of the Group and takes a leading role in creating an effective corporate governance system, setting the tone at the top of practising and promoting ethical practices, good governance, as well as legal and regulatory compliances. He is also responsible for managing the boardroom dynamics, promoting a culture of openness and debate to build a high-performance board and effectuate robust decision making.

Executive Directors

The Executive Chairman is supported by the three (3) Executive Directors in day-to-day management of the Group. The Executive Directors form part of the Senior Management team and have an overall responsibility over the business operations, organisational effectiveness and efficiencies, formulation of strategies and implementation of Board policies and decisions. They are also responsible for fostering relationships with regulators and stakeholders. In light of their technical expertise and knowledge of the business and its industry, they add value to the Board's decision-making process by offering an intimate view of the workings within the Group as well as the strategic plan in action.

Independent Non-Executive Directors

The Non-Executive Directors are independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgement, enabling their contribution towards corporate accountability. They take into account interest of the Group, shareholders, stakeholders and the communities in which the Group conducts its business, providing their unbiased and impartial views, advice and judgement. It is also their responsibility to ensure financial information announced are accurate and that the Risk Management and Internal Control systems are robust and defensible. Furthermore, the Independent Non-Executive Directors play a key role in the evaluation and review of the Board's performance and remuneration.

The Board had established several Board Committees whose compositions and Terms of Reference are in accordance with BMLR and the best practices prescribed by Malaysian Code on Corporate Governance ("MCCG"). The Board Committees are as below: -

- a. Audit and Risk Management Committee ("ARMC");
- b. Nominating Committee;
- c. Remuneration Committee; and
- d. Scheme Committee.

Matters Reserved for The Board

The Board Charter further defines matters that are reserved for the Board's deliberations and decision making. These matters require approvals from the Board, except where they are expressly delegated by the Board to the Management. The reserved matters include: -

- a. Approval of results announcements, Annual Report and financial statement;
- b. Matters covered by statutory requirements, Best Practice Guide and Corporate Governance;
- c. Annual review on the remuneration package for the Board;
- d. Revision of Board Remuneration Policy;
- e. Develop and evaluate the Group's succession planning and talent management plans;
- f. Monitor and evaluate performance of the Group's business operations and activities;
- g. Oversee conduct of the Group's business, ensuring that affairs are carried out ethically and in full compliance with relevant laws and regulations;
- h. Dividend policy;
- i. Supervise the implementation of shareholders' communication policy; and
- j. Matters that may have material impacts on the system of internal controls; or significantly exposes the Company and the Group to financial or operating risks.

These reserved matters are reviewed at least once a year.

Supply of Information

Members of the Board are supplied with unrestricted and timely information to enable effective discharge of their duties and responsibilities.

To facilitate the Directors' time planning, the Board meetings as well as Board Committee meetings are scheduled and circulated to them before the beginning of every year. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious decisions or deliberation by the Board. Relevant agendas and board papers containing management and financial information are distributed in advance of each Board meeting for their perusal and consideration, to enable active participation during meetings and to facilitate informed decision making. Furthermore, all Directors are regularly updated on the statutory and regulatory requirements relating to their duties and responsibilities.

The Directors have individual and independent access to the advice and dedicated support services of the Joint Company Secretaries in ensuring effective functioning of the Board. The Board may interact directly with the Management Team on issues under their respective purview. In addition, the Board may consult external experts for their independent and professional opinion in furtherance of its duties, at the Group's expense.

Company Secretaries

The Joint Company Secretaries assume key advisory roles to the Board on matters in relation to statutory and regulatory compliances, best corporate governance practices, Board's policies and procedures, as well as Directors' duties and responsibilities. The Board is satisfied with the performances and competencies demonstrated.

During the financial year, the Joint Company Secretaries have performed, among others, the following tasks: -

- a. Served notices on close period to the Directors notifying them of the close periods for trading of shares, pursuant to BMLR;
- b. Attended all Board meetings and ensured meetings are properly convened;
- c. Ensured accurate recording of minutes of proceedings and proper maintenance of secretarial records;
- d. Supported the Board in ensuring adherence to Board policies and procedures; and
- e. Facilitated the provision of information as requested by the Directors.

Time Commitment

Directors are expected to devote sufficient time and effort to carry out their responsibilities. The Board will seek commitment from Directors at the time of appointment. Directors are advised to notify the Chairman or the Board before accepting new directorship.

During the financial year, the Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Group. The table on the next page sets out number of Board meetings held and attendance record of the Directors during the financial year 2020. The Alternate Director will replace those Directors who were unable to attend the Board meetings.

<u>Name of Director</u>	<u>Attendance</u>
Koay Chiew Poh	4/4
Koay Teng Liang	4/4
Koay Teng Kheong	4/4
Koay Chiew Kang	4/4
Nurjannah Binti Ali	3/4
Ng Thim Fook	4/4
Ong Eng Choon	4/4

None of the Board members serve more than five (5) listed companies.

Training

The Board acknowledges the importance of continuous education and training in discharging its duties effectively. The Board on a continuous basis evaluates and determines the training needs of its Directors. The Board members are encouraged to attend forum, seminars, trade fairs (locally and internationally) and industry conferences which enables themselves gaining insights on new developments in the business environment. Field trips to company operations by the Directors and meetings with Senior Management are arranged to gain actual knowledge of staff, factory and department. All the Directors had attended the Mandatory Accreditation Programme (“MAP”) prescribed by Bursa Securities and had also completed and obtained the requisite Continuing Education Programme (“CEP”) points accordingly.

Details of trainings attended by the Directors during the year are as follows: -

- (a) Koay Chiew Poh
 - Webinar on Tzu-Chi Entrepreneur Camp
- (b) Koay Chiew Kang
 - Fraud Risk Management Workshop
 - Global Economic and Financial Stability Outlook A Long and Difficult Ascent
 - FMM E-Seminar Series on Economy Recovery: New Normal in Preventing Next Wave of COVID-19
- (c) Koay Teng Liang
 - BFF 2020: Evolutionary Change to Revolutionary Impact
 - FMM Business Best Practices Webinar – Consumer Buying Behaviour and Beyond COVID-19
 - Entrepreneurship in the time of COVID
- (d) Koay Teng Kheong
 - BFF 2020 – Evolutionary Change to Revolutionary Impact
 - Master Class – Hotel Asset Management: A Virtual Learning Event on How to Add Value in the COVID-19 downturn
 - Nanyang Business School – Learning in the COVID Pandemic: Hospitality Sector
- (e) Nurjannah Binti Ali
 - Cyberjaya – Cyber View Master Plan – June 2020
- (f) Ng Thim Fook
 - International Security Webinar Series – June 2020
 - Connect Tech Asia APOAC Webinar Series – June 2020
 - Cyberjaya – Cyber View Master Plan – June 2020
- (g) Ong Eng Choon
 - National Tax Conference 2020
 - Place of Doing Business – Section 12(3) & 12(4)
 - Seminar Percukaian Kebangsaan 2020
 - BDO – Global Tax Conference

The training programmes and seminars attended by the Directors during the financial year ended 31 December 2020 are, inter-alia, on areas relating to corporate governance, risk management and sustainability. The Directors will continue to undergo other relevant training programmes as appropriate to further enhance their professionalism and contribution to the Board.

Code of Ethics and Conduct

A Code of Ethics and Conduct with the objective of creating an ethical corporate climate had been adopted by the Group. It provides guidance on the standards of behaviours expected from the Directors, employees as well as any other persons who represents the Group in execution of their duties and functions. It also outlines the principles on the conduct of business and interaction with business partners, customers, government and community and general workplace behaviour. Apart from advising the Board and the employees on the manner in which they should act when making decisions and carrying out their daily work activities, the Code of Ethics and Conduct also provides guidance on maintaining confidentiality and disclosure of information, disclosure of conflict of interest, internal control and anti-competition practices as well as the duty to protect the Group's assets. In formulation of the Group's Code of Ethics and Conduct, reference has been made to the Code of Ethics for Directors, highlighting principles in relation to transparency, integrity, accountability and corporate social responsibility.

A copy of the Code of Ethics and Conduct is published on the Group's website. The code is subject to regular review. All employees are required to read, understand and abide by the Code of Ethics and Conduct.

Whistle-blowing policy

The Board has established and adopted a Whistle-blowing Policy. The purpose of the policy is to provide an avenue for Directors, employees and any external parties to raise their concerns on improper conduct and malpractice.

Any person who knows of or suspects a violation of the Code of Ethics and Conduct is encouraged to lodge report with the Managing Director of the Group or email to dedicated whistleblowing email address, b_m@pph.com.my. The violation may include fraud, criminal, misuse of confidential information and etc. The Group will treat all information received confidentially and protect the identity and interest of all whistle-blowers. There have been no reported incidents pertaining to whistle-blowing during the year.

Anti-Bribery and Corruption ("ABC") policy

The Group's ABC policy was prepared and approved by the Board on 22 February 2021. The Policy is intended to provide Directors, employees and associated persons of the Group on how the Group combats bribery and corruptions in furtherance of Group's business dealing. Besides, the policy is to ensure that all relevant persons are aware of their obligation to disclose any corruptions, bribes, conflicts of interest or similar unethical acts that they may encounter, and to comply with this Policy to follow the highest standards of ethical conduct of business.

The policy should read in conjunction with the Code of Ethics and Conduct and Whistle-blowing policy of the Group.

Board Charter

The Board Charter delineates the Board's strategic intent and sets out key values and principles of the Group. It defines the roles, powers and responsibilities of the Board and its Directors. It acts as a source of reference and primary induction literature for prospective Board members, as well as assisting the Board in assessment of its collective performance and that of each individual Director.

The Board Charter is reviewed at least once a year, reflecting changes in regulations and best practices, and to update its relevance and effectiveness. A copy of the Board Charter can be accessed from the Group's website – www.pph.com.my.

2. BOARD COMPOSITION

Composition and Size of the Board

The Board comprises four (4) Executive Directors and three (3) Independent Non-Executive Directors, in compliance with Paragraph 15.02 of the BMLR where at least one third (1/3) of the Board members must be Independent Directors. Members of the Board are of diverse backgrounds, specialisation, experience, character and age.

Tenure of Independent Directors

The MCG stipulates that tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, this does not preclude the director from continuing to serve on the Board as an Independent Director, subject to strong justifications provided by the Board and approvals sought from shareholders. If the Board intends to retain Independent Directors beyond nine (9) years, it should justify and seek for annual shareholders' approval. If the Board continues to retain the Independent Directors after the twelve (12) years, the Board should seek annual shareholders' approval through two-tier voting process. In this regard, rather than tenure of an Independent Director's service, the

Board places greater emphasis on the Director's ability to exercise unbiased judgement and his contribution towards the effective functioning of the Board.

Puan Nurjannah Binti Ali and Mr. Ng Thim Fook have served as Independent Director for a tenure of twelve (12) years while Mr. Ong Eng Choon has served for tenure of nine (9) years. On 22 February 2021, the Nominating & Remuneration Committees have assessed and are satisfied that the Directors: -

- a. Have fulfilled the criteria of independence as per definition set out under Chapter 1 of the BMLR;
- b. Have committed sufficient time and exercised due care during their tenure, actively participating in board meetings and discussions with appropriate professional scepticism;
- c. Are able to capitalise on their familiarity, insights and knowledge of the Group's operations and contribute positively towards deliberations and decision-makings of the Board without being subjected to undue influence;
- d. Have discharged their professional duties in good faith and in the best interest of the Group and shareholders;
- e. Have vigilantly safeguarded the interest of minority shareholders, as well as stakeholders of the Group; and
- f. Have the calibre, qualifications, experience and personal qualities to challenge management in an effective and constructive manner and possess sufficient confidence to stand up for an independent point of view.

The Board, therefore, recommends the retention of Puan Nurjannah Binti Ali, Mr. Ng Thim Fook and Mr. Ong Eng Choon as Independent Non-Executive Directors at the forthcoming 34th Annual General Meeting ("AGM").

Nominating Committee

The Nominating Committee of the Company has been established since 2002. The Committee Members are as follows:

Puan Nurjannah Binti Ali	- Chairman, Independent Non-Executive Director
Mr. Ng Thim Fook	- Member, Independent Non-Executive Director
Mr. Ong Eng Choon	- Member, Independent Non-Executive Director

The Terms of Reference and roles of Nominating Committee are as below: -

- i. To review annually and recommend to the Board with regard to the tenure, desirable balance and composition in board membership and committees, including required mix of skills, experience and core competencies of the Board.
- ii. To establish a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board and reviewing the performance of the members of the Board.
- iii. To consider, review, evaluate and recommend to the Board any new board appointment, whether of executive or non-executive position, to fill board vacancies as and when they arise. The Nominating Committee shall recommend to the Board with regard to the candidate for directorship based on the following: -
 - Skills, knowledge, expertise and experience;
 - Professionalism;
 - Integrity; and
 - In the case of candidates for the position of Independent Non-Executive Directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
- iv. To review of Board succession plan for Directors.
- v. To ensure that orientation and education programmes are provided to new members of the Board.
- vi. To review re-election and retirement by rotation of Directors at the AGM.

No new Directors were appointed during the past few years. In the event of new appointment, the process of selection and appointment is set as below: -

- a. *Search*
 - Identify the criteria that the prospective candidates should possess: age group, sex, qualifications, experience, personal attributes, skills and integrity.
 - Variety approaches and sources will be used to identify the most suitable candidates, which include sourcing from a Directors' registry, recommendation of fellow Board members, business associate or trade organisation, open advertisement or use of independent search firms.
- b. *Selection*
 - After initial assessment of the CVs, a verification check is conducted through various contacts such as bankers, business associates and etc.
 - Formal interview of short-listed candidates to assess suitability and ensure that they are aware of expectations and level of commitment required.
- c. *Nomination*
 - Recommend to the Board the nomination of successful candidates.

d. *Appointment*

- Based on the recommendations by the Nominating Committee, the Board approves the appointment via resolution.
- Board to approve any other appointments to sub-committees, if appropriate.
- Issue letter of appointment setting out terms and conditions of appointment such as period of office, compensation and benefits, duties and responsibilities and termination.

He/she will stand for election at the next AGM in accordance with the Constitution of the Company.

The Nominating Committee will also ensure that the procedures for appointments of new Directors are transparent, rigorous and that appointments were made on merit and against objective criteria for the purpose.

The Nominating Committee meets as and when required, and at least once a year. During the financial year under review, the Nominating Committee held one (1) meeting on 22 February 2021, which was attended by all three (3) members. The Nominating Committee undertook an evaluation process involving the Board, Board Committees and Director self and peer assessment. The criteria and procedures were as below: -

- a. The Nominating Committee conducted the Board Evaluation via questionnaires. The Committee assessed the effectiveness in term of composition, conduct, accountability and responsibility of the Board and Board Committees in accordance with the Terms of Reference. The Directors' self and peer assessment is conducted to evaluate the mix of skills, experience and individual Director's ability to contribute to the development of Group and towards Board's effectiveness. The Committee also evaluates the independence of Independent Directors based on the criteria of "Independence" as prescribed by the BMLR.
- b. The evaluation process is led by Chairman of the Committee with the support from the Company Secretary. The Nominating Committee will review feedbacks gathered from the evaluation identifying areas for improvements, to enhance effectiveness of the Board and recommend actions to be taken.
- c. The Board Evaluation carried out was properly documented.

The Board is satisfied with the level commitment given by the Directors towards fulfilling their roles and responsibilities. The assessment results, therefore, form a basis for Nominating Committee to recommend to the Board for re-appointment of Directors.

On the same day, the Board had also performed the activities as below: -

- i. Identified the Directors who are due to re-election by rotation or re-appointment pursuant to the Company's Constitution;
- ii. Recommended on the retention of Independent Directors who had served the Group for more than nine (9) years term; and
- iii. Determined training needs of Directors.

The Board acknowledges recommendation of MCCG pertaining to the establishment of Boardroom gender diversity policy. As at date of this Annual Report, the Group does not adopt any formal gender diversity policy in the selection of new Board candidate and does not have specific policies on setting target for female candidates in the workforce. The evaluation of suitability of candidates as new Board member or as a member of workforce is still based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting needs of the Group, regardless of gender. The Board currently has one (1) female Director.

Remuneration Committee

The members of the Remuneration Committee are as follows: -

Puan Nurjannah Binti Ali	- Chairman, Independent Non-Executive Director
Mr. Ng Thim Fook	- Member, Independent Non-Executive Director
Mr. Ong Eng Choon	- Member, Independent Non-Executive Director
Mr. Koay Chiew Poh	- Member, Executive Chairman

The specific responsibility of the Remuneration Committee is reviewing the remuneration framework and package for the members of the Board and recommends the same to the Board for approval. The remuneration of directors is set at levels that would enable the Company to attract and retain Directors with relevant expertise and the experience necessary in managing the Group effectively. Directors do not participate in decisions regarding their own remuneration packages. The remuneration package of the Executive Chairman is approved by the full Board on the recommendation of the Remuneration Committee.

The current remuneration policy for Directors is as follows: -

(a) Components of remuneration packages and link between the remuneration and business strategy as below: -

(i) Remuneration package of Executive Directors

The remuneration package of the Executive Directors consists both fixed and performance-linked elements. The performance of Executive Directors is reviewed annually by taking into consideration: -

1. The remuneration package that supports Group's objective and strategies;
2. Accountability and responsibility; and
3. Yearly performance.

(ii) Fees for Non-Executive Directors

The fees of Directors, including Non-Executive Directors, are endorsed by the Board for approval by the shareholders of the Company at the AGM. All Non-Executive Directors are paid annual fixed director fees for serving as members of the Board. The Director fee reflects the experience, level of responsibilities and contribution, and the time spent in attending to the Group matters.

(b) Nature of commitments

The Remuneration Committee held its annual meeting on 22 February 2021 to review remuneration package of the Executive Directors and Senior Management. This is to ensure the remuneration packages offered are in line with the Group policies and can attract or retain Directors who contribute to the success of the Group. During the meeting, the Committee had also reviewed the Independent Non-Executive Directors' remuneration packages, benefits and expenses to be incurred by them in the course of carrying out their duties. The proposed Director fees and benefits for the financial year 2021 will be tabled for shareholders' approval in the forthcoming AGM of the Company.

The aggregate remuneration of the Directors of the Group paid or payable by the Group for the financial year under review are as follow: -

	Fee RM'000	Salary RM'000	Bonus RM'000	Other emoluments RM'000	EPF & SOCSO RM'000	Benefit in- kind RM'000	Total RM'000
Executive Director							
Koay Chiew Poh	-	60	-	-	12	-	72
Koay Chiew Kang	-	300	278	108	121	18	825
Koay Teng Liang	-	300	168	212	146	10	836
Koay Teng Kheong	-	192	168	119	101	18	598
Koay Chue Beng	-	264	168	77	84	24	617
Non-Executive Director							
Nurjannah Binti Ali	48	-	-	-	-	-	48
Ng Thim Fook	-	-	-	-	-	-	-
Ong Eng Choon	30	-	-	-	-	-	30
Total	78	1,116	782	516	464	69	3,026

The details of the aggregate remuneration (including salary, bonus, benefits in-kind and other emoluments) of the top (5) senior management staff in band of RM50,000 during the financial year are as below: -

Remuneration Range	Number of Senior Management Staff
Between RM300,001 – RM350,000	1
Between RM350,001 – RM400,000	1
Between RM400,001 – RM450,000	1
Between RM450,001 – RM500,000	2

In view of competitive pressures in the labour market on retaining talent, the Board has opted not to disclose the remuneration of senior management on named basis as recommended by the MCCG. The Board believes that disclosure of the remuneration bands is sufficient to meet the objectives of the MCCG.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee (“ARMC”)

The ARMC is tasked to oversight the role on effectiveness of Audit and Risk Management of the Group. Currently, the Committee consist of three (3) Independent Non-Executive Directors. They undertake its role and responsibilities as set out in pages 26 to 29 of this Annual Report.

Assessment of suitability and independence of External Auditors

Through the ARMC, the Board maintains a transparent and professional relationship with the Group’s External Auditor, Grant Thornton Malaysia PLT. The External Auditors are invited to attend the ARMC meetings to discuss their audit plans, audit findings and statutory financial statements. The ARMC meets with the External Auditors at least twice a year without the presence of the Executive Directors, Senior Management Team or Internal Auditor to discuss management reports and management’s response where the External Auditors are invited to raise any matter that required the Board’s attention.

Great emphasis is placed on the objectivity, suitability and independence of the External Auditors. The ARMC has performed its annual assessment of the performance, technical competency and independence of the External Auditors and obtained written assurance from the External Auditors confirming their independence throughout the conduct of the audit engagement for the financial year prior recommending their re-appointment to the Board. Shareholder’s approval will be sought at the forthcoming AGM.

Risk management and internal control

The Board acknowledges its responsibilities to maintain a sound internal control system including financial controls, operational and compliance controls as well as governance and risk management to safeguard of shareholders’ investments, stakeholders’ interests and the Group’s assets. The Statement on Risk Management and Internal Control of the Group are set out in pages 26 to 29 of this Annual Report.

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

Communication with stakeholders

The Board recognises the importance of a high quality, ongoing dialogue as it helps to build trusts and understanding, as well as providing better appreciation of the Group’s objectives, quality of its management and challenges. Shareholders, prospective investors and stakeholders are kept abreast with the development of the Group through timely release of financial results, along with various announcements made to Bursa Securities. During the AGM, the Chairman delivered a brief presentation on the financial performance and activities of the Group throughout the year. Members of the Board are available to respond to any questions, shareholders may have. The External Auditors are also present to provide their professional and independent clarification on the issues and concerns raised by shareholders.

Conduct of general meetings

The AGM is the primary forum for dialogue and interaction with both institutional and individual shareholders. Members of the Board, the Senior Management team as well as the External Auditors are present to provide clarification to any questions that shareholders may have in relation to the business activities of the Group. It also provides an ideal opportunity for shareholders to communicate their expectations and concerns.

During the meeting, the Chairman will inform shareholders, proxies and corporate representative on their rights to demand for a poll vote at the commencement of a general meeting. In line the Group’s Constitution, substantive resolutions are put to vote by poll and the outcome will be announced to Bursa Securities.

At the 33rd AGM held on 20 July 2020, members of the Board, the Joint Company Secretaries and External Auditors have attended the meeting. All resolutions put to the meeting were unanimously approved.

Compliance Statement

This CG Overview Statement was approved by the Board on 5 April 2021 and the Board was of the view that the Group has substantially complied with principles and practices that set out in MCCG and BMLR.

Additional Compliance Information

The following information is provided in compliance with Paragraph 9.25 of the BMLR.

1. **Audit Fees and Non-Audit Fees**

The amount of audit fees and non-audit fees receivable by the External Auditors of the Group during the financial year ended 31 December 2020 are as below: -

PAID BY	AUDIT FEE (RM'000)	NON-AUDIT FEE (RM'000)
Company	26	-
Group	169	3

2. **Material Contracts involving Directors and Substantial Shareholders**

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

3. **Utilisation of Proceeds Raised from Corporate Proposal**

The Company does not have any corporate proposal during the financial year ended 31 December 2020.

4. **Recurrent Related Party Transaction of A Revenue or Trading Nature**

Other than related party transactions entered into the ordinary course of business as disclosed in Note 33 to the financial statements, there are no other significant recurrent related party transactions of a revenue or trading nature.

5. **Employees' Share Scheme**

At the Extraordinary General Meeting held on 29 August 2017, the Company's shareholders has approved the establishment of a Scheme, which comprises of an Employee Share Option Scheme ("ESOS") and an Employee Share Grant Scheme ("ESGS"). The Scheme is administered by the Scheme Committee which was appointed by the Board, in accordance with the By-laws of the Scheme. The Scheme shall be in force for a period of five (5) years commencing from 6 October 2017, unless extended for another five (5) years.

The Company has not granted any options or shares under the ESOS and ESGS respectively during the financial year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is pleased to present the following statement on Risk Management and Internal Control of the Group which has been prepared pursuant to Paragraph 15.26(b) of BMLR and guided by the “Statement on Risk Management Control: Guidelines for Directors of Listed Issuers”.

BOARD RESPONSIBILITY

The Board recognises the importance of effective Risk Management and Internal Control practices to safeguard shareholders’ investments and the Group’s assets. The Board acknowledges its overall responsibility to identify the principal risks within the Group, ensure implementation of appropriate systems to manage these risks, as well as review the adequacy and integrity of the Group’s system of Internal Control.

These systems are designed to manage the Group’s risks within an acceptable level, rather than to eliminate risk of non-achievement of the Group’s policies, goals and objectives. Therefore, these systems only provide a reasonable but not absolute assurance against material loss or against the Group’s failure to achieve its objectives. For the purpose of these statements, joint ventures are not considered as part of the Group.

The ARMC was set up on 26 February 2018 to oversee and ensure the effective implementation of the Risk Management and Internal Control systems of the Group. The members of the ARMC are as follows: -

Puan Nurjannah Binti Ali	- Chairman, Independent Non-Executive Director
Mr. Ng Thim Fook	- Member, Independent Non-Executive Director
Mr. Ong Eng Choon	- Member, Independent Non-Executive Director

Risk Management Team

The Group’s Risk Management Team is responsible to oversee and execute the Group’s Risk Management and Internal Control systems with the following objectives: -

- Ensuring uninterrupted delivery of goods and services in the event of disruptions;
- Safeguarding the Group’s assets and reputation;
- Preserving the safety and health of employees;
- Ensuring that operations are not adversely affected by the environment;
- Ensuring compliance of regulatory requirements; and
- Promoting risk awareness and maintaining a risk-controlled culture.

The team, which is led by the Group Managing Director and assisted by the Senior Management, identifies and evaluates potential risks during periodical Internal Unit Meetings. Significant matters and relevant mitigation plans are then reported by the Group Managing Director to the ARMC and the Board in Board meetings during the financial year. Thereafter, mitigations plans are executed by Senior Management and monitored by the team.

Risk Management Framework

Risk Management is firmly embedded in the Group’s management system as the Group believes that prudent Risk Management is vital for sustainability and enhancement of shareholders’ value. To ensure alignment of activities with the Group’s strategic objectives and compliance with regulatory requirements, the Group has implemented a Risk Management framework to identify, measure, assess and manage significant risks affecting the Group. This framework is reviewed periodically by the Board via ARMC to ensure its relevance and adequacy to managing risks, which continue to evolve along with changing business environment.

Risk Management Process

The Group’s Risk Management process are categorised into four steps as follows: -



(a) **Risk Identification**

All potential events that could adversely impact the achievement of business objectives, including failure to capitalise on opportunities are identified. Informal management discussions are held by the Executive Directors with the Senior Management Team to identify potential business-related risk throughout the financial year. Updates and feedbacks are generally reported by Divisional and Departmental Head.

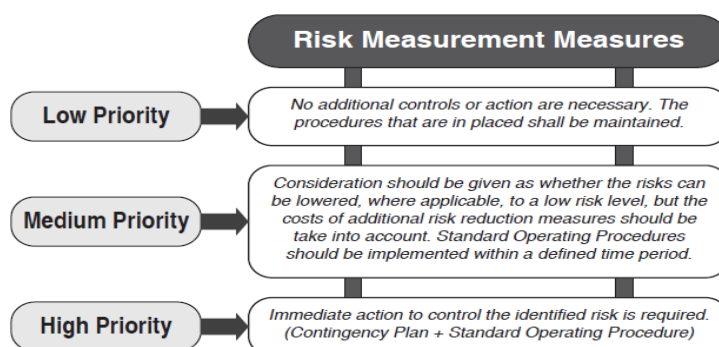
(b) **Risk Evaluation and Categorisation**

The identified risks are then evaluated to determine their impact on the relevant business strategies and objectives, and the likelihood of each risk. The Risk Matrix shown below is utilized to classify the impact and likelihood of each risk event ranging from “Low Priority to High Priority”. This will assist the Group in optimal allocation of resources and preparation of the most appropriate responses to manage and mitigate identified risks.

		IMPACT (EFFECT)		
		IRREVERSIBLE	TOLERABLE	NEGLIGIBLE
LIKELIHOOD	VERY LIKELY	HIGH PRIORITY	HIGH PRIORITY	MEDIUM PRIORITY
	LIKELY	HIGH PRIORITY	MEDIUM PRIORITY	LOW PRIORITY
	UNLIKELY	MEDIUM PRIORITY	LOW PRIORITY	LOW PRIORITY

(c) **Risk Mitigation**

Risk mitigation involves development of mitigation plans designed to manage, eliminate or reduce risk to an acceptable level. In this stage, risk owners with vast experience (usually Senior Managers of the Group) are responsible for identifying of action plans. Impact of risks can be categorized as Low, Medium or High Priority and appropriate responses are developed as outlined in the table below:-



(d) **Risk Monitoring & Review**

As part of the Risk Management process, frequent meetings are held between the Group Managing Director, Risk Management Team, Division Heads and Senior Managers. Identified risks and action plans are monitored, reviewed and revised on an on-going basis to ensure adequacy and effectiveness. The monitoring of risk is further enhanced by internal audits carried out in accordance with internal audit plan approved by the Audit Committee.

Internal Control System

The Group's Internal Control system encompasses controls relating to financial, operational, risk management as well as compliance with laws, regulations, policies and guidelines. The effectiveness and integrity of these Internal Controls is overseen and periodically reviewed by the Board, while operationally monitored by Management of various organisation levels. Through well-planned delegation of responsibilities, the Risk Management Team proactively identifies, analyses, mitigates and monitors significant business risks, ensuring that the risks are within tolerance limit established by the Board. Regular reviews are performed to ensure the Risk Management and Internal Control is adequate and remains effective.

The key elements of the Group's Internal Control system and activities are described as below: -

- **Risk Management Process**

Risk Management system is in place to assist the Board in assessing overall risks exposure of the Group and ensure appropriate implementation of systems to manage those risks. ARMC conducts periodical review of the effectiveness, adequacy and integrity of the Group's Risk Management framework and Internal Control to ensure appropriate implementation of systems to manage those risks.

- **Organisation Structure**

A formal organisation structure is in place to define the function, reporting line and responsibility of Management staff. This organisation structure serves to facilitate quick response to changes in the evolving business environment, supervision of day to day business operations and accountability for operation performance.

- **Financial Review Control**

ARMC meets quarterly to review the quarterly financial reports and to ensure the financial reports are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 so as to give a true and fair view of the Group's financial position. These financial statements are presented to the Board for approval prior to being released to Bursa Malaysia Securities Berhad.

- **Policies, Procedures and Limit of Authority**

Standard operating procedures are established for operating units and departments within the units, illustrating detailed operating procedures and controls at all levels and in all functions. Activities such as approvals, authorisations, verifications, reconciliations, operating performance assessments, security of assets and segregation of duties are included. The manuals are reviewed and updated on an on-going basis to ensure compliance with internal controls, directive, laws and regulations.

- **Internal Audit**

Periodic review of the Group's Internal Control system is executed by the Internal Audit Division, in accordance with the annual plan approved by the Audit Committee. The Head of Internal Audit examines, evaluates and reports the effectiveness and efficiency of the Group's internal control system. Findings and corrective measures are communicated to Division Heads and Senior Managers of the respective departments. Subsequently, audit findings, recommendations and management responses are reviewed by the Audit Committee during Audit Committee Meetings and directed to the Board for rectification.

- **Compliance Audit**

Yearly audits are carried out by Fides Certification (M) Sdn Bhd ("FIDES") in relation to the Quality Management System (ISO9001:2015) and Environment Management System (ISO14001:2015). These audits ensure compliance with international standards and conditions improvement of product and service quality as well as environmental performance.

- **Human Resource Management Policy**

Employment and termination procedures are established and annual performance appraisals are performed to confirm employees' competency. Furthermore, training and development programs are provided to enhance employees' knowledge, skills and abilities for effective and efficient job performance.

- **ABC Policy**

The Group's ABC policy was established and enforced across the Group. The Group adopts zero-tolerance approach in combating all form of bribes and corruptions. An employee or associated person, who encounters actual or suspected violations of the policy is encourage to whistle-blow or report any concern through appropriate channel under Group's whistle-blowing policy, which made available at www.pph.com.my.

- **Insurance and Safeguard of Assets**

Group assets are insured to ensure protection against mishaps and other perils which might result in material losses. Annual reviews are performed by the Management during policy renewals to maintain sufficient coverage.

ASSURANCE PROVIDED BY THE AUDITOR

This statement has been reviewed by the External Auditors pursuant to Paragraph 15.23 of the BMLR and the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3 issued by Malaysian Institute of Accountants for inclusion in the 2020 Annual Report. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention and they believe that this statement is consistent with their understanding of the process adopted by the Board in assessing the adequacy and integrity of the Group's Risk Management and Internal Control.

CONCLUSION

In the Board meeting held on 5 April 2021, based on the briefing by the Group Managing Director, the ARMC and the Board are satisfied that the Risk Management and Internal Control of the Group is adequate and operating effectively, in all material aspects, during the financial year under review.

This statement was approved by the Board on 5 April 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE

The details of attendances of each Audit Committee members at Audit Committee meetings held during year 2020 are as follows: -

NAME OF AUDIT COMMITTEE MEMBER	ATTENDANCE AT AUDIT COMMITTEE MEETINGS
Puan Nurjannah Binti Ali Chairman, Independent Non-Executive Director	3/4
Mr. Ng Thim Fook Member, Independent Non-Executive Director	4/4
Mr. Ong Eng Choon Member, Independent Non-Executive Director	4/4

TERMS OF REFERENCE

The full Terms of Reference setting out the Audit Committee's composition, meeting procedures, authority, and functions and duties can be viewed at the Company's website, www.pph.com.my.

SUMMARY OF ACTIVITIES

The Audit Committee has discharged its duties as set out in its Terms of Reference. During the financial year, the activities of the Audit Committee include: -

1. FINANCIAL REPORTING

- (a) The Audit Committee reviewed the unaudited quarterly financial results with Management before submission to the Board of Directors for consideration, approval and release to Bursa Malaysia Securities Berhad. The reviews were focused on: -
- Changes in or implementation of major accounting policy changes;
 - Significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed; and
 - Compliance with accounting standards and other legal requirements.

2. EXTERNAL AUDIT

- (a) On 22 November 2020, the Audit Committee together with the External Auditors reviewed the audit plan for the Group and the Company for the financial year ended 2020, outlining audit scope, audit approaches, areas of focus, recent developments in the Group, financial reporting updates and proposed fees for statutory audit prior to the commencement of the annual audit.
- (b) On 22 February 2021 and 5 April 2021, the Audit Committee reviewed the results of the External Auditors' audit report together with the Management's response to the findings of the External Auditors before recommending for the Board's approval. "Key Audit Matters" that prepared in accordance to *International Standards on Auditing 701 Commentary Key Audit Matters in the Independent Auditors' Report*, were being discussed during the meeting.
- (c) The Audit Committee met with the External Auditors without presence of the Management on 22 November 2020, 22 February 2021 and 5 April 2021, to discuss assistance provided by the Management to them during the course of audit, and audit findings which they would want to bring to the attention of the Audit Committee.
- (d) On 5 April 2021, the Audit Committee assessed the suitability of External Auditors based on MCCG on their:
- Caliber and quality of work;
 - Independence and objectivity;
 - Communication; and
 - Professionalism.

The Audit Committee was satisfied that External Auditors meet all the established criteria. In addition, Audit Committee obtained written assurance from the External Auditors confirming their independence throughout the conduct of the audit engagement for the financial year. Accordingly, recommendation was made to the Board for their re-appointment to audit the financial statements for the next financial year upon shareholders' approval.

3. **INTERNAL AUDIT**

- (a) On 22 February 2021, the Audit Committee reviewed and approved the internal audit plans for the financial year ended 2020. During the exercise, Audit Committee reviewed the adequacy and relevance of the scope, functions, resources, risk-based audit plans, and results of the internal audit processes, with the Head of Internal Audit, and confirmed that she has the necessary authority to carry out the work.
- (b) Audit reports based on audit plan approved by the Audit Committee were presented by the Head of Internal Audit on 21 May 2020, 24 August 2020, 22 November 2020 and 22 February 2021. The Head of Internal Audit also provided updates to the Audit Committee in respect of implementation of management plans or agreed course of action on the findings reported during audit.
- (c) On 22 February 2021, the Audit Committee reviewed the performance of the Internal Auditors based on adequacy of the scope, competency and resources of the Internal Audit function prior to recommendations to the Board on their appointment.

4. **RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”)**

- (a) Reviewed the related party transactions entered into by the Group and by the Company and the disclosure of such transactions in the Annual Report of the Company. The review is to ensure the following: -
 - The transactions were carried out on normal commercial terms and were not prejudicial to the interest of the Group and its minority shareholders;
 - Adequate oversight over the internal control procedures with regard to such transactions; and
 - Compliance with the Group’s policy on related party transactions.
- (b) Reviewed the proposals and circular to shareholders in connection with recurrent related party transactions of revenue or trading nature prior to submitting to Bursa Malaysia Securities Berhad, if any.

5. **OTHERS**

- (a) Audit Committee reviewed the extent of the Group’s compliance with the principles and recommendations set out under the MCCG for the purpose of preparing the Statement of Corporate Governance and the Statement of Risk Management and Internal Control for inclusion in the Company’s Annual Report for year ended 31 December 2020. Audit Committee had recommended to the Board action plans to address the identified gaps between the Group’s existing Corporate Governance practices and prescribed Corporate Governance principles and recommendations under the MCCG.
- (b) Reviewed and revised its Terms of Reference to ensure compliance with the new amendments to the BMLR, which affect the Audit Committee, for recommendation to the Board for its approval.
- (c) Reviewed the shares/options allocation in accordance to By-laws of Employee Share Option Scheme and Employee Share Grant Scheme.
- (d) Reviewed the implementation of ABC Policy that was prepared in accordance to “TRUST” principles of the Guideline on Adequate Procedures, pursuant to of Section 17A (5) of MACC Act 2009. The ABC policy was tabled and approved by the Board.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an in-house Internal Audit function in the discharge of its duties and responsibilities. The Internal Audit function reports directly to the Audit Committee. Its responsibilities include the provision of reasonable assurance to all levels of management concerning the overall control over assets and the effectiveness of the system of internal control in achieving the Company’s overall objectives. The Internal Audit function also includes various internal audits on all operating units of the Group and to submit its findings and recommendations to the Committee and Senior Management of the subsidiaries.

ACTIVITIES OF INTERNAL AUDIT FUNCTION

The Internal Audit function is carried out by a team of in-house Internal Auditors, who reports directly to the Audit Committee. The Internal Auditors have direct access to Audit Committee on all internal control and audit issues. The role of Internal Auditors are assisting the Audit Committee in reviewing, examining and evaluating the effectiveness of the Group’s internal control system whilst ensuring that there is an appropriate balance of controls and risks in achieving its business objective.

The Internal Auditors are an independent function from the Group’s operations. The Internal Auditors adopt a risk-based approach towards the planning and conduct of audits consistent with the Group’s objective in designing, implementing and monitoring of control system. Annual internal audit plan is developed in consideration of the audit history and Group’s risk that the Board and Management are focused in, and approved by Audit Committee during the first Audit Committee meeting of the year.

The Internal Auditors carried out its activities based on the annual internal audit plan approved by Audit Committee. During year 2020, the Internal Auditors completed a total of 89 audit assignments. The audit covered various areas of the Group, which were as below: -

- (i) Inventory and Warehouse Management;
- (ii) Human Resource and Payroll Management;
- (iii) Production and Quality Control Management;
- (iv) Safety and Health Management;
- (v) Casual Worker and Cash Management;
- (vi) Custom Compliance; and
- (vii) Sales and Service Tax (“SST”) Compliance.

After each audit, the findings and recommendations are submitted to the heads of the subsidiaries in which the audit was carried out. The Management of the audited subsidiary is obliged to respond to the findings and recommendations to the in-house Internal Auditors. Thereafter, a follow up audit is carried out to ensure that the recommendations of the in-house Internal Auditors are followed through.

The External Auditors also meet up with the in-house Internal Auditors twice a year to exchange views and audit findings. The External Auditors will also review the recommendations given by the in-house Internal Auditors to the Group or its subsidiaries in which the audit was carried out.

The Group’s Head of Internal Audit meet with the Audit Committee on quarterly basis. The internal audit reports on audits conducted at each audited subsidiary are presented and reported at the Audit Committee meeting.

In summary, the Board of Directors, working with the Audit Committee, carries out the ongoing process monitoring the effective application of policies, processes and activities related to internal control and are responsible to ensure that the Group’s system of internal control is in place.

During the financial year ended 31 December 2020, the Group incurred **RM197,000** to carry out the Internal Audit function performed by the in-house Internal Auditors.

STATEMENT OF SUSTAINABILITY

PPHB recognises the important of sustainability as a key driver for long-term sustainable business growth. As such, the Board persistently reinforces various sustainability approaches into the business strategies and operations of the Group to maximise long-term value creation. This statement covers the economic, environmental and social (“EES”) performance of the Group in ensuring that its business is carried out in a sustainable and responsible manner.

This statement is prepared in accordance with BMLR and the Sustainability Reporting Guide (2nd Edition).

Sustainability Governance Structure

The Board is supported by Group Managing Director and assisted by Senior Management in managing sustainability-related matters. The team is responsible for advising on and recommending good business strategies, in terms of sustainability, for adoption by the Board. Thereafter, the team will implement and monitor the sustainability strategies approved by the Board and ensure regulatory compliance. The programs’ details will be drawn up and presented to the Board on yearly basis.

Materiality assessment process



- (a) **Stakeholders’ engagement**
The Board recognises that stakeholders are the key to its continuous success and the sustainability of the business. As such, the Board believes that a deep understanding of the Group’s stakeholders’ interest and concerns will help in maintaining and enhancing its relationship, enhance stakeholders’ expectation and achieve sustainable growth of the Group.
- (b) **Identification**
In identifying the sustainability matters, the Board evaluate and assess their respective level of impact towards the Group’s operations and the importance of the matters to the Group’s key stakeholders. Various internal and external sources were used, including: -
 - Internally generated data, management reports and risk management reports;
 - Input from management and employees;
 - Review of issues and trends reported by industry sources including peers, customers and suppliers; and
 - Government policies.
- (c) **Prioritisation and Board’s approval**
The team will categorise and prioritise the key sustainable issues based on its assessment. The identified sustainability matters will be tabled for Board’s approval.
- (d) **Review**
The team will continue to review and assess sustainability matters to ensure that the reported matters remain relevant to the Group.

Stakeholder engagement

The Board is committed to continuously engage various stakeholders in timely, effective and transparent manner. Our approaches to the direct and indirect stakeholders of the Group are as summarised below: -

Stakeholder	Area of concern	Type of engagement	Our goal
Employee	- Fair compensation and employee benefits - Equal employment - Career development and training programs - Safety and health of working environment - Balanced lifestyle	- Circulation of updated employee handbook - Competitive and fair remuneration packages - Annual performance appraisal - Internal on-job trainings, awareness programs and external employee development trainings - Meetings and gatherings - COVID-19 prevention measures	- To provide a safe and healthy workplace with good welfare and equal employment opportunities. - To retain top performers and attract new talent.

Investors/ Shareholders	- Strong and sustainable financial performance - Continuous business growth	- Financial results - Company announcements - Annual reports - Circulars - AGM - Corporate website	- To provide reliable and up-to-date disclosures on PPHB's material information to maximise the shareholders relationship.
Customers	- Customer satisfaction and pricing - Product design - Quality products - On time delivery - Business ethics	- Customer's feedback form - Regular communication with client - To offer innovative product design and development - In house product quality inspection - Monitoring the production schedule via daily meeting	- To enhance customer's loyalty and to build long-term sustainable relationship. - Better quality and reliable products with affordable prices.
Supplier	- Cost efficiencies - Quality products - Maintaining long-term partnership - Business ethics	- Fair and transparent procurement process - Inventory/supply commitment - Delivery - Payment schedule	- To build lasting relationship with suppliers.
Government	- Regulatory compliance - Transparency	- Participation with programs organised by government bodies - Comply to applicable laws and regulations - Meetings with regulators	- To comply with all rules and regulations.
Communities	- Environmental impacts - Job opportunities - Corporate Social Responsibility ("CSR") activities	- Donations to charitable organisations - Provide industrial training to graduates - Scholarships - Local employment and equal employment opportunities - Organising CSR activities	- To give back to the community.

Material Sustainability Matters/Key Focus Areas

During the year, the Board has identified the following sustainability matters as being material to the Group: -

1. ECONOMIC

Human Capital Management

Diversity and equal opportunities

The Group is committed to provide equal opportunities within the workplace and does not discriminate people against age, gender, ethnicity or nationality, apart from preference for locals over foreigners in its staff recruitment. In addition, the Group has also promoted the right to work of persons with disabilities and have provided them with employment opportunities. As at 31 December 2020, PPHB have total of 897 (2019: 993) employees across the Group and 31.10% (2019: 28.8%) of the workforce comprise female representation across all levels of management. Among the employees of the Group, a total of 22 (2019: 21) is disable persons.

Fair remuneration packages

The Group has put in place an employee remuneration policy which is fair and substantive, and is linked between the individual contribution and performance. The Group will conduct employee performance assessments on yearly basis. Any promotion or increment in remuneration is based on merit assessment. This exercise is important to ensure that the Group remains competitive in attracting, motivating and retaining talent who is important to Group's sustained growth. Employees' contributions to the Group are measured against their respective key performance indicators. Employees with excellent performance were awarded with attractive cash rewards.

Training and development opportunities

The Group has put a great emphasis on ongoing training and upskilling of the workforce, which will give the employees greater understanding of their responsibilities within their role and enhance overall performance. In-house training in different areas are frequently organised to increase the competency among of workers. Employees are also encouraged and sponsored to attend external seminars/webinars, workshops and exhibitions, keeping abreast of new developments in respective field of expertise. Online education training portal – “Coursera” – that provides training in different fields, was continued across the Group. This portal has further enhanced the learning opportunities of the employees.

Product Quality

The Group believes that the delivery of high-quality products to its customers is important in building business growth. Our manufacturing processes are carried out in accordance with the principles and requirements of ISO 9001:2015 Quality Management System (“QMS”). Audits and trainings on ISO 9001:2015 were carried out from time to time. The audits are to ensure consistency in practice and adherence throughout the manufacturing process as well as to assure the product quality.

Delivery

Customer satisfaction remains Group’s top priority, thus the delivery efficiency is one of the focus of the Group. To ensure the timely delivery of the products, the Group will monitor the manufacturing scheduling closely, which includes inventory planning and manufacturing processes.

To further enhance the delivery efficiency, the Group has implemented the Lorry Scheme which entails giving benefits such as lorry ownership scheme and petrol cards to the lorry drivers in order to secure the lorry drivers. Such scheme is a long-term investment which creates a win-win situation and aims to resolve the issue of shortage in lorry drivers especially in paper industry which requires frequent deliveries. During the year, the Group has a total of 15 lorry drivers under this scheme.

Business ethics and compliance

The Group’s supply chain practices are guided by Code of Ethics and Conduct and ABC policy (“the Practices”). The Practices outline the principles on the conduct of business and interaction with business partners, government and community as well as the general workplace behaviour. The Group aims to conduct all of its business activities and operations in an open, honest and ethical manner and the Group adopts a zero-tolerance approach to all forms of bribery and corruption.

All new on-boarding employees will be briefed on the Practices as part of an induction process on their first working day. Training and awareness programs on the Practices will be conducted from time to time. Any changes on the Practices will be updated and circulated via intranet to all employees.

A whistle-blowing channel has also been established for Directors, employees and associated persons to report any improper conducts. Improper conducts may include fraud, criminal, misuse of confidential information and etc. The whistle-blower will be accorded with protection of confidentiality of identity, unless the law required otherwise.

2. ENVIRONMENTAL

The Group recognises its responsibility towards the environment and makes every effort to protect, preserve and minimise any adverse environmental impact of its operations.

Waste Management – 3R programme

The 3Rs initiative of Reduce, Reuse and Recycle is implemented throughout the organisation. In our operations, the waste produced were properly segregated, converted or recycled. Reputable and licensed waste collectors were engaged to handle the waste. The ISO14001:2015 Environment Management Systems obtained by the Group helps in managing its environment responsibilities in systematic manner. For office buildings, our employees are encouraged to switch off non-essential lightings and the practice of paper recycling is practiced at all times. The Group used technology to distribute shared information via email and intranet and packaging materials such as cardboard are also reused for document filling.

Energy Management

The Group is committed to reduce energy consumption. The Group believes that uncontrolled energy consumptions will lead to an increase in overall carbon emission. During the year, the following energy saving activities have been implemented:-

- Installed inverter at high amp machinery and equipment;
- Installed LED lighting to conserve energy; and
- Replaced small fans with big fans.

The efficiency of energy consumptions will be monitored on a monthly basis.

Water Management

To maintain environment sustainability, the Group strives to improve its water management practices and reducing water wastage. During the year, the following measures to reduce water consumptions in the operations have been implemented: -

- To recycle water from water treatment plant; and
- To harvest rain water for toilet use.

The efficiency of water consumptions will be monitored on a monthly basis.

3. SOCIAL

Occupational Safety and Healthy Environment

The Group strives to provide a safe and healthy working environment for all employees. In this respect, the Group has put utmost importance on compliance with all relevant safety and health laws and regulations. Various strategies have been developed to minimise the number of workplace accidents, which include: -

- To place handling manual at workplace;
- To place safety measures, safety signboards at workplace;
- To promote 5S (Sort, Set in order, Shine, Standardise and Sustain) at workplace;
- To provide safety and health education and trainings, such as fire drills and evacuations exercise;
- To ensure functionalities of fire preventive equipment and system; and
- Regular inspection on machines.

Safety and health audits had been carried out by Head of Internal Auditor to ensure compliance of safety and health laws and regulations.

COVID-19 Preventive Measurement

As a response to the COVID-19 pandemic, the Group had undertaken various preventive measures in accordance with the guidelines and SOP which are mandated by the government. The preventive measures in mitigating the risks of the exposure to the pandemic include: -

- Registering names and mobile number through MySejahtera;
- Body temperature screening;
- Making sure all people wearing a mask at all time before entering to premises;
- Providing hand sanitisers; and
- Social distancing of one (1) meter.

Employees' wellness program

The Group has also incorporated a wellness program in its corporate culture to encourage a healthy and balanced lifestyle. The Group had arranged for health screenings to selected employees on yearly basis. A "Quit Smoking Programme" was introduced and provided to all the smoker in the Group. In addition, vegetarian lunch boxes are provided to selected operations in an effort to promote healthy eating habits.

Conclusion

The Board will review and assess the sustainability performance of the Group's operations on an on-going basis and to improve and enhance existing practices, to enable the sustainable creation and preservation of long-term value to the Group's stakeholders.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are collectively responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and the results and cash flows of the Group and of the Company for the financial year then ended. The financial statements are prepared on a going concern basis, in accordance with the applicable approved accounting standards and comply with the provision of the Companies Act 2016. It is the duty of the Directors to review the appropriateness of the basis accounting policies and supported by reasonable and prudent judgments and estimates before adopting the financial statements and presenting them during the AGM together with their Report and Auditors' Report thereon.

The directors are responsible for ensuring the Group and the Company keep accounting records, which disclose with reasonable accuracy financial position of the Group and of the Company, which also enable them to ensure that the financial statement comply with the Act. The Directors have general responsibility for taking steps as are reasonably open to them to safeguard the shareholders' interest and the assets of the Group and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The directors have pleasure in submitting 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 principal activities of the Company are investment holding and the provision of financial, administrative and advisory services to its subsidiaries.

The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the financial year	27,123	10,475

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

DIVIDENDS

Since the end of the previous financial year, the Company has declared a single tier interim dividend of RM0.0025 per ordinary share amounting to RM471,559 in respect of the financial year ended 31 December 2019 and paid on 30 March 2020.

On 23 February 2021, the Company has declared a single tier interim dividend of RM0.0025 per ordinary share amounting to RM471,559 in respect of the financial year ended 31 December 2020 and paid on 30 March 2021. The financial statements for the current financial year do not reflect these declared dividends. Such dividends will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2021.

The Directors do not recommend the payment of any final dividend for the current financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture.

EMPLOYEE SHARE GRANT SCHEME ("ESGS")

The Company's ESGS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting held on 29 August 2017. The ESGS will be in force for a maximum period of five years till 6 October 2022.

The salient features of the ESGS are disclosed in Note 37 to the financial statements.

DIRECTORS

The directors of the Company in office since the end of the previous financial year to the date of this report are:

Directors of the Company:

Koay Chiew Poh
Koay Chiew Kang
Koay Teng Liang
Koay Teng Kheong
Nurjannah Binti Ali
Ng Thim Fook
Ong Eng Choon
Koay Chue Beng (alternate director to Koay Chiew Poh)

Directors of the subsidiaries:

Koay Chiew Lee
Ooi Siew Hong
Loo Weng Keen
Gooi Chye Soon
Che Puan Bt Abdullah
Wong Lai Chuen
Tan Peck Sian
Tay Gee Lang
Koay Chue Beng
Koay Chew Guan (resigned on 8.7.2020)
Tan Soo Huat (resigned on 8.9.2020)

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

	-----Number of ordinary shares -----			
	Balance at 1.1.2020	Bought	Sold	Balance at 31.12.2020
Direct Interest:				
Koay Chiew Poh	7,283,394	-	-	7,283,394
Koay Chiew Kang	1,834,107	-	-	1,834,107
Koay Teng Liang	99,995	-	-	99,995
Koay Teng Kheong	20,000	-	-	20,000
Koay Chue Beng	634,900	-	-	634,900
Deemed Interest:				
¹ Koay Chiew Poh	84,287,434	-	-	84,287,434
² Koay Chiew Kang	6,923,423	-	-	6,923,423
³ Koay Chue Beng	6,745,714	-	-	6,745,714

¹ Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of shares held through Fame Pack Holding Sdn. Bhd. and Koay Boon Pee Holding Sdn. Bhd.

² Deemed interest pursuant to Section 8 and Section 59(11)(c) of the Companies Act 2016 by virtue of shares held through Koay Boon Pee Holding Sdn. Bhd. and his spouse respectively.

³ Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of shares held through Koay Boon Pee Holding Sdn. Bhd.

By virtue of his shareholding in the Company, **Mr. Koay Chiew Poh** is also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

Other than the above, none of the other directors holding office at the end of the financial year had any interests in shares in the Company and its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Group and of the Company are as follows:

	COMPANY RM'000	SUBSIDIARIES RM'000	GROUP RM'000
Directors' fees	78	109	187
Salaries, allowance and bonus	-	4,668	4,668
EPF	-	780	780
SOCSSO and EIS	-	12	12
Benefits-in-kind	-	144	144
	78	5,713	5,791

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the 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, other than the share options granted pursuant to the Employee Share Grant Scheme.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown above) by reason of a contract made by the Company or a related corporation with a 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, other than those related party transactions disclosed in the notes to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS OR AUDITORS

There were no indemnity given to or insurance effected for any of the directors, officers or auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

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

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had 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 financial statements of the Group and of the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or
- (iv) that have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, and
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENT

Details of the significant event are disclosed in Note 38 to the financial statements.

AUDITORS

The total amount of fees paid to or receivable by the auditors, **Grant Thornton Malaysia PLT**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 December 2020 are RM154,700 and RM26,000 respectively.

The auditors, **Grant Thornton Malaysia PLT**, have expressed their willingness to continue in office.

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

.....
Koay Chiew Poh

.....
Koay Teng Liang

Penang,

Date: 5 April 2021

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 46 to 103 are properly 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 at **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 Board of Directors:

.....
Koay Chiew Poh

.....
Koay Teng Liang

Date: 5 April 2021

STATUTORY DECLARATION

I, **Ooi Siew Hong**, the officer primarily responsible for the financial management of **Public Packages Holdings Berhad** do solemnly and sincerely declare that the financial statements set out on pages 46 to 103 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this 5th)
day of **April 2021**.)
)

.....
Ooi Siew Hong

Before me,

.....
Goh Suan Bee
No.: P125
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PUBLIC PACKAGES HOLDINGS BERHAD

Registration No. 198701003743 (162413-K)

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Public Packages Holdings Berhad**, which comprise the statements of financial position as at **31 December 2020** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including the summary of accounting policies, as set out on pages 46 to 103.

In our opinion, the 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 cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Independent Auditors' Report To The Members Of Public Packages Holdings Berhad (cont'd)

Registration No. 198701003743 (162413-K)

(Incorporated in Malaysia)

Key Audit Matters	How our audit addressed the Key Audit Matters
<i>Impairment of trade receivables</i> <i>(Note 11 to the financial statements)</i> The Group has significant trade receivables as at the reporting date and is subject to credit risk exposures. We focus on this area as the assessment of the expected credit losses of trade receivables involves management's judgement and estimation uncertainty in determining the probability of default occurring by considering the ageing of trade receivables, historical loss experience and forward-looking information.	Our audit procedures in relation to the impairment of trade receivables included, amongst others, the following: • Obtaining an understanding of: - the Group's control over the customers' collection process; - the process of identifying and assessing the impairment of trade receivables; and - the basis of how the Group makes the accounting estimates for impairment of trade receivables. • Reviewing the application of the Group's policy for calculating the expected credit losses and whether it complies with MFRS 9; • Reviewing the ageing analysis of the trade receivables and testing the reliability thereon; • Reviewing subsequent collections for major customers and overdue amounts; • Examining other evidence including customer correspondence; and • Assessing the recoverability of balances and the adequacy of impairment loss for significant outstanding balances based on the expected credit loss model applied by the Group.

There is no key audit matter to be communicated in the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of 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.

Independent Auditors' Report To The Members Of Public Packages Holdings Berhad (cont'd)

Registration No. 198701003743 (162413-K)

(Incorporated in Malaysia)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Independent Auditors' Report To The Members Of Public Packages Holdings Berhad (cont'd)

Registration No. 198701003743 (162413-K)

(Incorporated in Malaysia)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 7 to the financial statements.

Other Matters

- (i) 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.
- (ii) The financial statements for the preceding year ended 31 December 2019 were audited by **Grant Thornton** whose report dated 14 May 2020, expressed an unqualified opinion on those financial statements. The practice of **Grant Thornton** has merged with **Grant Thornton Malaysia PLT** effective from 1 January 2021.

Grant Thornton Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants

Loo Wei Teng
No. 03487/03/2022 J
Chartered Accountant

Penang

Date: 5 April 2021

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		GROUP		COMPANY	
				(Restated)	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	156,229	158,383	1	1
Right-of-use assets	5	1,166	1,575	-	-
Investment properties	6	4,910	10,715	-	-
Investment in subsidiaries	7	-	-	126,884	126,884
Investment in joint ventures	8	28,794	22,248	15,100	15,100
Amount due from subsidiaries	9	-	-	2,602	-
Other investments	10	1,573	1,697	*	*
Trade receivable	11	-	93	-	-
		<u>192,672</u>	<u>194,711</u>	<u>144,587</u>	<u>141,985</u>
Current assets					
Inventories	12	13,891	17,905	-	-
Trade receivables	11	49,502	52,075	-	-
Other receivables, deposits and prepayments	13	3,306	2,378	2	2
Amount due from subsidiaries	9	-	-	515	1,952
Current tax assets		336	582	10	29
Cash and bank balances	14	80,121	53,247	13,878	5,094
		<u>147,156</u>	<u>126,187</u>	<u>14,405</u>	<u>7,077</u>
TOTAL ASSETS		<u>339,828</u>	<u>320,898</u>	<u>158,992</u>	<u>149,062</u>
EQUITY AND LIABILITIES					
Share capital	15	94,361	94,361	94,361	94,361
Revaluation reserve	16	482	386	-	-
Fair value adjustment reserve	17	322	446	-	-
Foreign translation reserve	18	1,304	1,297	-	-
Retained profits	19	176,868	150,217	64,460	54,457
Total equity		<u>273,337</u>	<u>246,707</u>	<u>158,821</u>	<u>148,818</u>
Non-current liabilities					
Borrowings	20	8,530	15,857	-	-
Lease liabilities	5	464	778	-	-
Deferred tax liabilities	21	9,121	8,162	-	-
		<u>18,115</u>	<u>24,797</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade payables	22	9,315	10,025	-	-
Other payables and accruals	23	10,808	9,471	34	26
Contract liabilities	24	2,460	1,672	-	-
Borrowings	20	21,722	26,639	137	218
Lease liabilities	5	702	797	-	-
Current tax liabilities		3,369	790	-	-
		<u>48,376</u>	<u>49,394</u>	<u>171</u>	<u>244</u>
Total liabilities		<u>66,491</u>	<u>74,191</u>	<u>171</u>	<u>244</u>
TOTAL EQUITY AND LIABILITIES		<u>339,828</u>	<u>320,898</u>	<u>158,992</u>	<u>149,062</u>

* Represents RM1

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

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	NOTE	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	25	190,276	203,877	11,239	8,839
Cost of sales	26	(130,379)	(139,988)	-	-
Gross profit		59,897	63,889	11,239	8,839
Other income		4,797	2,839	-	800
Selling and distribution expenses		(16,783)	(17,512)	-	-
Administrative expenses		(17,669)	(18,159)	(229)	(1,133)
Operating profit		30,242	31,057	11,010	8,506
Finance costs		(1,907)	(2,729)	(538)	(37)
Share of results of joint ventures		7,646	1,206	-	-
Profit before tax	27	35,981	29,534	10,472	8,469
Tax (expense)/income	28	(8,858)	(5,902)	3	(33)
Profit for the financial year		27,123	23,632	10,475	8,436
Other comprehensive (loss)/income, net of tax:					
Item that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		7	21	-	-
Items that will not be reclassified subsequently to profit or loss:					
Net changes in fair value of equity investments designated of fair value through other comprehensive income		(124)	218	-	-
Deferred tax impact on revaluation reserve		96	-	-	-
Total other comprehensive (loss)/income for the financial year		(21)	239	-	-
Total comprehensive income for the financial year, attributable to owners of the Company		27,102	23,871	10,475	8,436
Earnings per share attributable to owners of the Company (sen)					
	29				
- Basic		14.38	12.53		
- Diluted		14.38	12.53		

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

NOTE	----- Attributable to Owners of the Company -----					
	----- Non-distributable -----				Distributable	
	Share Capital RM'000	Revaluation Reserve RM'000	Fair Value Adjustment Reserve RM'000	Foreign Translation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
2020						
Balance at beginning	94,361	386	446	1,297	150,217	246,707
Total comprehensive income for the financial year	-	96	(124)	7	27,123	27,102
<i>Transaction with owners:</i>						
Dividend	30 -	-	-	-	(472)	(472)
Balance at end	94,361	482	322	1,304	176,868	273,337
2019						
Balance at beginning	94,361	386	228	1,276	126,585	222,836
Total comprehensive income for the financial year	-	-	218	21	23,632	23,871
Balance at end	94,361	386	446	1,297	150,217	246,707

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

		Share Capital RM'000	Non-distributable Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
	NOTE				
2020					
Balance at beginning, restated		94,361	-	54,457	148,818
Total comprehensive income for the financial year		-	-	10,475	10,475
<i>Transaction with owners:</i>					
Dividend	30	-	-	(472)	(472)
Balance at end		94,361	-	64,460	158,821
2019					
Balance at beginning					
- As previous stated		94,361	29,345	16,676	140,382
- Effect of classification from revaluation reserve to retained profits	39	-	(29,345)	29,345	-
Balance at beginning, restated		94,361	-	46,021	140,382
Total comprehensive income for the financial year		-	-	8,436	8,436
Balance at end		94,361	-	54,457	148,818

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

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	GROUP		COMPANY	
	2020	2019	2020	2019
NOTE	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	35,981	29,534	10,472	8,469
Adjustments for:				
Accretion of interest on lease liabilities	61	47	-	-
Allowances for expected credit losses	195	8	-	-
Bad debts	19	-	-	897
Depreciation of property, plant and equipment	9,690	7,434	-	-
Depreciation of right-of-use assets	878	647	-	-
Dividend income	(1,093)	(1,005)	(11,239)	(8,666)
Fair value loss on investment properties	5	-	-	-
Gain on disposal of property, plant and equipment, net	(23)	(2)	-	-
Impairment loss on property, plant and equipment	1,004	619	-	-
Interest expense	1,846	2,682	10	37
Interest income	(45)	(99)	-	(173)
Property, plant and equipment written off	199	16	-	-
Share of results of joint ventures	(7,646)	(1,206)	-	-
Unwinding discount on amount due from subsidiary	-	-	528	-
Operating profit/(loss) before working capital changes	41,071	38,675	(229)	564
Changes in:				
Inventories	4,014	3,840	-	-
Receivables	1,528	677	-	-
Payables	630	(6,860)	8	(20)
Contract liabilities	788	1,213	-	-
Cash generated from/(used in) operations	48,031	37,545	(221)	544
Interest paid	(1,846)	(2,682)	(10)	(37)
Interest received	39	93	-	173
Income tax paid	(5,350)	(7,822)	(10)	(65)
Income tax refunded	372	2,424	32	21
Net cash from/(used in) operating activities	41,246	29,558	(209)	636
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(2,992)	(17,143)	-	-
Dividend received	2,193	1,005	11,239	8,666
Proceeds from disposal of property, plant and equipment	76	33	-	-
Withdrawal of fixed deposits with licensed banks	3,000	-	-	-
Net change in subsidiaries' balances	-	-	(1,693)	(17,366)
Net cash from/(used in) investing activities	2,277	(16,105)	9,546	(8,700)
Balance carried forward	43,523	13,453	9,337	(8,064)

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

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	NOTE	GROUP		COMPANY	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Balance brought forward		43,523	13,453	9,337	(8,064)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(472)	-	(472)	-
Repayment of bill payables	C	(4,517)	(6,264)	-	-
Repayment of finance lease liabilities	C	(2,434)	(3,479)	-	-
Drawdown of term loans	C	-	3,382	-	-
Repayment of term loans	C	(5,047)	(1,046)	-	-
Net changes of Murabahah financing	C	(839)	174	-	-
Repayment of lease liabilities	C	(939)	(694)	-	-
Net cash used in financing activities		(14,248)	(7,927)	(472)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		29,275	5,526	8,865	(8,064)
Effect of foreign exchange rate changes		-	8	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING		49,175	43,641	4,876	12,940
CASH AND CASH EQUIVALENTS AT END	B	78,450	49,175	13,741	4,876
A. Purchase of property, plant and equipment					
Total acquisition		2,992	17,833	-	-
Acquired under finance lease liabilities	C	-	(690)	-	-
Total cash acquisition		2,992	17,143	-	-
B. Represented by:					
Cash and bank balances		80,121	53,247	13,878	5,094
Less: Fixed deposits pledged with licensed banks		(223)	(3,217)	-	-
Bank overdrafts		(1,448)	(855)	(137)	(218)
		78,450	49,175	13,741	4,876

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

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

C. Reconciliation of liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM'000	Net cash flows RM'000	Others RM'000	Balance at end RM'000
GROUP				
2020				
Borrowings excluding bank overdrafts	41,641	(12,837)	-	28,804
Lease liabilities	1,575	(939)	530	1,166
Total liabilities arising from financing activities	43,216	(13,776)	530	29,970
2019				
Borrowings excluding bank overdrafts	48,184	(6,543)	-	41,641
Lease liabilities	2,222	(694)	47	1,575
Total liabilities arising from financing activities	50,406	(7,237)	47	43,216

¹ Others consist of non-cash movement as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Accretion of interest on lease liabilities	61	47
Additions of lease liabilities	524	-
Derecognition of lease liabilities	(55)	-
	530	47

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020

1. CORPORATE INFORMATION

General

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

The registered office and principal place of business of the Company are located at Wisma Public Packages, Plot 67, Lintang Kampong Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 April 2021.

Principal Activities

The principal activities of the Company are investment holding and the provision of financial, administrative and advisory services to its subsidiaries.

The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies under Note 3 to the financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

Ringgit Malaysia is the presentation currency of the Group and of the Company and the amounts in the financial statements are rounded-up to the nearest RM'000, except where otherwise stated.

Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

2.4 Adoption of Amendments to MFRS

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following amendment to MFRS that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Business Combinations: Definition of a Business

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures: Interest Rate Benchmark Reform

Initial application of the above amendments to MFRS did not have any material impact to the financial statements of the Group and of the Company.

2.5 Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 June 2020

Amendment to MFRS 16 Leases: COVID-19 - Related Rent Concessions

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

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment: 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

Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

Amendments to MFRS 101 Presentation of Financial Statements: Disclosure Accounting Policies

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

Effective 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 initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption.

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements 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 estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group has not included the extension options period as part of the lease term for lease of premises and motor vehicles as it is not reasonably certain that the extension options will be exercised. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

2.6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Useful lives of depreciable assets

Plant and machinery are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the plant and machinery to be within 5 to 35 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and machinery. A reduction in the estimated useful lives of the plant and machinery would increase the depreciation charge and decrease the non-current assets.

(ii) Impairment of plant and equipment

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

(iii) **Fair value of investment properties**

The Group measures its investment properties at fair value amount with changes in fair value being recognised in profit or loss. The Group engaged independent external valuers to determine fair value as at the end of reporting period.

The carrying amount of the investment properties as at the end of reporting period and the relevant fair value are disclosed in Notes 6 to the financial statements.

(iv) **Inventories**

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories as at the end of the reporting period is disclosed in Note 12 to the financial statements.

(v) **Provision for expected credit losses ("ECL") of receivables**

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

The information about the ECL on the Group's trade receivables is disclosed in Note 34.3.1 to the financial statements.

(vi) **Leases - Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. **ACCOUNTING POLICIES**

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below:

3.1 **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.

Investment in subsidiaries is 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 investments includes transaction costs.

Upon disposal of an investment in a subsidiary, the difference between the net disposal proceed and its carrying amount is recognised in profit or loss.

(ii) Basic of consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.13 to the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

(iii) 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.

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 interest 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 at fair value of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree 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.

(iv) **Acquisitions of non-controlling interests**

The Group treats 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 reserve.

(v) **Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous 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 fair value through other comprehensive income depending on the level of influence retained.

(vi) **Joint arrangements**

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in joint venture are accounted for using the equity method. Under the equity method, investment in a joint venture is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of a joint venture is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of a joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statements of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest including any long-term investment 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 joint venture.

The financial statements of the joint venture are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the joint venture in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its joint venture. The Group determines at each end of the reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in a joint venture 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 the 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.

In the Company's separate financial statements, investments in a joint venture are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(vii) **Transactions eliminated on consolidation**

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised profits arising on transactions between the Group and its joint ventures which are included in the carrying amount of the related assets and liabilities are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses on such transactions are also eliminated unless cost cannot be recovered.

3.2 **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Leasehold land	Amortise over lease period of 45 to 52 years
Buildings	2%
Apartments	Amortise over lease period of 85 years
Plant and machinery	2.86% - 20%
Hotel equipment	10% - 20%
Motor vehicles	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Electrical installations	10%
Renovation	10%

Freehold land is not depreciated as it has an infinite life.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

3.3 **Investment Properties**

Investment properties are properties which are owned or held under a leasehold interest 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 are initially measured at cost, including transaction cost. Cost includes expenditures that are 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.

Subsequent to initial recognition, investment properties are measured at fair value and are revalued annually and are included in the statements of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the period in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained profits; the transfer is not made through profit or loss.

3.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. It is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities for lease payments made and/or to be made, and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Motor vehicles	3 years
Premises	2 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use asset is also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, lease liabilities are recognised and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) **Short term leases and leases of low-value assets**

The Group applies the short-term lease and leases of low-value assets recognition exemption to its short-term leases of premise, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statements of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

3.5 Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period whether there is an indication that the asset other than inventories may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.6 Inventories

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

Cost of raw materials and consumables comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition and is determined on the first-in, first-out basis.

Cost of work-in-progress and finished goods include raw materials, direct labour and attributable production overheads.

Net realisable value represents 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.

3.7 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.7.1 Financial assets

(i) Initial recognition and measurement

Financial assets are measured at initial recognition at fair value and subsequently measured at amortised cost (“AC”), fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s and the Company’s business model for managing them. With the exceptions of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, at its transaction costs.

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (“SPPI”)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group’s and the Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at AC are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group and the Company do not have any FVTPL as at the end of the reporting period.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group’s and the Company’s financial assets at amortised cost include cash and bank balances, amount due from subsidiaries and trade and other receivables.

Financial assets at fair value through other comprehensive income (equity instruments) (“FVOCI”)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statements of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the Group’s and the Company’s statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(iv) Impairment

The Group and the Company recognise an allowance for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, 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 using a provision matrix 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.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities at fair value through other comprehensive income 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.

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 and the Company determine 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.

3.7.2 Financial liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and borrowings.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

The Group and the Company do not have any financial liabilities measured at fair value through profit or loss as at the end of the reporting period.

Financial liabilities at amortised cost

This is the category most relevant to the Group and the Company. After initial recognition, trade and other payables and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

3.7.3 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7.4 **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 if incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in statements of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.8 **Cash and Cash Equivalents**

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.9 **Provisions**

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

3.10 **Revenue Recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The performance obligations to recognise revenue are as follows:

(i) **Revenue from sale of goods**

Revenue is recognised at a point in time when control of the goods is transferred to the customer, generally on the delivery of the goods.

(ii) **Revenue from hotel and restaurant operations**

Revenue from hotel and restaurant operations comprise rental of rooms, sales of food and beverage and other hotel business related income, is recognised at a point in time upon the satisfaction of performance obligation, generally upon the services have been performed and completed.

(iii) **Interest income**

Interest income is recognised as it accrues using the effective interest rate method in profit or loss.

(iv) **Dividend income**

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(v) **Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.10.1 **Contract balances**

This refers to the closing balances of the trade receivables and contract liabilities as at the end of reporting period.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.11 **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 rate 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 undertakes 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.

3.12 **Employee Benefits**

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Some of the Group's foreign subsidiaries also make contributions to their respective country's statutory pension schemes.

3.13 **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, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

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 temporary differences arising from 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.

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 and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available to set off against the unutilised tax incentive.

3.14 **Goods and Services Tax (“GST”) and Sales and Service Tax (“SST”)**

Revenue, expenses and assets are recognised net of GST or SST except:

- when the GST or SST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST or SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with GST or SST inclusive.

The net GST or SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.15 **Foreign Currency**

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group 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 translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Exchange differences are recognised in other comprehensive income and accumulated in the foreign translation reserve (“FTR”) in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the exchange difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, the significant influence or joint control is lost, the cumulative amount in the FTR related to the foreign operation is reclassified to profit 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. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to 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 FTR in equity.

3.16 **Share Capital, Share Issuance Costs and Dividends**

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared or approved.

3.17 **Segment Reporting**

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. All operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Directors, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.18 **Contingencies**

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.19 **Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) Has control or joint control over the Group.
 - (ii) Has significant influence over the Group.
 - (iii) Is a member of the key management personnel of the Group or of the ultimate holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity.
 - (iii) Both the Group and the Company entity are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a) (i) above has significant influence over the Group or is a member of the key management personnel of the ultimate holding company or the Group.
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Apartments RM'000	Plant and machinery RM'000	Hotel equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Electrical installations RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
2020												
At cost												
Balance at beginning	25,583	12,494	82,692	565	104,247	13,427	5,244	10,902	889	3,372	225	259,640
Additions	-	-	1,794	-	548	108	20	72	-	117	333	2,992
Disposals	-	-	-	-	(47)	-	(376)	-	-	-	-	(423)
Written off	-	-	-	-	(283)	-	-	(11)	-	-	-	(294)
Transferred from investment property	-	5,075	725	-	-	-	-	-	-	-	-	5,800
Reclassification	-	-	-	-	220	-	-	-	-	-	(220)	-
Balance at end	25,583	17,569	85,211	565	104,685	13,535	4,888	10,963	889	3,489	338	267,715
Accumulated depreciation												
Balance at beginning	-	4,569	8,065	299	70,144	783	3,409	10,437	739	2,193	-	100,638
Current charge	-	362	2,741	7	4,265	1,572	365	184	32	162	-	9,690
Disposals	-	-	-	-	(6)	-	(364)	-	-	-	-	(370)
Written off	-	-	-	-	(84)	-	-	(11)	-	-	-	(95)
Balance at end	-	4,931	10,806	306	74,319	2,355	3,410	10,610	771	2,355	-	109,863
Accumulated impairment losses												
Balance at beginning	-	-	-	-	619	-	-	-	-	-	-	619
Current charge	-	-	-	-	1,004	-	-	-	-	-	-	1,004
Balance at end	-	-	-	-	1,623	-	-	-	-	-	-	1,623
Carrying amount	25,583	12,638	74,405	259	28,743	11,180	1,478	353	118	1,134	338	156,229

2019													
At cost													
Balance at beginning	25,583	12,494	38,120	565	101,827	-	4,356	10,728	877	2,865	44,568	241,983	
Additions	-	-	87	-	820	40	888	168	12	499	15,319	17,833	
Disposals	-	-	-	-	(130)	-	-	-	-	-	-	(130)	
Written off	-	-	-	-	(46)	-	-	-	-	-	-	(46)	
Reclassification	-	-	44,485	-	1,776	13,387	-	6	-	8	(59,662)	-	
Balance at end	25,583	12,494	82,692	565	104,247	13,427	5,244	10,902	889	3,372	225	259,640	
Accumulated depreciation													
Balance at beginning	-	4,321	6,533	292	66,159	-	3,034	10,227	708	2,059	-	93,333	
Current charge	-	248	1,532	7	4,114	783	375	210	31	134	-	7,434	
Disposals	-	-	-	-	(99)	-	-	-	-	-	-	(99)	
Written off	-	-	-	-	(30)	-	-	-	-	-	-	(30)	
Balance at end	-	4,569	8,065	299	70,144	783	3,409	10,437	739	2,193	-	100,638	
Accumulated impairment losses													
Current charge/ Balance at end	-	-	-	-	619	-	-	-	-	-	-	619	
Carrying amount	25,583	7,925	74,627	266	33,484	12,644	1,835	465	150	1,179	225	158,383	

COMPANY

	Furniture, fittings and office equipments	
	2020	2019
	RM'000	RM'000
At cost	171	171
Accumulated depreciation	170	170
Carrying amount	1	1

- (i) The information of right-of-use assets of the Group which are included in the property, plant and equipment is as follows:

	Carrying amount RM'000	Current depreciation RM'000	Additions RM'000
2020			
Leasehold land	12,638	362	-
Plant and machinery	8,178	1,138	-
Motor vehicles	1,174	196	-
2019			
Leasehold land	7,925	248	-
Plant and machinery	9,688	1,176	-
Motor vehicles	1,370	197	313

- (ii) The carrying amount of leased assets of the Group which are pledged as securities for the finance lease liabilities as disclosed in Note 20 to the financial statements are as follows:

	GROUP	
	2020	2019
	RM'000	RM'000
Plant and machinery	8,178	9,688
Motor vehicles	1,174	1,370
	9,352	11,058

- (iii) The carrying amount of property, plant and equipment of the Group which are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries as disclosed in Note 20 to the financial statements are as follows:

	GROUP	
	2020	2019
	RM'000	RM'000
Freehold land	19,005	19,005

- (iv) During the financial year, a subsidiary had impaired plant and machinery amounting to **RM1,004,242** as a result of technology obsolescence. In the prior financial year, certain subsidiaries had impaired idle plant and machinery amounting to RM619,352.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for motor vehicles and premises used in its operations that have lease term of between 2 to 3 years. The lease contracts restrict the Group from assigning and subleasing the leased assets.

The Group also has certain leases of premise, machinery and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Such lease payments are charged to profit or loss on the straight-line basis over the lease term.

Right-of-use assets

Set out below are the carrying amount of right-of-use assets recognised and the movements during the financial year:

	Motor vehicles RM'000	Premises RM'000	Total RM'000
2020			
Balance at beginning	1,113	462	1,575
Additions	263	261	524
Depreciation	(616)	(262)	(878)
Derecognition	(55)	-	(55)
Balance at end	705	461	1,166
2019			
Balance at beginning	1,592	630	2,222
Depreciation	(479)	(168)	(647)
Balance at end	1,113	462	1,575

Lease liabilities

Set out below are the carrying amount of lease liabilities recognised and the movements during the financial year:

	Motor vehicles RM'000	Premises RM'000	Total RM'000
2020			
Balance at beginning	1,113	462	1,575
Additions	263	261	524
Accretion of interest	30	31	61
Payments	(646)	(293)	(939)
Derecognition	(55)	-	(55)
Balance at end	705	461	1,166
2019			
Balance at beginning	1,592	630	2,222
Accretion of interest	29	18	47
Payments	(508)	(186)	(694)
Balance at end	1,113	462	1,575

	2020 RM'000	2019 RM'000
Represented by:		
Non-current	464	778
Current	702	797
	1,166	1,575

The maturity analysis of lease liabilities is disclosed in Note 34.4 to the financial statements.

The following are the amounts recognised in profit or loss:

	2020 RM'000	2019 RM'000
Depreciation of right-of-use assets	878	647
Accretion of interest on lease liabilities	61	47
Expenses relating to short term leases	678	750
Expenses relating to lease of low value assets	25	20
Total amount recognised in profit or loss	1,642	1,464

6. INVESTMENT PROPERTIES

	2020 RM'000	2019 RM'000
Investment properties at fair value:		
Balance at beginning	10,715	10,715
Fair value loss recognised in profit and loss	(5)	-
Transfer to property, plant and equipment	(5,800)	-
	4,910	10,715

The reconciliation of the fair value is shown above.

The investment properties consist of the following:

	2020 RM'000	2019 RM'000
Freehold buildings	1,050	1,035
Apartments	3,860	3,880
Leasehold land and building	-	5,800
	4,910	10,715

- (i) The carrying amount of investment properties of the Group which are pledged to licensed banks as securities for banking facilities granted to a subsidiary as disclosed in Note 20 to the financial statements is **RM Nil** (2019: RM7,700,000).
- (ii) The fair values of investment properties were measured based on valuations performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2). Please refer to Note 2.2 to the financial statements for definition of Level 1 to 3 of the fair value hierarchy.
- (iii) **Group as lessor**

The Group has entered into operating leases on its investment properties. These leases have terms of between one to three years.

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

	GROUP	
	2020	2019
	RM'000	RM'000
Rental income from income generating properties	104	103
Direct operating expenses		
- Rental income generating	37	37
- Non-rental income generating	11	26

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	GROUP	
	2020	2019
	RM'000	RM'000
Within one year	78	77
More than one year and less than five years	2	55
	80	132

7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2020	2019
	RM'000	RM'000
Unquoted shares, at cost	126,884	126,884

The details of the subsidiaries, all of which were incorporated in Malaysia except where indicated, are as follows:

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2020	2019	
Public Packages Sdn. Bhd.	100%	100%	Manufacturing and retailing of corrugated cartons and packing materials.
PPH Printing & Packaging (Penang) Sdn. Bhd.	100%	100%	Manufacturing of offset printed display boxes.
PPH Printing & Packaging (Kulim) Sdn. Bhd.	100%	100%	Manufacturing of gift and display boxes.
Public Packages Properties Sdn. Bhd.	100%	100%	Property investment.
PPASIA Media Packaging Sdn. Bhd.	100%	100%	Design and sale of paper products.
PPH Plaza Sdn. Bhd. ("PPH Plaza")	100%	100%	Hotel owner and operating of hotel and managing of properties.
PPH Resources Sdn. Bhd.	100%	100%	Investment holding.
PPH Management (M) Sdn. Bhd.	100%	100%	Provision of management services.

Name of Subsidiaries	Effective Equity Interest 2020	2019	Principal Activities
Indirect - held through Public Packages Sdn. Bhd.			
Public Packages (NT) Sdn. Bhd.	100%	100%	Manufacturing of corrugated cartons.
Public Packages (Prai) Sdn. Bhd.	100%	100%	Manufacturing and retailing of corrugated cartons and packing materials.
Indirect - held through Public Packages Properties Sdn. Bhd.			
Quay Hotel Sdn. Bhd.	100%	100%	Dormant.
Indirect - held through PPH Resources Sdn. Bhd.			
Public Packages (Shah Alam) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated cartons and packing materials.
PPH Display Design Sdn. Bhd.	100%	100%	Trading of paper products and providing poster printing services.
Public Packages Asia Sdn. Bhd.	100%	100%	Manufacturing of paper products and packaging materials.
* Public Packages Asia (S) Pte. Ltd. (Incorporated in Singapore)	100%	100%	Total packaging solution provider.
* Not audited by Grant Thornton Malaysia PLT.			

2019

The Company has subscribed for 70,000,000 new ordinary shares in PPH Plaza by way of converting amount due from PPH Plaza of RM70,000,000.

8. INVESTMENT IN JOINT VENTURES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost	19,112	19,112	15,100	15,100
Share of post-acquisition results	10,782	3,136	-	-
Less: Dividend received	(1,100)	-	-	-
	28,794	22,248	15,100	15,100

The details of the joint ventures, all of which were incorporated in Malaysia, except where indicated, are as follows:

Name of Entities	Effective Equity Interest		Principal Activities
	2020	2019	
^ PPH Teckwah Value Chain Sdn. Bhd. ("PTVC")	50%	50%	Investment holding and the provision of management services to related companies.
New Merit Development Sdn. Bhd. ("NMD")	50%	50%	Investment holding.
Indirect held through PPH Resources Sdn. Bhd.			
^ Kyaw Tha PPH Co., Ltd (Incorporated in Myanmar)	25%	25%	Manufacturing, sale and export of paper products and packaging.

^ Not audited by Grant Thornton Malaysia PLT.

In the prior financial years, the Group had fully impaired its investment in Kyaw Tha PPH Co., Ltd. and no financial information is presented due to insignificance and immateriality of this investment to the Group.

The following table summarises the financial information of PTVC and NMD, adjusted for entries to facilitate the equity method by the Group, any differences in accounting policies and reconciled the information to the carrying amount of the Group's interest in the joint ventures, which are accounted for using the equity method.

GROUP

	PTVC RM'000	NMD RM'000	Total RM'000
As at 31 December 2020			
Assets and liabilities			
Non-current assets	10,680	43,000	53,680
Current assets excluding cash and bank balances	15,773	970	16,743
Cash and bank balances	9,893	688	10,581
Non-current liabilities	(1,361)	(14,777)	(16,138)
Current liabilities	(6,534)	(744)	(7,278)
Net assets	28,451	29,137	57,588
Reconciliation of net assets to carrying amount			
Group's share of net assets, representing carrying amount in the statements of financial position	14,226	14,568	28,794
Year ended 31 December 2020			
Results			
Revenue	41,100	1,862	42,962
Cost of sales excluding depreciation	(22,725)	-	(22,725)
Depreciation	(1,739)	-	(1,739)
Other income excluding interest income	497	11,073	11,570
Interest income	27	-	27
Interest expense	(13)	(556)	(569)
Other expenses	(14,672)	(348)	(15,020)
Profit before tax	2,475	12,031	14,506
Tax expense	(670)	(1,617)	(2,287)
Profit for the financial year, representing total comprehensive income for the financial year	1,805	10,414	12,219
Group's share of total comprehensive income	903	6,743	7,646
Contingent liabilities			
Corporate guarantee extended by PTVC to licensed banks for banking facilities granted to a subsidiary of PTVC	5,100	-	5,100
As at 31 December 2019			
Assets and liabilities			
Non-current assets	11,658	31,927	43,585
Current assets excluding cash and bank balances	13,322	1,081	14,403
Cash and bank balances	6,988	2,893	9,881
Non-current liabilities	(570)	(14,181)	(14,751)
Current liabilities	(4,752)	(796)	(5,548)
Net assets	26,646	20,924	47,570
Reconciliation of net assets to carrying amount			
Group's share of net assets, representing carrying amounts in the statements of financial position	13,313	8,935	22,248

	PTVC RM'000	NMD RM'000	Total RM'000
Year ended 31 December 2019			
Results			
Revenue	38,049	2,167	40,216
Cost of sales excluding depreciation	(29,746)	-	(29,746)
Depreciation	(1,472)	-	(1,472)
Other income excluding interest income	716	-	716
Interest income	51	-	51
Interest expense	(26)	-	(26)
Other expenses	(5,735)	(548)	(6,283)
Profit before tax	1,837	1,619	3,456
Tax expense	(563)	(482)	(1,045)
Profit for the financial year, representing total comprehensive income for the financial year	1,274	1,137	2,411
Group's share of total comprehensive income	637	569	1,206
Contingent liabilities			
Corporate guarantee extended by PTVC to licensed banks for banking facilities granted to a subsidiary of PTVC	5,100	-	5,100

9. **AMOUNT DUE FROM SUBSIDIARIES**

	COMPANY	
	2020 RM'000	2019 RM'000
Non-current	2,602	-
Current	515	1,952

The amount due from subsidiaries is non-trade, unsecured, non-interest bearing and classified based on expected timing of realisation.

10. **OTHER INVESTMENTS**

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assests at fair value through other comprehensive income				
Unquoted investments in Malaysia	*	*	*	*
Quoted equity investments				
- In Malaysia	227	252	-	-
- In Singapore	1,346	1,445	-	-
Total carrying amount	1,573	1,697	*	*

* Represents RM1

11. TRADE RECEIVABLES

	GROUP	
	2020 RM'000	2019 RM'000
Non-current:		
Total amount	-	693
Less: Receivable within next twelve months included under current assets	-	(600)
	-	93
Current:		
Trade receivables	49,844	52,222
Less: Allowance for expected credit losses		
Balance at beginning	(147)	(139)
Current year	(195)	(8)
Balance at end	(342)	(147)
	49,502	52,075
Total trade receivables	49,502	52,168

The currency profile of trade receivables is as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Ringgit Malaysia	40,072	40,105
United States Dollar	7,871	9,209
Singapore Dollar	1,559	2,854
	49,502	52,168

The trade receivables are non-interest bearing and are generally on **30 to 120 days** (2019: 30 to 120 days) credit terms. They are recognised at their original invoice amounts which represent the fair values on initial recognition.

12. INVENTORIES

	GROUP	
	2020 RM'000	2019 RM'000
At cost		
Raw materials	7,018	6,937
Work-in-progress	974	1,788
Finished goods	5,022	8,185
Consumables	877	995
	13,891	17,905
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	123,846	135,996

13. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Sundry receivables	1,092	1,415	700	700
Less: Allowance for expected credit losses				
Balance at beginning	(782)	(1,582)	(700)	(1,500)
Recovered	-	800	-	800
Balance at end	(782)	(782)	(700)	(700)
	310	633	-	-
Refundable deposits	395	561	2	2
Non-refundable deposits	1,678	-	-	-
Prepayments	923	1,184	-	-
	3,306	2,378	2	2

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

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	3,251	2,005	2	2
United States Dollar	-	337	-	-
Singapore Dollar	55	36	-	-
	3,306	2,378	2	2

14. **CASH AND BANK BALANCES**

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unencumbered:				
Short term funds with a licensed financial institution	50,497	26,602	7,639	-
Fixed deposits with licensed banks	100	150	-	-
Cash in hand and at banks	29,301	23,278	6,239	5,094
	79,898	50,030	13,878	5,094
Encumbered:				
Fixed deposits with licensed banks	223	3,217	-	-
	80,121	53,247	13,878	5,094

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

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	71,075	49,189	13,878	5,094
United States Dollar	3,315	1,110	-	-
Australian Dollar	15	15	-	-
Singapore Dollar	5,716	2,933	-	-
	80,121	53,247	13,878	5,094

Short term funds with a licensed financial institution of the Group and of the Company are primarily invested in money market. The funds can be redeemed at any point in time upon request.

The encumbered fixed deposits of the Group are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries as disclosed in Note 20 to the financial statements.

The effective interest rates per annum and maturities of the fixed deposits with licensed banks of the Group as at the end of the reporting period range from **1.80 to 2.37%** (2019: 2.64%) per annum and **1 month to 12 months** (2019: 1 month to 12 months) respectively.

15. **SHARE CAPITAL**

	Number of ordinary shares		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Issued and fully paid with no par value	188,624	188,624	94,361	94,361

16. **REVALUATION RESERVE**

GROUP

This is in respect of the surplus on revaluation of property net of deferred tax in prior years and is non-distributable.

17. **FAIR VALUE ADJUSTMENT RESERVE**

GROUP

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, recognised through other comprehensive income until they are disposed.

18. **FOREIGN TRANSLATION RESERVE**

GROUP

This is in respect of foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

19. **RETAINED PROFITS**

COMPANY

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

20. **BORROWINGS**

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current liabilities				
Secured:				
<u>Finance lease liabilities</u>				
Minimum payments:				
Within one year	2,783	2,843	-	-
More than one year and less than two years	1,083	3,106	-	-
More than two years and less than five years	543	1,158	-	-
More than five years	10	29	-	-
Balance carried forward	4,419	7,136	-	-

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Balance brought forward	4,419	7,136	-	-
Future finance charges	(235)	(518)	-	-
	4,184	6,618	-	-
Amount due within one year included under current liabilities	(2,620)	(2,545)	-	-
	1,564	4,073	-	-
<u>Term loans</u>				
Total amount repayable	8,406	13,453	-	-
Amount due within one year included under current liabilities	(1,440)	(1,669)	-	-
	6,966	11,784	-	-
	8,530	15,857	-	-
Current liabilities				
Secured:				
Bank overdrafts	1,448	855	137	218
Bill payables	13,800	18,317	-	-
Finance lease liabilities	2,620	2,545	-	-
Term loans	1,440	1,669	-	-
Murabahah financing	2,414	3,253	-	-
	21,722	26,639	137	218
Total borrowings	30,252	42,496	137	218

The borrowings are secured by way of:

- (i) legal charge over the freehold land of a subsidiary as disclosed in Note 4 to the financial statements;
- (ii) legal charge over certain investment properties as disclosed in Note 6 to the financial statements;
- (iii) pledged of fixed deposits with licensed banks of certain subsidiaries as disclosed in Note 14 to the financial statements;
- (iv) negative pledge;
- (v) joint and several guarantee of subsidiaries;
- (vi) corporate guarantees of the Company; and
- (vii) leased assets as disclosed in Note 4 to the financial statements.

A summary of the effective interest rates per annum and the maturities of the borrowings is as follows:

	Effective interest rates per annum (%)	Total RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
GROUP						
2020						
Bank overdrafts	6.60 to 6.95	1,448	1,448	-	-	-
Bill payables	2.97 to 3.63	13,800	13,800	-	-	-
Finance lease liabilities	2.54 to 3.37	4,184	2,620	1,033	522	9
Term loans	5.60 to 6.60	8,406	1,440	1,677	5,279	10
Murabahah financing	3.15 to 6.75	2,414	2,414	-	-	-
2019						
Bank overdrafts	7.85 to 8.20	855	855	-	-	-
Bill payables	3.71 to 5.24	18,317	18,317	-	-	-
Finance lease liabilities	2.54 to 3.37	6,618	2,545	2,947	1,100	26
Term loans	4.66 to 7.85	13,453	1,669	1,308	7,060	3,416
Murabahah financing	4.37 to 8.00	3,253	3,253	-	-	-
COMPANY						
2020						
Bank overdraft	6.95	137	137	-	-	-
2019						
Bank overdraft	8.20	218	218	-	-	-

21. DEFERRED TAX LIABILITIES

	GROUP	
	2020 RM'000	2019 RM'000
Balance at beginning	8,162	8,662
Recognised in profit or loss	825	(536)
Recognised in other comprehensive income	(96)	-
	8,891	8,126
Under provision in prior year	230	36
Balance at end	9,121	8,162

The recognised deferred tax liabilities/(assets), after appropriate offsetting, are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Deferred tax liabilities	9,232	8,455
Deferred tax assets	(111)	(293)
	9,121	8,162

The deferred tax liabilities/(assets) as at the end of the reporting period are represented by temporary differences arising from:

	GROUP	
	2020	2019
	RM'000	RM'000
Property, plant and equipment	6,466	6,431
Investment properties	163	-
Revaluation reserve	2,836	3,240
Unused tax losses	-	(1,300)
Unabsorbed capital allowances	(292)	(209)
Others	(52)	-
	9,121	8,162

22. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2020	2019
	RM'000	RM'000
Ringgit Malaysia	8,924	9,941
United States Dollar	351	30
Singapore Dollar	40	46
Hong Kong Dollar	-	8
	9,315	10,025

The trade payables are non-interest bearing and are normally settled on **30 to 120 days** (2019: 30 to 120 days) credit terms.

23. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Other payables	4,638	3,456	3	1
Accruals	4,802	4,589	31	25
Deposits received	207	277	-	-
Penang local government fee payable and Tourism Tax payable	-	81	-	-
GST payable	46	43	-	-
SST payable	1,115	1,025	-	-
	10,808	9,471	34	26

The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	10,261	8,936	34	26
Singapore Dollar	417	530	-	-
United States Dollar	130	5	-	-
	10,808	9,471	34	26

Included in the other payables of the Group is an amount of **RM16,968** (2019: RM4,075) due to a company in which certain directors of the Company have financial interests. It is unsecured, non-interest bearing and repayable on demand.

24. CONTRACT LIABILITIES

	GROUP	
	2020	2019
	RM'000	RM'000
Balance at beginning	1,672	459
Revenue recognised during the year	(1,189)	(459)
Deposits received during the year	1,977	1,672
Balance at end	2,460	1,672

Contract liabilities represent deposits received from customers in advance for sales orders before commencing production activity. The deposits will be reversed and recognised as revenue upon satisfying the performance obligation.

All deposits received are expected to be recognised as revenue within one year from the date of receipt.

25. REVENUE

25.1 Disaggregated revenue information

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Types of revenue				
Sales of goods	182,616	197,682	-	-
Hotel operation income	6,953	5,640	-	-
Rental income	512	443	-	-
Gross dividend from				
- a joint venture	-	-	1,100	-
- subsidiaries	-	-	10,000	8,600
- short term funds	139	66	139	66
Interest income	-	-	-	173
Others	56	46	-	-
Total revenue from contracts with customers	190,276	203,877	11,239	8,839
Timing of revenue recognition				
At a point in time	189,764	203,434	11,239	8,839
Over time	512	443	-	-
Total revenue from contracts with customers	190,276	203,877	11,239	8,839
Geographical segments				
Malaysia	177,610	186,616	11,239	8,839
Asia Pacific	12,016	16,760	-	-
Europe	338	163	-	-
United States of America	302	233	-	-
Others	10	105	-	-
Total revenue from contracts with customers	190,276	203,877	11,239	8,839

25.2 Performance obligations

Performance obligations of respective revenue are disclosed in Note 3.10 to the financial statements.

Unsatisfied performance obligations

The transaction price allocated to the remaining performance obligations of the Group (unsatisfied or partially unsatisfied) to be fulfilled within one year as at the end of the reporting period is **RM2,460,239** (2019: RM1,671,841).

26. COST OF SALES

	GROUP	
	2020	2019
	RM'000	RM'000
Direct operating costs from sales of goods	123,262	135,418
Hotel operation expenses	7,117	4,524
Other costs	-	46
	130,379	139,988

27. PROFIT BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration				
- Company's auditors				
- statutory audit - current year	155	147	26	23
- over provision in prior year	(1)	-	-	-
- other services	3	3	3	3
- Other auditors				
- statutory audit	14	14	-	-
Allowances for expected credit losses	195	8	-	-
Bad debts	19	-	-	897
Depreciation of property, plant and equipment	9,690	7,434	-	-
Depreciation of right-of-use assets	878	647	-	-
Directors' fee for non-executive directors	78	78	78	78
Expenses relating to short term leases	678	750	-	-
Expenses relating to lease of low value assets	25	20	-	-
Fair value loss on investment properties	5	-	-	-
Impairment loss on property, plant and equipment	1,004	619	-	-
* Interest expense	1,907	2,729	538	37
Loss on disposal of property, plant and equipment	1	-	-	-
Property, plant and equipment written off	199	16	-	-
Realised loss on foreign exchange	16	-	-	-
** Staff costs	45,918	47,444	-	-
And crediting:				
Interest income	45	99	-	173
Gain on disposal of property, plant and equipment	24	2	-	-
Gross dividend from				
- quoted equity shares	50	79	-	-
- short term funds	904	860	-	-
Realised gain on foreign exchange	150	507	-	-
Rental income	256	312	-	-
Recovered of allowance for expected credit losses	-	800	-	800

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
* Interest expense				
- Bank overdrafts	180	300	10	37
- Bill payables	713	1,195	-	-
- Finance lease liabilities	283	467	-	-
- Accretion of interest on lease liabilities	61	47	-	-
- Term loans	670	589	-	-
- Murabahah financing	-	131	-	-
- Unwinding discount on amount due from subsidiary	-	-	528	-
	1,907	2,729	538	37
** Staff costs				
- Salaries, bonus, wages, overtime and allowance	41,070	42,263	-	-
- Director's fee	109	109	-	-
- EPF	4,265	4,643	-	-
- SOCSO and EIS	474	429	-	-
	45,918	47,444	-	-

Directors' emoluments

Included in the Group's staff costs is directors' emoluments as below:

	GROUP	
	2020	2019
	RM'000	RM'000
Executive directors of the Company:		
- Salaries, allowance and bonus	2,414	2,164
- EPF	457	406
- SOCSO and EIS	7	7
	2,878	2,577
- Benefits-in-kind	70	66
	2,948	2,643
Executive directors of subsidiaries:		
- Salaries, allowance and bonus	2,254	2,215
- Director's fee	109	109
- EPF	323	292
- SOCSO and EIS	5	5
	2,691	2,621
- Benefits-in-kind	74	66
	2,765	2,687
Total executive directors' emoluments	5,713	5,330

28. **TAX (EXPENSE)/INCOME**

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Based on results for the financial year				
- Current tax				
- Malaysian income tax	(7,795)	(6,749)	-	(36)
- Foreign tax	(200)	(184)	-	-
	(7,995)	(6,933)	-	(36)
- Deferred tax relating to the origination and reversal of temporary differences	(825)	536	-	-
	(8,820)	(6,397)	-	(36)
(Under)/Over provision in prior year				
- Current tax	192	531	3	3
- Deferred tax	(230)	(36)	-	-
	(38)	495	3	3
	(8,858)	(5,902)	3	(33)

Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

The reconciliation of tax (expense)/income of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax	35,981	29,534	10,472	8,469
Less: Share of results of joint ventures	(7,646)	(1,206)	-	-
	28,335	28,328	10,472	8,469
Income tax at Malaysian statutory tax rate of 24%	(6,800)	(6,799)	(2,513)	(2,033)
Income not subject to tax	262	307	2,697	2,080
Different tax rates in foreign jurisdiction	122	97	-	-
Expenses not deductible for tax purposes	(756)	(797)	(184)	(83)
Effect of double deduction	61	-	-	-
Utilisation of reinvestment allowance	316	504	-	-
Utilisation of automation allowance	-	285	-	-
Utilisation of unrecognised unused tax losses and unabsorbed capital allowances	48	201	-	-
Deferred tax assets not recognised	(459)	(282)	-	-
Reversal of deferred tax assets on unused tax losses previously recognised	(1,758)	-	-	-
Effect of Real Property Gains Tax applied on the fair value changes of the investment properties	(163)	-	-	-
Annual crystallisation of deferred tax on revaluation reserve	307	87	-	-
	(8,820)	(6,397)	-	(36)
(Under)/Over provision in prior year	(38)	495	3	3
	(8,858)	(5,902)	3	(33)

The following deferred tax assets (gross amount) have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	9,023	1,856	-	-
Unabsorbed capital allowances	2,174	362	190	190
Others	60	-	-	-
	11,257	2,218	190	190

The gross amount and future availability of unused tax losses and unabsorbed capital allowances which are available to be carried forward for set-off against future taxable income are estimated as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	9,023	7,202	-	-
Unabsorbed capital allowances	10,070	8,535	190	190

The unused tax losses can be carried forward for seven consecutive years of assessment immediately following that year of assessment of which tax loss was incurred and this is effective from year of assessment 2018. However unabsorbed capital allowance can be carried forward indefinitely.

The expiry of the unused tax losses is as follows:

	GROUP	
	2020	2019
	RM'000	RM'000
Year of assessment 2025	5,212	5,412
Year of assessment 2026	1,790	1,790
Year of assessment 2027	2,021	-
	9,023	7,202

29. EARNINGS PER SHARE

GROUP

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	2020	2019
Profit for the financial year (RM'000)	27,123	23,632
Weighted average number of ordinary shares in issue ('000)	188,624	188,624
Basic earnings per share (sen)	14.38	12.53

(b) Diluted earnings per share

The earnings per share is not diluted as the Company does not have any dilutive potential ordinary shares as at the end of the reporting period.

30. **DIVIDEND**

	2020 RM'000	2019 RM'000
In respect of financial year ended 31 December 2019		
- Single tier interim dividend of RM0.0025 per share	472	-

On 23 February 2021, the Company has declared a single tier interim dividend of RM0.0025 per ordinary share amounting to RM471,559 in respect of the financial year ended 31 December 2020 and paid on 30 March 2021. The financial statements for the current financial year do not reflect these declared dividends. Such dividends will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2021.

31. **CAPITAL COMMITMENTS**

	GROUP 2020 RM'000	2019 RM'000
Property, plant and equipment		
- Contracted but not provided for	4,800	2,065

32. **SEGMENTAL INFORMATION**

Segmental information is presented in respect of the Group's business and geographical segments. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results and assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business Segments

The operations of the Group are organised into the following main business segments:

(i)	Investment	Investment holding and provision of financial, administrative and advisory services.
(ii)	Manufacturing	Manufacturing and retailing of corrugated cartons, packing materials, gift and display box.
(iii)	Property	Property investment.
(iv)	Trading	Trading of paper products, design and sale of paper.
(v)	Hospitality	Management and operation of hotel and restaurant.

	Investment RM'000	Manufacturing RM'000	Property RM'000	Trading RM'000	Hospitality RM'000	Eliminations RM'000	Note	Total RM'000
2020								
Revenue								
External sales	139	173,057	104	9,559	7,417	-		190,276
Inter-segment sales	16,153	47,431	630	4	19	(64,237)	A	-
Total revenue	16,292	220,488	734	9,563	7,436	(64,237)		190,276
Result								
Segment results	(111)	30,455	(282)	1,659	(1,524)			30,197
Interest income								45
Interest expense								(1,907)
Share of results of joint ventures								7,646
Profit before tax								35,981
Tax expense								(8,858)
Profit for the financial year								27,123
Assets								
Segment assets	14,000	200,020	5,008	10,654	81,016			310,698
Investment in joint ventures								28,794
Current tax assets								336
Total assets								339,828
Liabilities								
Segment liabilities	175	44,499	59	1,510	7,758			54,001
Deferred tax liabilities								9,121
Current tax liabilities								3,369
Total liabilities								66,491
Other segment information								
Additions to non-current assets	-	1,501	-	-	2,015		B	3,516
Depreciation	-	6,955	4	87	3,522			10,568
Non-cash expenses other than depreciation	-	1,334	5	-	60		C	1,399

	Investment RM'000	Manufacturing RM'000	Property RM'000	Trading RM'000	Hospitality RM'000	Eliminations RM'000	Note	Total RM'000
2019								
Revenue								
External sales	66	186,431	103	11,251	6,026	-		203,877
Inter-segment sales	13,375	61,107	630	1	79	(75,192)	A	-
Total revenue	13,441	247,538	733	11,252	6,105	(75,192)		203,877
Result								
Segment results	(107)	29,857	459	1,480	(731)			30,958
Interest income								99
Interest expense								(2,729)
Share of results of joint ventures								1,206
Profit before tax								29,534
Tax expense								(5,902)
Profit for the financial year								23,632
Assets								
Segment assets	5,161	174,029	23,667	9,137	86,074			298,068
Investment in joint ventures								22,248
Current tax assets								582
Total assets								320,898
Liabilities								
Segment liabilities	248	52,376	1,745	636	10,234			65,239
Deferred tax liabilities								8,162
Current tax liabilities								790
Total liabilities								74,191
Other segment information								
Additions to non-current assets	-	3,387	-	1	14,445		B	17,833
Depreciation	-	6,473	4	108	1,496			8,081
Non-cash expenses other than depreciation	-	641	-	-	-		C	641

Notes to segmental information:

A Inter-segment revenue are eliminated on consolidation.

B Additions to non-current assets consist of:

	2020 RM'000	2019 RM'000
Property, plant and equipment	2,992	17,833
Right-of-used assets	524	-
	3,516	17,833

C Other material non-cash expenses other than depreciation consist of the following items:

	2020 RM'000	2019 RM'000
Allowance for expected credit losses	195	8
Bad debts	19	-
Fair value loss on investment properties	5	-
Gain on disposal of property, plant and equipment	(24)	(2)
Impairment loss on property, plant and equipment	1,004	619
Loss on disposal of property, plant and equipment	1	-
Property, plant and equipment written off	199	16
	1,399	641

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and non-current assets respectively are as follows:

	Revenue		Non-current assets	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	177,610	186,616	191,087	193,205
Asia Pacific	12,016	16,760	1,585	1,506
Europe	338	163	-	-
United States of America	302	233	-	-
Others	10	105	-	-
	190,276	203,877	192,672	194,711

Information about major customers

There is no single customer that contributed to 10% or more of the Group's revenue during the financial year.

33. RELATED PARTY DISCLOSURES

(i) Identify of related parties

The Group has related party relationship with its subsidiaries, joint ventures, key management personnel and the following parties:

Related parties	Relationship
Fame Pack Holdings Sdn. Bhd.	: A substantial shareholder of the Company and connected to Mr. Koay Chiew Poh.
Koay Boon Pee Holding Sdn. Bhd.	: A company in which the directors of the Company, namely Koay Chiew Poh, Koay Chiew Kang and Koay Chue Beng, have substantial financial interests.
Peoples Primary Healthcare Sdn. Bhd.	: A company in which the directors of the Company, namely Koay Teng Liang and Koay Teng Kheong, have substantial financial interests.

(ii) **Related Parties Transactions**

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Dividend income from subsidiaries	-	-	10,000	8,600
Dividend income from a joint venture	-	-	1,100	-
Interest income from a subsidiary	-	-	-	173
Accommodation charges by a subsidiary	-	-	5	-
Rental of premises from related parties				
- Fame Pack Holdings Sdn. Bhd.	215	232	-	-
- Koay Boon Pee Holdings Sdn. Bhd.	84	42	-	-
Rental of premise paid to certain directors of the Company	78	78	-	-
Rental of premise paid to a director of a subsidiary	6	6	-	-
Rental of motor vehicles paid to a related party				
- Koay Boon Pee Holding Sdn. Bhd.	646	545	-	-
Medical care and supplies paid to a related party				
- Peoples Primary Healthcare Sdn. Bhd.	180	177	-	-

(iii) **Compensation of key management personnel**

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly.

The remuneration of the directors and other members of key management during the financial year is as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Salaries and other short-term employee benefits	6,809	6,343	-	-
Directors' fees	187	187	78	78
Defined contribution plan	1,107	1,002	-	-
	8,103	7,532	78	78

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Analysed as:				
- Directors	5,791	5,408	78	78
- Key management personnel	2,312	2,124	-	-
	8,103	7,532	78	78

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost (“AC”) and fair value through other comprehensive income (“FVOCI”).

	Carrying amount RM'000	AC RM'000	FVOCI RM'000
GROUP			
2020			
Financial assets			
Other investments	1,573	-	1,573
Trade receivables	49,502	49,502	-
Other receivables and refundable deposits	705	705	-
Cash and bank balances	80,121	80,121	-
	131,901	130,328	1,573
Financial liabilities			
Borrowings	26,068	26,068	-
Trade payables	9,315	9,315	-
Other payables and accruals excluding GST and SST payable	9,647	9,647	-
	45,030	45,030	-
2019			
Financial assets			
Other investments	1,697	-	1,697
Trade receivables	52,168	52,168	-
Other receivables and refundable deposits	1,194	1,194	-
Cash and bank balances	53,247	53,247	-
	108,306	106,609	1,697
Financial liabilities			
Borrowings	35,878	35,878	-
Trade payables	10,025	10,025	-
Other payables and accruals excluding Penang local government fee payable and Tourism Tax Payable, GST and SST payable	8,322	8,322	-
	54,225	54,225	-

	Carrying amount RM'000	AC RM'000	FVOCI RM'000
COMPANY			
2020			
Financial assets			
Other investment	*	-	*
Refundable deposits	2	2	-
Amount due from subsidiaries	3,117	3,117	-
Cash and bank balances	13,878	13,878	-
	16,997	16,997	*
Financial liabilities			
Borrowings	137	137	-
Other payables and accruals	34	34	-
	171	171	-
2019			
Financial assets			
Other investments	*	-	*
Refundable deposits	2	2	-
Amount due from subsidiaries	1,952	1,952	-
Cash and bank balances	5,094	5,094	-
	7,048	7,048	*
Financial liabilities			
Borrowings	218	218	-
Other payables and accruals	26	26	-
	244	244	-

* Represent RM1

34.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

34.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to certain subsidiaries.

34.3.1 Trade receivables

The Group extends credit terms to the customers that range between 30 to 120 days. Credit terms extended to its customers is based on careful evaluation on the customers' financial condition and payment history. Receivables are monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts. In order to further minimise its exposure to credit risk, the Group requires deposits from the customers.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The ageing analysis of trade receivables of the Group as at the end of the reporting period is as follows:

	Gross RM'000	Allowance for expected credit losses RM'000	Net RM'000
GROUP			
2020			
Not past due	36,936	-	36,936
1 to 30 days past due	8,353	-	8,353
31 to 60 days past due	1,697	-	1,697
61 to 90 days past due	1,918	-	1,918
More than 90 days past due	598	-	598
	12,566	-	12,566
Impaired	342	(342)	-
	49,844	(342)	49,502
2019			
Not past due	33,641	-	33,641
1 to 30 days past due	9,710	-	9,710
31 to 60 days past due	3,243	-	3,243
61 to 90 days past due	1,135	-	1,135
More than 90 days past due	4,439	-	4,439
	18,527	-	18,527
Impaired	147	(147)	-
	52,315	(147)	52,168

Trade receivables that are neither past due nor impaired are credit worthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM12,565,656** (2019: RM18,526,458) that are past due but not impaired at the end of the reporting period as the management is of the view that these debts will be collected in due course.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

As at the end of the reporting period, the Group has no significant concentration of credit risks.

Maximum exposure to credit risk

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross RM'000	Allowance for expected credit losses RM'000	Net RM'000
Credit risk rating			
GROUP			
2020			
Low risk	49,502	-	49,502
Individually impaired	342	(342)	-
	49,844	(342)	49,502
2019			
Low risk	52,168	-	52,168
Individually impaired	147	(147)	-
	52,315	(147)	52,168

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as country risk assessment has been incorporated in determining the expected credit losses.

Trade receivables are usually collectible and the Group does not have much material historical bad debts written off or impairment of trade receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. No expected credit losses is provided during the financial year based on the above assessment as the impact to the Group's financial statements is not material.

34.3.2 Financial guarantees

The Company provides unsecured financial guarantees to financial institutions in respect of banking facilities granted to certain subsidiaries and an associated company up to a limit of **RM165,899,803** (2019: RM170,683,803), of which the amount utilised as at the end of the reporting period was **RM43,058,412** (2019: RM56,500,053), representing the credit risk exposure to the Company as at that date.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiaries would default on repayment. The directors considered that the fair value of the financial guarantee contracts on initial recognition is insignificant.

34.3.3 Intercompany advances

The Company provides advances to its subsidiaries and monitors their results regularly.

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of these advances.

34.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

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 and are based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	More than one year and less than five years RM'000	More than five years RM'000
GROUP					
2020					
<i>Non-derivative financial liabilities</i>					
Borrowings	30,252	31,004	21,369	8,495	1,140
Lease liabilities	1,166	1,196	856	340	-
Trade payables	9,315	9,315	9,315	-	-
Other payables and accruals excluding GST and SST payable	9,647	9,647	9,647	-	-
Total undiscounted financial liabilities	50,380	51,162	41,187	8,835	1,140
2019					
<i>Non-derivative financial liabilities</i>					
Borrowings	42,496	46,759	27,861	13,596	5,302
Lease liabilities	1,575	1,798	875	923	-
Trade payables	10,025	10,025	10,025	-	-
Other payables and accruals excluding Penang local government fee payable and Tourism Tax payable, GST and SST payable	8,322	8,322	8,322	-	-
Total undiscounted financial liabilities	62,418	66,904	47,083	14,519	5,302
COMPANY					
2020					
<i>Non-derivative financial liabilities</i>					
Borrowings	137	137	137	-	-
Other payables and accruals	34	34	34	-	-
Financial guarantee *	-	43,058	43,058	-	-
Total undiscounted financial liabilities	171	43,229	43,229	-	-
2019					
<i>Non-derivative financial liabilities</i>					
Borrowings	218	218	218	-	-
Other payables and accruals	26	26	26	-	-
Financial guarantee *	-	56,500	56,500	-	-
Total undiscounted financial liabilities	244	56,744	56,744	-	-

* The financial guarantees are included for illustration purpose only as they have not crystallised as at the end of the reporting period.

34.5 Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on their carrying amount as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	323	3,367	-	-
Financial liabilities	20,398	28,188	-	-
Floating rate instruments				
Financial liabilities	9,854	14,308	137	218

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do 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.

Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before tax by the amount shown below and a decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Decreased in profit before tax	34	105	1	1

34.6 Foreign currency risk

The objectives of the Group's foreign exchange policy are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have decreased profit before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect.

	GROUP	
	2020	2019
	RM'000	RM'000
USD	(1,071)	(1,062)
SGD	(2)	(1)
Others	(1)	(1)
Decrease in profit before tax	(1,074)	(1,064)

34.7 Equity price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial assets designated at FVOCI will fluctuate because of changes in market prices. Equity price risk arises from the Group's other investments which are the equity securities quoted in both local and foreign countries.

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Company.

Sensitivity analysis for equity price risk

As at the end of the reporting period, if the share prices of the quoted equity securities had been 5% higher/lower, with all other variables held constant, the Group's profit before tax would have been RM78,707 higher/lower, arising as a result of higher/lower fair value gain on investment in quoted shares.

35. FAIR VALUE MEASUREMENT

The carrying amounts of the Group's and the Company's financial assets (other than investments in quoted financial instruments) and financial liabilities as at the end of the reporting period approximate their fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of the non-current portion of finance lease liabilities is reasonable approximation of fair values due to the insignificant impact of discounting.

35.1 Financial assets that are measured at fair value on a recurring basis

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
GROUP					
2020					
Financial assets					
Other investments	1,573	-	-	1,573	1,573
2019					
Financial assets					
Other investments	1,697	-	-	1,697	1,697

Level 1 fair value

Level 1 fair value of the other investments is derived by reference to their quoted market prices in active markets at the end of reporting period.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between level 2 and level 3 during the financial year.

35.2 Non-financial assets that are measured at fair value

The directors determine the recurring fair values of the Group's investment properties based on the followings:

- With reference to valuation report by external independent qualified property valuer using the market comparison method, being comparison of current price in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, size, present market trends and other differences; and
- Current market values with reference to the selling prices of similar properties.

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	Level 1	Level 2	Level 3	Total	Carrying
	RM'000	RM'000	RM'000	RM'000	amount
					RM'000
GROUP					
2020					
Investment properties	-	4,910	-	4,910	4,910
2019					
Investment properties	-	10,715	-	10,715	10,715

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 2 fair value of investment properties have been generally derived using the market comparison approach. Selling price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

36. **CAPITAL MANAGEMENT**

The primary objective of the Group's and the Company's capital management policy is to maintain a strong capital base to support their business and to maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in economic conditions or expansion of the Group and of the Company. The Group and the Company may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The Group and the Company consider their total equity and total loans and borrowings to be the key components of their capital structure. The Group and the Company monitor capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Total borrowings	30,252	42,496	137	218
Less: Cash and bank balances	(80,121)	(53,247)	(13,878)	(5,094)
Net cash	(49,869)	(10,751)	(13,741)	(4,876)
Total equity	273,337	246,707	158,821	148,818
Gearing ratio	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾

⁽ⁱ⁾ N/A - Not applicable as net cash position

37. **EMPLOYEE SHARE GRANT SCHEME (“ESGS”)**

The Company’s ESGS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting held on 29 August 2017. The ESGS will be in force for a maximum period of five years till 6 October 2022.

During the financial year, no option was granted.

The salient features of the ESGS are as follows:

- (i) The total number of new ordinary shares which are available to be issued under the ESGS shall not in aggregate exceed fifteen percent (15%) of the total issued and share capital (excluding treasury shares) of the Company at any point in time during the duration of the scheme.
- (ii) A person shall be eligible to participate in the ESGS if, as at the date of offer, has attained the age of at least eighteen (18) years old; not be an undischarged bankrupt nor subject to any bankruptcy proceedings; is serving in a specific designation under an employment contract, whether on a permanent contract or for a fixed duration. Eligibility to participate in the scheme does not confer on an Eligible Person a claim or right to participate in the scheme unless the ESGS Committee has made an offer and the Eligible Person has accepted the offer in accordance with the terms of the offer and the scheme. The selection of any Eligible Person to participate in the scheme shall be at the discretion of the ESGS Committee.
- (iii) The aggregate maximum number of shares that may be allocated shall be determined by the Scheme Committee, on an annual basis, provided that the allocation to any individual Eligible Person who, either singly or collectively through persons connected with that Eligible person, holds twenty percent (20%) or more of the issued share capital of the Company, shall not exceed ten percent (10%) of the Maximum Shares Available.
- (iv) The options shall continue to be in force for a period of five (5) years thereafter, provided that the approval of Bursa securities for the listing of and quotation for the new shares to be issue; the approval of the shareholders of the Company; and the fulfilment of all conditions attached to the approvals.
- (v) The new ordinary shares to be allotted upon the exercise of the option will, upon allotment, rank *pari passu* in all respects with the then existing issued and fully paid-up shares of the Company, except that the new ordinary shares so allotted will not be entitled to any rights, dividends, allotments or other forms of distribution, the entitlement date of which is declared prior to the date of allotment of the ordinary shares and will be subject to all the provisions of the Constitution of the Company and the Listing Requirements relating to transfer, transmission and otherwise.

38. **SIGNIFICANT EVENT**

The World Health Organisation declared the 2019 Novel Coronavirus (“COVID-19”) outbreak a pandemic on 11 March 2020. This was followed by our government issuing a Gazetted Order known as the Movement Control Order (“MCO”) starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

The COVID-19 pandemic had interrupted the Group’s business operation and the Group’s revenue dropped due to the lower productivity during the initial implementation of MCO.

The degree of the COVID-19 impact on the Group’s business operation will depend on the future development of COVID-19, which is highly uncertain and unpredictable. The Group will continue its effort in mitigating the exposure and disruptions in the business operations, particularly in strengthening the market position and enhancing production efficiencies while taking measures to control the operation costs.

39. **COMPARATIVE FIGURES**

The financial statements of the Company have been retrospectively restated due to the omission of transfer of revaluation reserve to retained profits in the prior financial years.

The effects of the above reclassification to the financial statements of the Company are as follows:

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
COMPANY			
Statements of financial position			
As at 31 December 2019			
Revaluation reserve	29,345	(29,345)	-
Retained profits	25,112	29,345	54,457
As at 1 January 2019			
Revaluation reserve	29,345	(29,345)	-
Retained profits	16,676	29,345	46,021

**LIST OF PROPERTIES OWNED BY
PUBLIC PACKAGES HOLDINGS BERHAD AND ITS SUBSIDIARIES
AS AT 31 DECEMBER 2020**

Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	Carrying Amount as at 31.12.20 RM
PUBLIC PACKAGES SDN. BHD.						
Plot 72 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 2.10.2047	Factory building	28.11.2007	31	22,509 / 11,516	1,066,635
Plot 96(A) Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 22.5.2050	Factory building	28.11.2007	31	32,356 / 5,688	1,342,772
Plot 96(B) Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 5.7.2054	Factory building	28.11.2007	24	16,985 / 9,979	480,194
Plot 67 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 14.8.2047	Factory and office building	28.11.2007	32	44,083 / 94,249	2,449,991
Plot 116 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 18.10.2055	Factory and office building	28.11.2007	26	84,183 / 7,317	1,977,055
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	24	- / 500 (per unit)	402,353

Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	Carrying Amount as at 31.12.20 RM
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PUBLIC PACKAGES (NT) SDN. BHD.

Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Factory Building	28.11.2007	26	- / 137,152	9,749,789
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PPH PRINTING & PACKAGING (PENANG) SDN. BHD.

Plot 482 Jalan Perusahaan Baru, Prai Industrial Estate, Penang	Leasehold 23.2.2049	Factory and office building	28.11.2007	31	43,738 / 38,474	1,661,918
A-1-3 Kelisa Apartment Lorong Kikik Satu, Taman Inderawasih, Seberang Perai	Freehold	Hostel	28.11.2007	28	- / 726	66,600
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	24	- / 500 (per unit)	402,353
Plot 468 Jalan Perusahaan Baru, Prai Industrial Estate, Penang	Leasehold 19.4.2049	Factory and office building	28.11.2007	31	93,329 / 77,727	3,811,104

PUBLIC PACKAGES (PRAI) SDN. BHD.

Plot 60 P.T. No: 2941 Prai Industrial Estate Phase 4 Mukim 11 Seberang Perai Tengah, Penang	Leasehold 29.6.2052	Factory and office building	28.11.2007	26	261,361 / 140,924	10,405,534
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PPH PRINTING & PACKAGING (KULIM) SDN. BHD.

Plot 75 Kulim Industrial Estate Kulim, Kedah	Leasehold 21.9.2049	Factory and office building	28.11.2007	30	52,272 / 54,140	1,934,092
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Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.foot)	Carrying Amount as at 31.12.20 RM
PUBLIC PACKAGES PROPERTIES SDN. BHD.						
Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Rental	25.07.2012	-	511,877 / -	6,578,000
84 Lebuhraya Kapal, Penang	Freehold	Rental	31.12.2020	35	1,389 / 2,800	420,000
5-2-4 Edgumbe Court, Penang	Freehold	Rental	31.12.2020	31	- / 700	430,000
Unit SB15 Block A, No. 1 Persiaran Gurney, Penang	Freehold	Rental	31.12.2020	32	- / 1,815	1,350,000
Unit I-4-3 Taman Desa Relau, Penang	Freehold	Rental	31.12.2020	28	- / 700	230,000
Unit 368-2-04 Belisa Row Jalan Burma, Penang	Freehold	Rental	31.12.2020	25	- / 1,055	630,000
No. A-17-02, Verticas Residensi, off Jalan Ceylon, Kuala Lumpur	Freehold	Rental	31.12.2020	10	- / 2,111	1,850,000
Lot15 Jalan Utas 15/7 Section 15 40000 Shah Alam, Selangor	Leasehold 31.10.2070	Rental	31.12.2017	36	14966 / 273	5,686,275
PPH PLAZA SDN. BHD.						
Lot 741, 742 & 743 Section 23 Bandar Georgetown Daerah Timur Laut, Penang	Freehold	Hotel	23.12.2002	-	56,244	64,870,759
						117,795,424

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL as at 5 APRIL 2021

No. of shares	:	188,623,501 shares
Classes of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	4,304

SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees) as at 5 APRIL 2021

	Name	No. of Ordinary Shares Held			
		Direct Interest	%	Indirect Interest	%
1.	Fame Pack Holdings Sdn. Bhd.	77,541,720	41.11	-	-
2.	Multiple Accomplishments Sdn. Bhd.	15,093,274	8.00	-	-
3.	Koay Chiew Poh	7,283,394	3.86	84,287,434 *	44.69
4.	Ooi Siew Hong	-	-	84,287,434 *	44.69

Note:

- * Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Fame Pack Holdings Sdn. Bhd. and Koay Boon Pee Holding Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS as at 5 APRIL 2021

	Name	No. of Ordinary Shares Held			
		Direct Interest	%	Indirect Interest	%
1.	Koay Chiew Poh	7,283,394	3.86	84,287,434 (a)	44.69
2.	Koay Chiew Kang	1,834,107	0.97	6,923,423 (b)	3.67
3.	Koay Teng Liang	99,995	0.05	-	-
4.	Koay Teng Kheong	20,000	0.01	-	-
5.	Nurjannah Binti Ali	-	-	-	-
6.	Ng Thim Fook	-	-	-	-
7.	Ong Eng Choon	-	-	-	-
8.	Koay Chue Beng	634,900	0.34	6,745,714 (c)	3.58

Notes:

- (a) Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Fame Pack Holdings Sdn. Bhd. and Koay Boon Pee Holding Sdn. Bhd.
 (b) Deemed interested by virtue of Section 8 and Section 59(11)(c) of the Companies Act 2016 held through Koay Boon Pee Holding Sdn. Bhd. and his spouse respectively.
 (c) Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Koay Boon Pee Holding Sdn. Bhd.

DISTRIBUTION OF SHAREHOLDERS as at 5 APRIL 2021

Holdings	No. of Holders	%	No. of Shares	%
Less than 100	278	6.46	11,787	0.01
100 - 1,000	526	12.22	300,011	0.16
1,001 - 10,000	2,120	49.26	12,283,953	6.51
10,001 - 100,000	1,272	29.55	36,660,294	19.43
100,001 - 9,431,174 *	106	2.46	46,732,462	24.78
9,431,175 and above **	2	0.05	92,634,994	49.11
TOTAL	4,304	100.00	188,623,501	100.00

Remark: * Less than 5% of issued shares

** 5% and above of issued shares

THIRTY LARGEST SHAREHOLDERS as at 5 APRIL 2021

No.	Name	No. of Shares	%
1.	Fame Pack Holdings Sdn. Bhd.	77,541,720	41.11
2.	Multiple Accomplishments Sdn. Bhd.	15,093,274	8.00
3.	Koay Chiew Poh	7,283,394	3.86
4.	Koay Boon Pee Holding Sdn. Bhd.	6,745,714	3.58
5.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Kong Kok Choy (8092812)	2,000,000	1.06
6.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Law Teck Peng	1,428,900	0.76
7.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Cheam Heng Ming (E-KTN/RAU)	1,371,942	0.73
8.	Koay Chiew Kang	1,365,538	0.72
9.	Koay Chew Guan	1,271,394	0.67
10.	George Lee Sang Kian	1,120,000	0.59
11.	Do Hock Kwong	739,685	0.39
12.	Citigroup Nominees (Asing) Sdn. Bhd. UBS AG	735,700	0.39
13.	Loh Chung Hai	650,000	0.34
14.	Koay Chue Beng	634,900	0.34
15.	PM Nominees (Tempatan) Sdn. Bhd. Malpac Management Sdn. Bhd.	591,428	0.31
16.	Gan Kho @ Gan Hong Leong	583,300	0.31
17.	Maybank Nominees (Tempatan) Sdn. Bhd. Sanmugarajah A/L Paramasvaran	580,100	0.31
18.	Gan Kho @ Gan Hong Leong	532,000	0.28
19.	Koay Chiew Lee	522,854	0.28
20.	Gan Tiong Siew	500,000	0.27
21.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lee Teo Seng	500,000	0.27
22.	Ho Chu Chai	494,300	0.26
23.	Koay Chiew Kang	468,569	0.25
24.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Mary Tan @ Tan Hui Ngoh (STF)	460,000	0.24
25.	CGS – CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Goalkey System Sdn. Bhd. (MY1461)	450,000	0.24
26.	Chia Chen Hou	445,000	0.24
27.	Tye Sok Cin	400,000	0.21
28.	Chee Kheng Can Factory Sdn. Berhad	364,285	0.19
29.	Kong Jit Chong	360,000	0.19
30.	Leng Bee Bee	351,000	0.19
		125,584,997	66.58

PUBLIC PACKAGES HOLDINGS BERHAD

Registration No. 198701003743(162413-K)

(Incorporated in Malaysia)

Proxy Form

*I/We.....(*NRIC No./ Passport No./ Company No)
(Full Name in Block Letter)

of.....
(Address)

Being a *member/members of the abovenamed Company, hereby appoint
(Full Name in Block Letter)

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

of
(Address)

or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 34th Annual General Meeting ("AGM") of the Company to be held at Angier & Borden Level 4, Meeting Room, The Prestige Hotel of 8 Gat Lebuhraya, 10300 Penang on Monday, 31 May 2021 at 10.00 a.m., and at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	To re-elect Mr. Koay Chiew Poh as a Director of the Company.		
2	To re-elect Mr. Koay Teng Liang as a Director of the Company.		
3	To approve the payment of Directors' Fees for the financial year ending 31 December 2021.		
4	To approve the payment of Directors' Benefits for the financial year ending 31 December 2021.		
5	To re-appoint Messrs. Grant Thornton Malaysia PLT as auditors of the Company.		
6	To authorise the Directors to allot and issue new shares in the Company.		
7	To retain Mr. Ong Eng Choon as an Independent Director of the Company.		
8	To retain Puan Nurjannah Binti Ali as an Independent Director of the Company.		
9	To retain Mr. Ng Thim Fook as an Independent Director of the Company.		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed thisday of.....,2021.

No. of shares held

Signature(s)/Common Seal of member(s)

Notes

1. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint up to a maximum of two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member is an Authorised Nominee as defined under the Securities Industries (Central Depositories) Act 1991 ("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 accounts it holds.
4. Where a member is an Exempt Authorised Nominee, it may appoint at least one (1) proxy but not more than (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.
5. For a proxy to be valid, this proxy form duly completed must be deposited at the registered office of the Company at Wisma Public Packages, Plot 67 Lintang Kampong Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang not less than 48 hours before the time for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. Any completed Proxy Form transmitted by facsimile or electronic mail to the registered office of the Company will not be accepted.
6. In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised in which, it must be supported by a certified true copy of the relevant form or resolution appointing the officer or certified true copy of the power of attorney.
7. For the purpose of determining a member who shall be entitled to attend the 34th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 17 May 2021. Only a depositor whose name appears on the Record of Depositors as at 17 May 2021 shall be entitled to attend the 34th AGM or appoint proxies to attend/or vote on his/her behalf.

**strike out whichever is not desired*

For appointment of two(2) proxies, percentage of shareholdings to be represented by the proxies :		
	No. of Shares	%
Proxy 1		
Proxy 2		
		100

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AFFIX
STAMP



PUBLIC PACKAGES HOLDINGS BERHAD

Registration No. 198701003743 (162413-K)

Wisma Public Packages,
Plot 67 Lintang Kampong Jawa,
Bayan Lepas Industrial Estate,
11900 Bayan Lepas, Penang.

Fold along this line



PUBLIC PACKAGES HOLDINGS BERHAD 198701003743 (162413-K)

 Wisma Public Packages Lintang Kampung Jawa,
Bayan Lepas Industrial Park 11900 Penang, Malaysia.

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