EURO Holdings Berhad
[200401008055 (646559-T)]

ANNUAL REPORT 2019

Inspiration at Work

MISSION

Provide work space consultancy as a value added service in addition to producing the highest quality range of products and services.

VISION

Be a business partner to our customers so that we can help create workspaces that inspire people to produce their best.

VALUES

Quality

Understanding that in our business, no service or care for our customer is of value if our product is not of top quality.

Service

Believing that the close of every sale should open up to the next and this comes with providing great service with our product.

Partnership

We are not mere sales people peddling products. We strive to understand our customer's business thoroughly in order to provide them with solutions and not just products.

CONTENTS

02	Corporate Information
03	Corporate Structure
04	Directors' Profile
07	Senior Management Profile
08	Management Discussion And Analysis
11	Group Financial Highlights
12	Sustainability Statement
16	Corporate Governance Overview Statement
24	Audit Committee Report
26	Statement On Risk Management And Internal Control
29	Reports And Financial Statements
119	Notice Of Annual General Meeting
122	Analysis Of Shareholdings
124	Group Properties
	Form Of Proxy

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Mohd Haniff Bin Abd Aziz
Independent Non-Executive Director, Chairman

Dato' Sri Lim Teck Boon
Group Managing Director

Lim Sze Way
Group Deputy Managing Director

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Executive Director

Dato' Tong Yun Mong
Executive Director

Tan Poh Ling
Independent Non-Executive Director

Chan Yok Peng
Independent Non-Executive Director

Tong Sian Teng
Executive Director

AUDIT COMMITTEE

Tan Poh Ling
Chairperson

Dato' Sri Mohd Haniff Bin Abd Aziz
Member

Chan Yok Peng
Member

REMUNERATION COMMITTEE

Dato' Sri Mohd Haniff Bin Abd Aziz
Chairman

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Member

Dato' Tong Yun Mong
Member

Tan Poh Ling
Member

Chan Yok Peng
Member

NOMINATION COMMITTEE

Tan Poh Ling
Chairperson

Dato' Sri Mohd Haniff Bin Abd Aziz
Member

Chan Yok Peng
Member

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482 / SSM PC No. 201908002253)
Vimalraj A/L Shanmugam
(MAICSA 7068140 / SSM PC No. 202008000925)

REGISTERED OFFICE

Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No: (603) 2298 0263
Fax No: (603) 2298 0268
Email Address: admin@boardroom.com.my

HEAD OFFICE

Wisma Euro
Lot 21, Jalan RP3
Rawang Industrial Estate
48000 Rawang, Selangor Darul Ehsan
T : (603) 6092 6666
F : (603) 6092 5000
Email : corporate@eurochairs.com
Website: www.euroholdings.com.my

AUDITORS

Nexia SSY PLT (LLP0019490-LCA & AF002009)
UOA Business Park
Tower 3, 5th Floor, K03-05-08
1 Jalan Pengaturcara U1/51A
Section U1, 40150 Shah Alam
Selangor Darul Ehsan
T: (603) 5039 1811
F: (603) 5039 1822

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
T : (603) 2783 9299
F : (603) 2783 9222

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd
Hong Leong Bank Berhad
AmBank (M) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: EURO
Stock Code: 7208

CORPORATE STRUCTURE

EURO Holdings Berhad
[200401008055 (646559-T)]

100%	**ECM**	Euro Chairs Manufacturer (M) Sdn Bhd [198701006250 (164921-X)]
100%	**ESI**	Euro Space Industries (M) Sdn Bhd [198301010110 (105420-W)]
100%	**ECS**	Euro Chairs System Sdn Bhd [198401009392 (121935-M)]
100%	**ESS**	Euro Space System Sdn Bhd [199601005874 (378220-D)]
100%	**ECSB**	Euro Chairs (M) Sdn Bhd [199001012928 (204498-V)]
100%	**ESL**	Eurosteel Line Sdn Bhd [201001005669 (890287-M)]
75.76%	**ES**	Eurosteel System Sdn Bhd [201001000954 (885526-M)]
100%	**Euroland**	Euroland & Development Sdn Bhd [201101008390 (936529-K)]

DIRECTORS' PROFILES

Dato' Sri Mohd Haniff bin Abd Aziz
Chairman, Independent Non-Executive Director
Malaysian, Male, Aged 66

Dato' Sri Mohd Haniff bin Abd Aziz was appointed to the Board on 1 October 2004 as Chairman of EURO. He joined the Board of EURO as a Non-Independent Non-Executive Director and was re-designated as Independent Non-Executive Director on 15 May 2015. He is also the Chairman of Remuneration Committee and a member of the Audit Committee and Nomination Committee of EURO.

Dato' Sri Mohd Haniff graduated from University of Malaya with a degree in Bachelor of Economics (Honours) in year 1975. He served the Ministry of International Trade and Industry (MITI) for 19 years until his early retirement in 1994. During his tenure at MITI, he was the Assistant Director of the Ministry from 1975 to 1978 before serving in the Permanent Mission of Malaysia to the United Nations in Geneva until 1981. Dato' Sri Mohd Haniff was then assigned as Malaysian Trade Commissioner to the Philippines for the next five years, then to Thailand in the same capacity until 1991. He has also served as the Director of the Malaysian External Trade Development Corporation (formerly known as Malaysia Export Trade Centre MEXPO) from 1991 to 1994. Dato' Sri Mohd Haniff is not a Director of any other public listed company.

Dato' Sri Lim Teck Boon
Group Managing Director
Malaysian, Male, Aged 37

Dato' Sri Lim Teck Boon was appointed as the Group Managing Director of EURO on 27 May 2020.

Dato' Sri Lim has more than 20 years of experience in the manufacturing and supplying of steel related products, mainly to the automotive and construction industries. He is currently the shareholder and director of several private limited companies which are principally involved in the manufacturing and supplying of automotive parts including but not limited to exhaust systems, mufflers, disc brakes and safety bars. Further, such companies are also involved in other businesses, such as trading of scaffolding, production of engine lubricants as well as wholesale and trading of various auto-parts.

Dato' Sri Lim has also in recent years ventured into business relating to property development and has successfully completed the development of, inter alia, industrial factories as well as commercial shop lots and a hotel, namely Supreme Hotel in Melaka. He has been actively involved in the management and operations of such private limited companies and steered the growth of these companies.

Dato' Sri Lim is not a Director of any other public listed company. He is the major shareholder of EURO and sibling of Ms Lim Sze Way who is the Group Deputy Managing Director of EURO.

Ms Lim Sze Way
Group Deputy Managing Director
Malaysian, Female, Aged 39

Ms Lim Sze Way was appointed as the Group Deputy Managing Director of EURO on 27 May 2020.

Ms Lim started her banking career in 2003 with Malayan Banking Berhad as Account Officer at Maybank Business Centre, Melaka where she was responsible for business development with customers to drive growth and maintaining customer relationships.

In 2008, Ms Lim joined Bank of China, Kuala Lumpur as Relationship Manager where her business development portfolio was extended to cover large local and China-based corporate customers.

Ms Lim is also Personal Assistant to Managing Director of a group of private limited companies principally involved in manufacture and trading of automotive parts, lubricants and property development.

Ms Lim is not a Director of any other public listed company. She is the sibling of Dato' Sri Lim Teck Boon who is the Group Managing Director and major shareholder of EURO.

DIRECTORS' PROFILES
(continued)

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Executive Director
Malaysian, Male, Aged 60

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong was appointed as a Non-Independent Non-Executive Director of EURO on 24 April 2007. On 29 February 2012, he has been re-designated as an Executive Director of the Company following his appointment as the Managing Director of a wholly-owned subsidiary in the property division. On 23 October 2014, he was appointed as the Group Managing Director of EURO. On 27 May 2020, he was re-designated as an Executive Director of the Company. He is also a member of the Remuneration Committee of EURO.

Dato' Sri Choong started his career in construction site management and after eleven years, he moved on to property development, where he served for more than 20 years. With his wealth of experience in civil engineering, building construction and property development, at present, he is the owner of several property development companies. Spearheading the reputable Beverly Heights project in Kuala Lumpur since 2003, Dato' Sri Choong also ventured into a similar prestigious project in Penang which offers state-of-the-art living conditions, characterised by ultra-modern facilities. He is not a Director of any other public listed company. He is the sibling of Dato' Tong Yun Mong who is an Executive Director of EURO.

Dato' Tong Yun Mong
Executive Director
Malaysian, Male, Aged 65

Dato' Tong Yun Mong was appointed as an Executive Director of EURO on 23 October 2014. He is also a member of Remuneration Committee of EURO.

Dato' Tong has more than 20 years of experience in property development, building construction, civil engineering works, earthworks and transportation of ready mix concrete plant. Besides his operational experience, he has served as an Independent Non-Executive Director of a local public listed company from 1999 to 2012. At present, Dato' Tong also sits on the Board of various property development companies.

Dato' Tong is not a Director of any other public listed company. He is the sibling of Dato' Sri Choong Yuen Keong who is an Executive Director of EURO.

Tan Poh Ling
Independent Non-Executive Director
Malaysian, Female, Aged 49

Mdm. Tan Poh Ling was appointed as an Independent Non-Executive Director of EURO on 21 January 2009. She is the Chairperson of Nomination Committee and Audit Committee and a member of Remuneration Committee of EURO.

Mdm. Tan obtained her professional qualification from Malaysian Association of Certified Public Accountant while she was working with an international accounting firm, PriceWaterhouse Coopers Malaysia, from 1990 to 1995. She is registered as a Chartered Accountant with the Malaysian Institute of Accountants and Certified Public Accountant with Malaysian Institute of Certified Public Accountants. She is also a Financial Planner with the Financial Planning Association of Malaysia and an associate member of the Chartered Tax Institute of Malaysia.

Mdm. Tan has more than 20 years of experience in auditing, accounting, taxation and corporate finance, and has worked in a multinational corporation. She is currently the Managing Partner of Total International Associates, an auditing and business advisory firm which she established in 2004. She is not a Director of any other public listed company.

DIRECTORS' PROFILES
(continued)

Chan Yok Peng
Independent Non-Executive Director
Malaysian, Male, Aged 67

Mr. Chan Yok Peng (James Chan) was appointed as a Non-Independent Non-Executive Director of EURO on 15 October 2018. He was subsequently re-designated as Independent Non-Executive Director on 27 May 2020. He is also a member of Remuneration Committee, Nomination Committee and Audit Committee of EURO.

James Chan graduated as a Mechanical Engineer from the University of Malaya in 1977. He also holds a Certified Diploma in Accounting and Finance from ACCA, United Kingdom. He is a Fellow Member of the Institution of Engineers Malaysia and is a Registered Professional Engineer with the Board of Engineers Malaysia.

In 1977, James Chan joined Jurong Engineering Pte Ltd as a Project Engineer and was involved in the construction and maintenance work for Mamut copper mine (Ranau, Sabah) and Baturaja Cement Plant (Indonesia). In 1979, James Chan joined FELDA as an Assistant Mill Manager for Air Tawar Palm Oil Mill (Johore). In 1980 James Chan joined Esso Production Malaysia Inc. Offshore Division as a Project Supervisor and was assigned as the Company Representative for the Tapis offshore submarine pipeline and the Terengganu Crude Oil Terminal (Kerteh) Project. In 1984, James Chan joined Tenaga Waja Sdn Bhd (a subsidiary of Singapore Wah Chang Group of Companies) as its General Manager to oversee its engineering and construction business for Petronas, Shell and other oil companies in Malaysia. In 1985, James Chan founded Sumatec Corporation Sdn Bhd (Sumatec) which is a Licensed Contractor for upstream and downstream engineering and construction works for Petronas and other oil and gas companies. Sumatec was listed on the Bursa Malaysia in 2003 as Sumatec Resources Berhad with business ranging from Turnkey Construction, Mining and shipping. James Chan was the Group Managing Director of Sumatec Resources Berhad from 2003 to 2013 and 2015 to 2016. James Chan is not a Director of any other public listed company.

Tong Sian Teng
Executive Director
Malaysian, Male, Aged 57

Mr. Tong Sian Teng was appointed as an Executive Director of EURO on 15 November 2018.

Mr. Tong is a qualified accountant who has held senior financial positions at various companies in Malaysia and Indonesia.

He has more than 30 years of experience in corporate finance, general and management accounting, administration, auditing, budgeting & forecasting, financial management, setting ERP, business intelligence and internal control systems. Mr. Tong is not a Director of any other public listed company.

NOTES:

1. Save as disclosed above, none of the Directors have:
   a. any family relationship with any directors and/or substantial shareholders of the Company; and
   b. any conflict of interest with the Company
2. None of the Directors have any conviction for offences (other than traffic offences, if any) within the past 5 years.
3. There is no sanction or penalty imposed on the Directors by relevant regulatory bodies.

SENIOR MANAGEMENT PROFILES

Poo Shea Choon
Chief Financial Officer
Malaysian, Male, Age 44

Poo Shea Choon was appointed as Chief Financial Officer in January 2016. He is a Chartered Accountant with Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants. Mr. Poo is in charge of the Group's accounting and finance function. Prior to joining EURO, he has more than 16 years of experience in audit, corporate finance, financial management and reporting gained from accounting firms and commercial companies.

NOTES:

Save as disclosed above, none of the Key Senior Management has:
- Any directorship in public companies and listed issuers;
- Any family relationship with any director and/or major shareholder of the Company;
- Any conflict of interest with the Company;
- Any conviction for offences within the past 5 years other than traffic offences, if any; and
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL DESCRIPTION OF THE GROUP'S BUSINESS

The Group is principally involved in manufacturing and trading of office furniture as well as property development. The Manufacturing Division started in 1976 and has grown over the 40 years to be one of the leading office furniture manufacturers in Malaysia, providing workspace solutions to customers nationwide and internationally. The Manufacturing Division owns and operates three manufacturing plants in Rawang, Selangor. The Group diversified into property development business in 2011 to broaden its revenue base.

REVENUE

The Group's revenue for the year ended 31 December 2019 ("FY2019") was RM71.1 million, a decrease of RM28.9 million or 29% as compared to RM100.0 million of the previous year. The lower Group revenue was attributable to:

(a) Revenue recognised by the Property Division decreased by RM18.1 million resulting from lower percentage of completion as compared to previous year and lower sales due to difficulties of property buyer to get end financing.

(b) Revenue of Manufacturing Division decreased by RM10.8 million mainly due to lower demand in chair products.

COST AND EXPENSES

Total cost and expenses before finance cost for FY2019 amounted to RM81.9 million, a decrease of RM19.5 million as compared to RM101.4 million of the previous year. The decrease was mainly attributable to the following items:

(c) Cost of sales decreased by RM19.7 million to RM62.7 million as compared to RM82.4 million of the previous year, the lower cost was due to:

  i) Cost of sales of Property Division was lower by RM10.1 million in tandem with the lower revenue while gross loss margin of the division was 28% in 2019 as compared to gross profit margin of 4% in 2018. The gross loss was due to higher development cost incurred.
  ii) Cost of sales of Manufacturing Division was lower by RM9.6 million in tandem with lower revenue while gross profit margin increase marginally from 26.8% to 30.1% mainly due to better control of material and labour cost.

(d) Administrative expenses decreased by RM3.3 million to RM6.9 million as compared to RM10.2 million reported in the previous year. The decrease was mainly due lower legal and professional fee incurred for refinance banking facilities and legal cases as compared to last year coupled with reversal of allowance for doubtful debts and expected credit losses in current year.

(e) Selling and distribution expenses increased by RM3.5 million to RM12.3 million as compared to RM8.8 million reported in the previous year, mainly due to increase of RM3.7 in provision for late delivery of the Property Division as compared to last year.

OTHER INCOME

Other income for FY2019 was RM1.2 million, an increase of RM0.7 million as compared to RM0.5 million reported in the previous year mainly attributable to higher gain on disposal of property, plant and equipment of RM0.3 million and higher interest income from fixed deposits of RM0.2 million.

FINANCE COST

Interest expense and other finance costs for FY2019 was RM2.1 million and RM0.1 million respectively, which were the similar level as reported in the previous year.

TAXATION

The Group's tax expense for FY2019 was RM0.9 million as compared to RM1.1 million reported in the previous year. The taxation was lower mainly due to lower profit from a subsidiary without deferred tax assets as compared to last year.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

PROFIT / (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the company for FY2019 was RM12.7 million as compared to RM4.3 million of the previous year, the higher loss was mainly due to higher cost incurred by Property Division as explained above.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalent of the Group decreased by RM3.4 million, from negative RM4.9 million as at 31 December 2018 to negative RM8.3 million as at 31 December 2019. The decrease was mainly attributable to the followings:

(a) Net cash used in operating activities of RM10.2 million mainly related to property development activity.
(b) Net cash generated from financing activities of RM6.2 million mainly related to advances from other payables for property development activity, net of repayment of borrowings and interest paid during the year.

GEARING

The gearing ratio of the Group as at 31 December 2019 was 73% as compared to 46% as at 31 December 2018, the increase was mainly due to higher borrowings from trade and other payables. The gearing ratio is calculated as net debt divided by total equity. Net debt, which is calculated as total borrowings less deposits, short term funds, cash and bank balances.

ASSETS

Total assets of the Group as at 31 December 2019 was RM149.6 million as compared to RM150.9 million as at end of last year. The decrease of RM1.3 million was mainly attributable to the movement of the following assets:

(a) Unbilled amount to purchasers increased by RM9.7 million mainly due to lower progress billing during the year as compared to revenue recognised from the property development activity.
(b) Property, plant and equipment decreased by RM2.7 million mainly due to current year depreciation of RM2.7 million.
(c) Inventories decreased by RM2.7 million in line with the lower sales.
(d) Trade receivables decreased by RM3.0 million mainly due to decrease in trade receivables of property development activity.
(e) Cash and bank balances decreased by RM2.7 million mainly due to funds utilised for property development activity.

LIABILITIES

Total liabilities of the Group as at 31 December 2019 was RM86.8 million as compared to RM75.3 million as at end of last year. The increase of RM11.5 million mainly due to increase in borrowings of RM9.0 million for the property development activity and increase in provision for late delivery of RM4.7 million related property development activity.

OPERATION REVIEW

The Group’s loss before interest and tax for FY2019 was RM9.7 million as compared to RM0.9 million of the previous year.

Manufacturing Division

Manufacturing Division’s profit before interest and tax of FY2019 was at RM4.9 million, an increase of RM2.8 million as compared to RM2.1 million reported in the previous year mainly due to decrease in cost and expenses as explained previously.

Property Division

Property Division LBIT was recorded at RM12.6 million as compared to RM1.8 million of the previous year. The higher loss was mainly attributable to higher project cost incurred and provision for late delivery of RM4.7 million during the year.

MANAGEMENT DISCUSSION AND ANALYSIS
(continued)

LOOKING FORWARD

The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and international markets that Euro operates. The outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries that delayed commencement of work and deliveries of products to customers. Due to the inherit nature and unpredictability of future development of the outbreak and market sentiments, the impact of the outbreak to the Group cannot be reasonably estimated at this stage. The Management will continue to monitor the situations and respond proactively to mitigate the impact on the Group's financial performance and financial position.

Export markets will continue to provide the Manufacturing Division with growth prospects and long term sustainability as global furniture markets remain larger than local market. Euro is well known for its extensive premium office furniture and has a strong base of export clientele. ASEAN region is still Euro's main focus market as Management continues to explore for new customers to expand revenue.

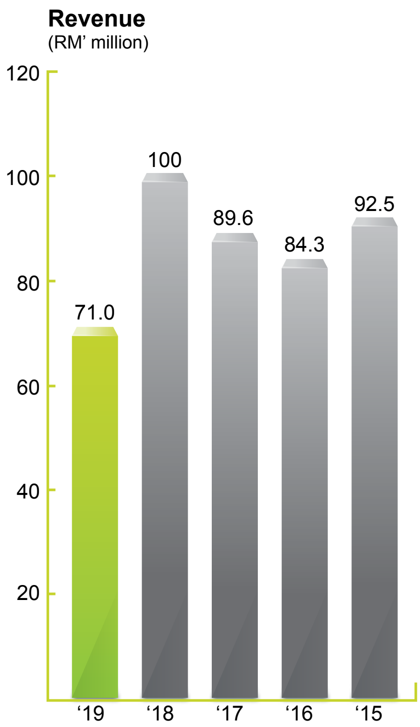
On the local market scene, Management is working closely with project delivery partners and dealers to expand market share. In view of the Division's successful deliveries in local projects, Management is able to leverage on their success for potential projects and at the same time, work closely with dealers in joint marketing efforts.

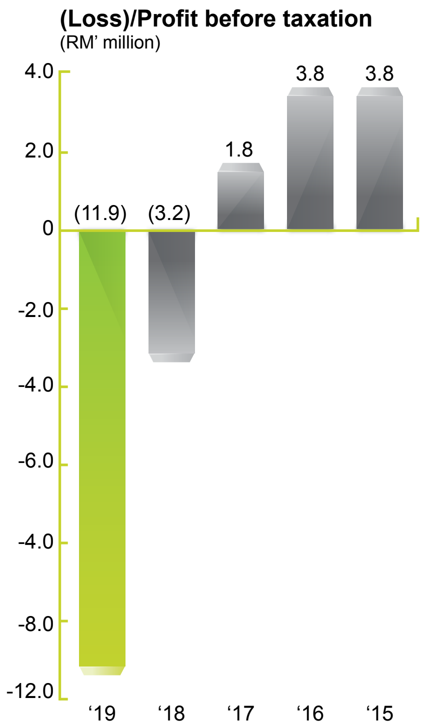
The Original Design Manufacturer or Original Equipment Manufacturer (ODM/OEM) programme contributed consistent orders for office chairs and revenue from this market is expected to continue in 2020. With capabilities to produce furniture components, ODM/OEM business is an added contribution to the Group with minimal capital cost outlay. The Management will continue to develop the ODM/OEM markets with existing customers from Japan and exploring new opportunities in steel storage products with potential new customers.

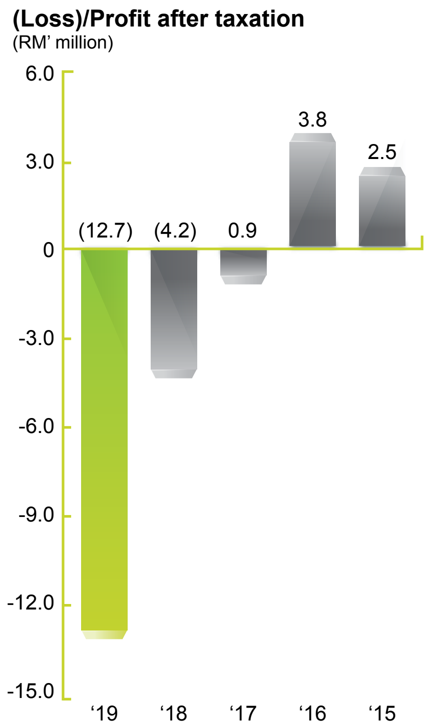
Inflation of the raw material cost and higher direct labour expenses resulting from Malaysia foreign labour policy will continue to put pressure on production cost of the Manufacturing Division. The Division is therefore mindful of the challenges and shall continue to improve productivity and optimise operational efficiencies.

In regard to Property Division, Damai Vista Condominium Project has achieved practical completion and is expected to handover vacant possession in 2020. The Division will adopt suitable marketing strategies to promote sale of unsold completed units.

GROUP FINANCIAL HIGHLIGHTS







	2019	2018	restated 2017	2016	2015
Operating Results (RM'000)					
Revenue	**71,093**	100,001	89,563	84,265	92,487
EBITDA	**(6,953)**	2,548	7,512	10,454	10,830
(Loss)/profit before taxation	**(11,867)**	(3,188)	1,801	3,838	3,836
(Loss)/profit after taxation	**(12,739)**	(4,246)	(882)	3,812	2,532
Net (loss)/profit attributable to equity holders	**(12,740)**	(4,271)	(959)	3,412	2,147
Key Data of Statement on Financial Position (RM'000)					
Total assets	**149,594**	150,856	159,388	157,329	126,517
Net borrowings	**45,836**	35,097	44,882	39,840	25,056
Shareholders' equity	**62,816**	75,555	79,835	74,012	70,600
Share Information & Key Financial Ratios					
Return on equity (%)	**(20.28)**	(5.62)	(1.10)	5.15	3.59
Return on total assets (%)	**(8.52)**	(2.81)	(0.55)	2.42	2.00
Gearing ratio (times)	**0.73**	0.46	0.56	0.54	0.35
Interest cover (times)	**(4.63)**	(0.52)	2.26	3.24	3.31
Number of Ordinary Shares In Issue ('000)	**267,300**	267,300	267,300	243,000	243,000
PE ratio (times)	**(3.46)**	(8.14)	(44.60)	14.60	28.30
(Loss)/earnings per share attributable to equity holders (sen) #	**(4.77)**	(1.60)	(0.38)	1.40	0.88
Net asset per share (sen)	**23.50**	28.27	29.87	30.46	29.05
Share price as at financial year end (sen)	**16.5**	13.0	16.0	20.5	25.0

NOTE

\# The (Loss)/ Earnings Per Share is arrived at by dividing the Group's (loss)/profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

SUSTAINABILITY STATEMENT

Introduction

The Board of Directors ("Board") of Euro Holdings Berhad ("Euro" or the "Company") views sustainability as an integral part of business in creating long term value for the stakeholders of Euro and its subsidiaries (the "Group"). We understand that our business choices today may have an impact on our stakeholders, hence it is imperative for our business to carry out our activities responsibly.

In line with the sustainability disclosure requirements of Bursa Malaysia Securities Berhad ("Bursa"), the Board of Euro presents this detailed Sustainability Statement ("Statement") which discusses the Group's sustainability risks and opportunities in the thematic categories of economic, environmental and social ("EES").

This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") of Bursa and has considered the Sustainability Reporting Guide – 2nd Edition, and its accompanying Toolkits, issued by Bursa, as well as international sustainability reporting better practices.

The scope of this Statement focuses on the Group's key business division, namely the Manufacturing Segment, which contributes close to 70% of the Group's revenue.

The Group's Property Segment contributes to approximately 30% of the Group's revenue. The Group's current project, i.e. Damai Vista Condominium, represents the Group's inaugural property development project. As the Group is focusing its resources in this segment on the successful delivery of its maiden project, hence, the Group's sustainability management and reporting process has yet to scope-in the Property Segment. That said, the Group has put in place controls to ensure relevant environmental and social laws and regulations are complied with.

Moving forward, the Group will consider including its future property development projects in the scope of its sustainability management and reporting process.

Governance Structure

In embedding sustainability considerations in the Group's business, we leveraged on the enterprise risk management governance process and enhanced the roles of the Board, the Audit Committee, Chief Financial Officer and Senior Management, including Heads of Department, to account for, lead and monitor sustainability strategies and considerations in the Group's businesses.

The Board brings leadership by setting the corporate strategy for the Company and adopting a strategic plan which supports long-term value creation, including strategies on EES considerations underpinning sustainability. The Board is assisted by the Audit Committee in the review of Group's sustainability strategies and material sustainability matters, including monitoring the management of the matters identified on an annual basis.

At the Senior Management level, the Chief Financial Officer ensures a sustainability process is in place to identify, assess, prioritise, manage and report on the Group's material sustainability matters. The Chief Financial Officer oversees the implementation of the Group's material sustainability matters, including ensuring policies, measures and indicators guiding the management of these matters are in place and reviewing the performance of these matters

Materiality Process

The Group has undertaken a stakeholder review process to systematically identify and assess the Group's stakeholder groups. These stakeholder groups include, but not limited to, the following, in no particular order:

- government agencies, regulators and authorities;
- shareholders and investors;
- customers;
- suppliers;
- employees;
- communities;
- distributors and agents; and
- financial institutions and lenders.

The Group's Senior Management performed a materiality assessment on the Group's EES matters to identify, assess and prioritise sustainability matters material to the Group. The assessment considers:

(i) matters which reflect the Group's significant EES impact; and
(ii) matters which substantively influence the assessments and decisions of stakeholders.

The Group's Material Sustainability Matters are discussed in detail in the following section.

SUSTAINABILITY STATEMENT
(continued)

Material Sustainability Matters

Product Safety, Quality and Design

The Group distinguishes itself in the market with the safety and quality of its products. In a market where consumers are increasingly concerned about the potential health effects of products, the Group aims to provide quality products meeting industry standards on safety level for volatile organic compound ("VOC") emission levels.

In the furniture manufacturing business, the use of adhesives commonly poses a health risk due to possible emission of VOC. In this regard, the Group is careful in the selection of adhesive used in its manufacturing process.

The Group's products have obtained GREENGUARD Certification which serves as a third-party verification for healthier and more sustainable products. In the process of obtaining certification, Euro's products undergo product chemical emission testing which uses dynamic environmental chamber technology to detect chemical emission levels.

In addition, the Group's products have also obtained Business + Institutional Furniture Manufacturers Association ("BIFMA") Certification which provides credibility for the comfort, safety and durability of products. BIFMA Certified products promote a healthy work environment which can increase productivity and decrease work related injuries.

Euro Group adopts international standards, i.e. ISO 9001:2015 – Quality Management Systems, in its processes to ensure systematic procedures are in place to produce quality goods. For the financial year under review, the Group has successfully renewed its ISO 9001:2015 certification.

To ensure its products and services are keeping up with market and industry trend, Euro Group also has a team of professional designers providing design solutions to customers and develop new products for the Group from time to time. The Group also conducts market research and participates in exhibitions to keep abreast of latest trend and technology in the industry.

Business Practices and Ethics

In an ever-increasingly competitive business environment, it is important that ethical business practices must not be compromised in the pursuit of performance. The Group believes in conducting business in an honest and fair business environment, where integrity is the Group's long-term asset.

Euro is committed to a high standard of integrity, openness and accountability in the conduct of businesses and operations in an ethical, responsible and transparent manner. It does not condone the conduct of unethical business practices for obtaining unfair business advantage.

As such, the Group has made clear provisions guiding ethical business behaviours by employees in the Group's Code of Ethics for employees, which is required to be signed and acknowledged by all onboarding employees.

Directors are governed by a separate set of Code of Conduct which requires Directors to act with integrity, professionalism and in good faith, in addition to restrictions on improper use of information and power for personal gain. Directors are also required to declare any conflict of interest situations to ensure such situations are made known to the Board and managed properly in the business decision-making process.

The Group's employees, as well as its Directors, work with an open and transparent business environment, where reasonable questioning and reasoning is encouraged so as to instil a culture of personal accountability and professional integrity.

The Group has established a whistleblowing mechanism accessible to the Group's employees as well as the general public to raise any genuine concerns pertaining to unethical business practices of the Group or its employees, amongst other concerns. In order to ensure the independence of the process, the mechanism also provides alternative channels to independent parties including the Audit Committee Chairman and external corporate secretarial service provider. The Group's whistleblowing mechanism also provides for confidentiality and protection of the whistleblower to encourage concerns being raised without the fear of retaliation.

For the financial year under review, there were no whistleblowing cases recorded as far as unethical business practices is concerned.

In addition, with the Malaysian government currently putting in intensive efforts building a corrupt-free nation, the Group is receptive of the introduction of the corporate liability provision in the amendments to the Malaysia Anti-Corruption Commission Act, 2009, and will consider reviewing its current controls to ensure necessary adequate procedures are in place to prevent corrupt practices in the Group's businesses.

SUSTAINABILITY STATEMENT
(continued)

Wastewater Management

As the manufacturing of Euro's products involves surface treatment of metal sheets, the wastewater generated from the washing of processed metal sheets will have metal content that is hazardous if disposed directly to the watercourse. Substances such as zinc, manganese, iron and sulphide, even at a low concentration, are toxic to aquatic life and if present in watercourse may render the watercourse unsuitable as a source for public water supply.

The Group is uncompromising in ensuring these hazardous contents do not affect the public water system and has built an industrial effluent treatment system ("IETS") for its metal sheet surface treatment process. The IETS is designed to treat such wastewater and ensure the water discharged after treatment is maintained at a safe level, which also complies with the discharge standards set by the Department of Environment ("DoE").

To ensure the performance of IETS, the Group engages with qualified contractor to perform periodic maintenance and servicing of the IETS system. In addition, the Group also conducts periodic laboratory testing of its discharged water to monitor the water quality, considering, amongst others, acidity, temperature, chemical oxygen demand ("COD"), biological oxygen demand ("BOD"), total suspended solid, as well as concentration levels of zinc, manganese, iron and sulphide.

For the financial year under review, the Group did not receive any fines from the authorities, i.e. DoE.

Furthermore, the Group has adopted, and obtained certification for, ISO 14001:2015 – Environmental Management Systems, which was successfully renewed during the financial year under review.

Occupational Safety and Health

In the Group's manufacturing segment, employees may be required to perform work which may carry certain safety and health concerns. For example, exposure to fumes the welding process may lead to nausea, dizziness, eye, nose and throat irritation, and even cancer if under prolonged exposure. Another example is employees working with machinery, equipment or sharp tools are exposed to greater risk of physical injury such as cuts or crush injury.

The Group views employees' safety and health as a significant business concern and has put in place tight processes and controls to manage this risk. The Group's aims to not have any serious injury or fatality, as an objective of the management of its occupational safety and health risk.

Guided by international standards of the BS OHSAS 18001:2007 – Occupational Health and Safety Management Systems, the Group conducts and periodically reviews its Hazard Identification and Risk Assessment to identify high risk areas pertaining to health and safety in its operations. Accordingly, controls are put in place, or enhanced where required, and embedded in the Standard Operating Procedures ("SOP") by which employees are guided when performing their work.

For employees exposed to health and safety hazards, such as welders and employees working with machinery, equipment and sharp tools, personal protection equipment ("PPE") such as respirator, face shield, safety shoes, safety gloves, is provided at the cost of the Group, etc. In addition, PPE trainings are also provided to employees to ensure proper usage.

Working zones for machinery are fenced off by safety fencing and the Group ensures safety stoppers and emergency stop buttons are well functioning in case of any emergency. All new employees receive trainings, including safety trainings, before performing the job and on the job training. Employees are also trained to use fire extinguishers to cater for any emergency fire situations.

The Group's injury and fatality records for the financial year under review is summarised below:

	FY 2019	FY 2018
Number of lost time accidents	0	0
Fatality	0	0

The Group has adopted, and obtained certification for, BS OHSAS 18001:2007 – Occupational Health and Safety Management Systems, which was successfully renewed during the financial year under review. Subsequent to the publication of ISO 45001:2018 which replaces BS OHSAS 18001:2007, the Group have prepared the adoption of ISO 45001:2018. The external audit for the transition from BS OHSAS 18001:2007 to ISO 45001:2018 had taken place in March 2020.

SUSTAINABILITY STATEMENT
(continued)

Human Capital Management and Development

The Group views human capital management development as an important aspect of its business. Proper management and development of human capital does not only optimise input of resources in the business value chain, but also helps generate positive value for the society.

While the Group employs a mixture of domestic and foreign employee, it accords equal treatment and respect to all employees without discrimination, regardless of their individual background, race, religion, orientation, etc.

Basic human rights for all employees is respected and accorded in the Group's labour practices. For example, the Group does not take custody of their foreign workers' passports or personal identification documents. In addition, the Group ensures that necessary amenities, such as hostels, canteen, clinics, etc., are provided for its foreign workers.

A training plan is developed for the Group's employees each financial year and the implementation of the training plan is monitored to ensure the planned trainings are provided to the Group's employees. The Group has set a target to achieve 90% implementation rate of its training plan.

For the FY2019, the Group has achieved a 100% implementation rate for its training plan, maintaining the same implementation rate in FY2018.

In addition to the trainings mentioned in other Sections of this Statement, trainings provided for the financial year under review includes, but not limited to, the following subject matters:

- ISO 9001:2015 – Quality Management Systems;
- Enterprise Risk Management;
- Lean Management and Kaizen activities;
- Inventory process and control training;
- Sales & product training;
- 5S training and activities, etc.

All new employee who joined the Group are scheduled to be provided with induction trainings to facilitate better orientation and enhanced contribution in their respective job positions.

Conclusion

Pursuant to its aim of delivering sustainable performance, Euro will continue adopting practical measures and initiatives as part of its corporate strategy towards addressing business sustainability, including consideration of the business' economic, environmental and social aspects, on an ongoing basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Euro Holdings Berhad ("EURO" or the "Company") believes that good corporate governance is fundamental to ensure long term sustainability and good business performance of the organization. Therefore, the Board is committed to ensuring the highest standards of corporate governance are practised throughout EURO and its subsidiary companies (the "Group"), as a fundamental part of discharging the Board responsibilities to create and enhance economic value for shareholders as well as other stakeholders.

The Board is pleased to report on the application of the recommended practices of the Malaysian Code on Corporate Governance ("MCCG") as required under the MCCG and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year under review.

The application of each Practice set out in the MCCG during the financial year under review is disclosed in the Company's Corporate Governance Report which is available on the Company's website at www.euroholdings.com.my as well as via an announcement on the website of Bursa Securities.

SECTION 1: THE BOARD OF DIRECTORS

The Board is collectively responsible for promoting the success of the Group by directing and supervising its affairs. The key responsibilities include the primary responsibilities prescribed under the MCCG. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

Duties and Responsibilities of the Board

The Board retains full and effective control over the affairs of the Group and the Company. This includes responsibility for determining the Group's and the Company's development and overall strategies direction which are as follows:

- reviewing and providing guidance on the Company's and Group's corporate strategy and adopting a strategic plan for the Company through the development of risk policy, annual budgets and long term business plans, reviewing major capital expenditures, acquisitions and disposals;
- monitoring corporate performance and the conduct of the Group's business and to ensure compliances to best practices and principles of corporate governance;
- identifying and implementing appropriate system to manage principal risks. The Board undertakes this responsibility through the Audit Committee;
- ensuring and reviewing the adequacy and soundness of the Group's financial system, internal control systems and management information system are in compliance with the applicable standards, laws and regulations;
- ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the calibre of the Non-Executive Directors bring an independent judgment in the decision making process;
- ensuring a proper succession plan is in place;
- monitoring material litigations (if any);
- approving all financial reports to be published and related stock exchange announcements;
- monitoring other material reporting and external communications by the Group;
- approving the dividend policy and payment of dividends;
- appointing external auditors (subject to shareholder's approval); and
- evaluating and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group in this regard.

Board Charter

The Company has formalised a Board Charter which sets out a list of specific roles and functions which are reserved to the Board and other matters that are important for good corporate governance. The Board Charter also stated that the Board shall observe the Directors' Code of Best Practice.

The Board Charter will be periodically reviewed and updated to take into consideration of the needs of the Company as well as development in rules and regulations that may have an impact on the Board's responsibilities. The Board Charter is accessible through the Company's website at www.euroholdings.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

SECTION 1: THE BOARD OF DIRECTORS (continued)

Composition and Balance

The current Board consists of an Independent Non-Executive Chairman, a Group Managing Director, a Group Deputy Managing Director, three (3) Executive Directors, two (2) Independent Non-Executive Directors. The Company complies with the criteria of the MMLR of Bursa Securities, of having at least one third or two of the Board members as Independent Non-Executive Directors. The profile of each Director is presented on page 4 to 6 of this Annual Report.

The Board believes that the current composition and size is adequate to discharge its duties and responsibilities effectively and competently. The Board members have diverse professional and entrepreneurial background, varied skills and experiences. The Independent Non-Executive Directors provide the necessary checks and balances in the Board's exercise of its functions and independent evaluation of the Board's decision-making process.

The Board recognises the importance of a clear division of roles and responsibilities at the head of the Group to ensure a balance of power and authority. The Non-Executive Chairman is primarily responsible for orderly conduct and effective running of the Board, whilst the executive Directors are responsible for the business direction and development of the operating units, organisational effectiveness and implementation of the Board's policies and decisions with the management team oversees the Group's day-to-day operations.

Annual Assessment of Independence

The Company currently has three (3) Independent Directors. All Independent Directors have provided an annual confirmation of their independence to the Board. During the financial year under review, the Board had assessed the contribution and performance of the Independent Non-Executive Directors. The Board was satisfied that none of the Independent Directors had any relationships that could materially interfere with, or perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interest of the Company.

Mdm Tan Poh Ling ("Mdm Tan") was appointed as Independent Non-Executive Director since 21 January 2009 and will attain her 12 years tenure as Independent Non-Executive Director in January 2021. Pursuant to Practice 4.2 of MCCG, shareholders' approval will be sought on her retention as Independent Non-Executive Director at the upcoming annual general meeting.

The Board, based on the review and recommendations made by the Nomination Committee, is unanimous in its opinion that Mdm Tan possesses the attributes necessary in discharging her role and functions as Independent Director of the Company and that her independence has not been compromised or impaired in any way after having noted that during her tenure in office:

- Mdm Tan exercises due care in all undertakings of the Group and in her fiduciary duties in the interest of the Company and minority shareholders;

- Mdm Tan has not developed, established or maintained any significant relationship which would impair her independence as Independent Director with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level, consistent and expected of her to carry out her duties as Independent Non-Executive Director, Chairperson or member of the Board's Committees;

- Mdm Tan has never transacted or entered into any transactions with, nor provided any service to the Group, within the scope and meaning set forth under Paragraph 5 of Practice Note 13 of the MMLR; and

- Mdm Tan has not been granted any options by the Company, other than Director's fees and allowances paid which has been an industry norm and within acceptable market rates, duly disclosed in the Annual Reports. No other incentives or benefits of whatsoever nature had been paid to her by the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

SECTION 1: THE BOARD OF DIRECTORS (continued)

Board Meetings

At least four (4) Board meetings are held annually, each meeting being scheduled to be held within two (2) months after each quarter to consider the quarterly financial results and to review operational performance. Additional meetings are convened as and when necessary. During the financial year under review, the Board met a total of five (5) times. The attendance of the Directors who held office during the financial year is set out below:

Name of Directors	Attendance at meeting	Percentage of Attendance
Dato' Sri Mohd Haniff Bin Abd Aziz	5/5	100%
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	5/5	100%
Dato' Tong Yun Mong	5/5	100%
Mdm Tan Poh Ling	5/5	100%
Chan Yok Peng	4/5	80%
Tong Sian Teng	5/5	100%
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir (1)	5/5	100%

Note:
(1) resigned w.e.f. 24 December 2019

Supply of Information

All Directors are given complete and timely information before each Board Meeting to be convened together with an agenda and a set of Board papers, including information on financial, operational and corporate matters. Board papers are circulated within sufficient time to enable Directors to obtain further explanation, if necessary, in order to be properly briefed before each meeting.

All Directors, whether as a full Board or in their individual capacity, have access to the advice of the Company Secretaries and management staff. Where considered necessary, the Board may also engage the services of Independent Professional Advisors on specialized issues in furtherance of their duties.

Appointment of Directors

The Nomination Committee is responsible for recommending to the Board suitable candidate(s) for appointment as new Director. In making these recommendations, factors such as mix of skills, experience, expertise and contribution to the Company will be considered before the recommendation for appointment of the proposed Director is put forward to the Board for consideration and approval.

Re–Election

In accordance with the Constitution and in compliance with the MMLR, all Directors are required to retire from office once at least in each three (3) years, and shall be eligible for re-election. The Constitution also require that at least one third (1/3) of the Board of Directors shall retire at each Annual General Meeting and may offer themselves for re-election.

Remuneration

The Company's remuneration practice for Director is formulated to attract and retain individuals of the necessary calibre relevant to the achievement of the Company's strategic achievements. The remuneration is structured to link experience, expertise and level of responsibility undertakings by the Directors.

The Remuneration Committee is entrusted with the responsibilities to make recommendations to the Board, the remuneration package for the Executive Directors. However, it is the ultimate responsibility of the entire Board to approve the remuneration of these Directors.

Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

SECTION 1: THE BOARD OF DIRECTORS (continued)

Remuneration (continued)

The detailed remuneration of Directors of the Company and the Group comprising remuneration received/receivable from the Company and the Group during the financial year ended 31 December 2019 are disclosed in Note 27(b) to the financial statements on page 98 of this Annual Report.

Details of the remuneration of the top Senior Management (including salary, bonus, benefits in-kind and other emoluments) in each successive bands of RM50,000 during the financial year ended 31 December 2019, are as follows:

Range of Remuneration RM	Name of Top Senior Management
50,000 – 100,000	Chay Wing Kin - Chief Executive Officer (Manufacturing Division)*
250,000 – 300,000	Poo Shea Choon - Chief Financial Officer

*resigned w.e.f. 23 January 2019.

Directors' Training and Education

Saved for Dato' Sri Lim Teck Boon and Ms Lim Sze Way who were appointed on 27 May 2020, all Directors appointed to the Board had attended the Mandatory Accreditation Programme accredited by Bursa Securities. The Board evaluated the Directors' training needs and attended relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group.

During the year, the Directors have pursued relevant courses and seminars to keep abreast with industry, regulatory and compliance issues, trends and best practices. Conferences, seminars and training programmes attended by the Directors in 2019 are as follows:

Seminar / Conference / Workshop	Details of Programme
Corporate Governance	• Latest amendments to the Listing Requirements • Roles and Responsibilities of Directors, Board and Board Committees under the Listing Requirements and MCCG • Common breaches of the listing requirements with case studies
Roles of an Effective Board	• Bursa Advocacy on Diversity – Demystifying the diversity conundrum: the road to business excellence • Independent Directors Programme: the essence of independence • Distinguished board leadership series: artificial intelligence and its role in FIs • Value based intermediation: Director's role • Mandatory Accreditation Programme for Directors of Public Listed Companies
Management	• Business valuation forum. • Khazanah megatrends forum • Integrated Reporting <IR>: Communicating Value Creation • Workshop on Corporate Liability Provision (Section 17A) of MACC Act 2009
Accounting and Economics	• Financial Industry Conference 2019 • Updates of the 2018 & 2019 MFRS – preparing MFRS compliant financial statements in 2018, 2019 and thereafter • IFAC updates and international standard on quality management • National indirect tax conference 2019 – application in your practice • MAFA Innovation & knowledge center & advisory support for auditors' platform • Companies Act 2016: transition provision & practices • Audit series: going concern indicators and managing impairment of asses and restructuring provisions • MFRS 17: overview and implementation • Technical Briefing for Company Secretaries of Listed Issuers by Listing Division , Regulation, Bursa Malaysia

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

SECTION 2: COMMITTEES OF THE BOARD

The Board delegates certain responsibilities and duties to Board Committees which operate within clearly defined terms of reference. This is to allow the members of the Board Committees to deliberate and examine issues in greater details and subsequently recommend and report to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The Board Committees for the financial year under review are as follows:

Audit Committee

The Audit Committee ("AC") was established on 3 October 2004. The responsibilities and detailed terms of reference of the AC are accessible through the Company's website at www.euroholdings.com.my. The members of the AC and activities of the AC during the financial year are set out in the AC Report on page 24 to 25 of this Annual Report.

Nomination Committee

The Nomination Committee ("NC") was established in February 2005. The NC shall be responsible of nominating the appropriate Board balance and size as well as ensuring that the Board possesses the required mix of responsibilities, skills and experience. The appointment of any additional Director is made when necessary and upon the recommendation of the NC. In the process of nominating and appointing new Director, due consideration is given to the appointee's industry's experience and mix of expertise for an effective Board and diversity of the Board. In case of the independence of the candidates for Independent Director, the NC will assess whether the candidate could bring independent and objective judgments for Board's deliberations. The NC will annually evaluate the effectiveness of the Board, its committees and also the performance of the Directors.

The NC and the Board acknowledged the boardroom gender diversity as published in the MCCG and endeavor to comply as they recognise business benefits of having a balanced board. Hence, the appointment of new board members will be guided by skill, competencies, knowledge, commitment, integrity and gender of the candidate.

The Company Secretaries will ensure that all the appointments are properly carried out in compliance with legal and regulatory requirements.

The NC met once during the financial year. The members of the NC who had served during the financial year are:

- **Mdm Tan Poh Ling**
  Chairperson, Independent Non-Executive Director

- **Dato' Sri Mohd Haniff Bin Abd Aziz**
  Member, Independent Non-Executive Chairman

- **Mr Chan Yok Peng**
  Member, Independent Non-Executive Director

- **Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir**
  Member, Independent Non-Executive Director
  (resigned w.e.f. 24 December 2019)

Terms of reference of NC are accessible through the Company's website at www.euroholdings.com.my.

Remuneration Committee

The Board has set up the Remuneration Committee ("RC") in February 2005 to assist the Board in determining the Director's and Senior Management's remuneration. The RC meets at least once a year. The policy on Directors' remuneration practiced by the Company is to provide the remuneration packages necessary to attract, retain and motivate Directors and Senior Management of the quality required to manage the business of the Company and the Group. The remuneration package of the Executive Director is structured to commensurate with the experience, knowledge and professional skills of the Executive Director and is also structured so as to link rewards with corporate and individual performance in the case of the Executive Directors. The Company takes into consideration information by independent consultants (where applicable) and survey results on the remuneration practices of comparable companies, including its financial performance in determining the remuneration packages of its Directors.

The RC recommends to the Board the remuneration framework and the remuneration packages for the Executive Directors. None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors, with individual Directors abstaining from making decisions in respect of their individual remuneration. The Directors' fees are approved by the shareholders at the Annual General Meeting of the Company. The Company reimburses reasonable expenses incurred by the Directors in the course of their duties as Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

SECTION 2: COMMITTEES OF THE BOARD (continued)

Remuneration Committee (continued)

The members of the RC who had served during the financial year are:

- **Dato' Sri Mohd Haniff Bin Abd Aziz**
  Chairman, Independent Non-Executive Chairman
  (re-designated w.e.f. 10 June 2020)

- **Dato' Sri Choong Yuen Keong @ Tong Yuen Keong**
  Member, Executive Director

- **Dato' Tong Yun Mong**
  Member, Executive Director

- **Mdm Tan Poh Ling**
  Member, Independent Non-Executive Director

- **Mr Chan Yok Peng**
  Member, Independent Non-Executive Director

- **Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir**
  Chairman, Independent Non-Executive Director
  (resigned w.e.f. 24 December 2019)

Terms of reference of RC are accessible through the Company's website at www.euroholdings.com.my.

SECTION 3: SHAREHOLDERS

Investor Relations and Shareholders Communication

Recognizing the importance of transparency and the need for timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that the shareholders and other stakeholders are well informed of all important issues and major developments of the Company and the information is communicated to them through the following documents:

- Annual Report;

- The various disclosures and announcements made to Bursa Securities and published in the Company's website including the Quarterly Reports and Annual Financial Statements. Shareholders may obtain the Company's latest announcements via the Bursa Securities' website at www.bursamalaysia.com and the Company's website at www.euroholdings.com.my; and

- Circulars to Shareholders.

Annual General Meeting ("AGM")

Notice of AGM which is contained in the Annual Report is sent out at least 28 days prior to the date of the meeting. At each AGM, a platform is available to shareholders to participate in the question and answer session. All Directors attended the 15th AGM held in 2019. The Chair of the Board Committees as well as Senior Management attended the AGM and were available to provide responses to shareholders. Extraordinary General Meeting is held when required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible to ensure that financial statements prepared are drawn up in accordance with the provision of the Companies Act, 2016 and applicable accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies and applied them consistently, supported by reasonable judgements and estimates.

The quarterly results were reviewed by the Audit Committee and approved by the Board before being released to Bursa Securities. By presenting the quarterly results and financial statements, the Board is mindful of the necessity to present a balanced assessment of the Group's financial position. The details of the Group's and the Company's financial statements for the financial year ended 31 December 2019 can be found on page 42 to 118 of this Annual Report.

Risk Management and Internal Control

Information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control on page 26 to 28 of this Annual Report.

Whistle-Blowing Policy

EURO is committed to a high standard of integrity, openness and accountability in the conduct of the businesses and operations in an ethical, responsible and transparent manner. In line with this commitment, the Board has formalised a Whistle-Blowing Policy in which employees and members of the public are provided with an avenue to raise genuine concerns and disclose any improper conduct in an appropriate manner. The Whistle-Blowing Policy is accessible through the Company's website at www.euroholdings.com.my.

Relationship with the Auditors

The Board via the Audit Committee maintains an appropriate and transparent relationship with the Group's external auditors. The Audit Committee meets with the external auditors twice a year to review audit plans, audit findings and to facilitate exchange of views on issues requiring attention. The Audit Committee also meets the external auditors twice a year without the presence of the Executive Directors and Management. The role of Audit Committee in relation to the auditors is described in the Audit Committee Report set out on page 24 to 25 of this Annual Report.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the Companies Act, 2016. The Board is responsible to take reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for the financial year then ended. In preparing the financial statements of the Group and of the Company for the year ended 31 December 2019, the Board has:

- adopted suitable accounting policies and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been followed; and
- prepared the annual financial statement on a going concern basis.

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 2016 and the applicable approved accounting standards.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent fraud and irregularities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the MMLR of Bursa Securities.

Utilization of Proceeds

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2019.

Audit and Non-Audit Fees

The amount of audit fees paid and payable to external auditors by the Group and the Company for the financial year ended 31 December 2019 amounted to RM182,200 and RM42,900 respectively.

Material Contracts

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Related Party Transactions

An internal compliance framework exists to ensure the Company meets its obligations, including that of related party transactions under the MMLR. The Board reviews all related party transactions. The details of all related party transactions conducted during the financial year ended 31 December 2019 are disclosed in Note 27 to the financial statements.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement, and considers that the Statement provides the information necessary to enables shareholders to evaluate how the MCCG has been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCCG, the MMLR and all applicable laws and regulations throughout the financial year ended 31 December 2019.

This Statement is made in accordance with a resolution of the Board of Directors dated 10 June 2020.

AUDIT COMMITTEE REPORT

The Board of Directors of EURO Holdings Berhad is pleased to present the Audit Committee ("AC") Report of the Company for the financial year ended 31 December 2019 ("FY2019").

COMPOSITION

Tan Poh Ling
Chairperson, Independent Non-Executive Director
(Re-designated on 26 February 2020)

Dato' Sri Mohd Haniff Bin Abd Aziz
Member, Independent Non-Executive Chairman

Chan Yok Peng
Member, Independent Non-Executive Director
(Appointed w.e.f. 26 February 2020)

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Chairman, Independent Non-Executive Director
(Resigned w.e.f. 24 December 2019)

MEETINGS AND ATTENDANCE

The AC had met Five (5) times during the FY2019. The composition and the attendance record of AC members are as follows:-

Name and designation of Audit Committee	Attendance	Percentage of attendance
Tan Poh Ling	5/5	100%
Dato' Sri Mohd Haniff Bin Abd Aziz	5/5	100%
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	5/5	100%

Independence of the Audit Committee

The Company recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company are former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

Financial Literacy of the Audit Committee Members

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Directors' Profiles on pages 4 to 6 of this Annual Report. During the financial year ended 31 December 2019, members of the Audit Committee had undertaken the relevant training programs to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to effectively discharge their duties.

AUDIT COMMITTEE REPORT
(continued)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms of reference of the AC, the following activities were carried out by the AC during the FY2019 in the discharge of their duties.

i. Reviewed the quarterly financial results announcements for each quarter of the Group to ensure the Company's compliance with the MMLR, applicable approved accounting standards and other legal and regulatory requirements, prior to recommending them for the Board of Director's consideration and approval;

ii. Reviewed the external auditors' fees, scope of work and audit strategy and plans for the financial year prior to the commencement of audit and evaluated the performance of the external auditors and recommending the appointment at the Annual General Meeting;

iii. Reviewed and discussed the annual audited financial statements of the Group and the Company with the external auditors and management prior to submission to the Board of Directors for their approval;

iv. Discussed with the external auditors on new adoption and new issuance (if any) of the Financial Reporting Standards in Malaysia and its impact to the Group's and Company's financial statements;

v. Discussed significant audit findings in respect of the financial statements and accounting principles and standards that were applied and their judgments of the items that may affect the financial statements of the Group with the external auditors;

vi. Reviewed with the external auditors, their audit report and management's response;

vii. Reviewed the internal audit scope, programmes and plans to ensure adequate scope and comprehensive coverage of the activities of the Group and to determine the internal auditors' fees for the financial year under review;

viii. Reviewed the effectiveness of the audit process for the year and assessed the performance of the internal audit functions;

ix. Reviewed the internal auditor's reports which were tabled during the year, on the state of the internal control of the Group, the audit recommendations made and management's response to these recommendations. Where appropriate, the AC has directed management to rectify and improve control and workflow procedures based on the internal auditors' recommendations and suggestions for improvement;

x. Reviewed the Statement on Risk Management and Internal Control;

xi. Reviewed related party transactions entered into by the Company and the Group for compliance with the MMLR; and

xii. Reviewed risk management process and updates from the management on the existence of mitigating controls and action plans identified to mitigate the business risks identified.

INTERNAL AUDIT FUNCTION

The AC, on behalf of the Board, assumes the responsibility to review and monitor the effectiveness as well as the adequacy of the Group's internal control system. The Group's internal audit function is carried out by an outsourced internal audit firm, namely YYC Advisors Sdn Bhd, which is independent of the activities it audits. The Head of the Internal Auditors, Christine Looi Pek San, is a Professional member of The Institute of Internal Auditors Malaysia and is competent to conduct the internal audit according to the standards and code of ethics set by the body. The Internal Auditors report directly to the AC and provide the Committee with independent and objective evaluation on the state of risk management and internal controls of the Group, and the extent of compliance of the divisions with the Group's established policies and procedures as well as relevant statutory requirements, so that remedial actions can be taken in relation to any weaknesses noted in the systems and controls of the respective divisions.

During the financial year, the internal auditors had carried out the following activities:

- Prepared the annual audit plan for review and approval by the AC.
- Performed risk-based audit based on the annual audit plan.
- Issued internal audit report to the AC on risk management, internal control and governance issues identified from the risk-based audit together with recommendations for improvements for these processes.
- Performed follow-up reviews on the implementation of recommendations made by the internal auditors to ensure that appropriate corrective actions are taken on a timely basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Euro Holdings Berhad ("the Group") acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its on-going efforts to practice good corporate governance. The Board is committed to practicing good standards of corporate governance and observing best practices, and will continue to improve on current practices.

The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2019.

RESPONSIBILITY OF THE BOARD

The Board is ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations and risk management in order to safeguard shareholders' investments and the Group's assets.

The Board recognises that the Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and that it can only provide reasonable and not absolute assurance against misstatement or loss. The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

CONTROL ENVIRONMENT

The Board and Senior Management consistently endeavour to maintain an adequate system of internal controls designed to manage risks rather than to eliminate them. The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Group. As such, it is recognised that the system of internal controls can only provide reasonable assurance and not absolute assurance against the occurrence of any material misstatement or loss.

The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Group, assessment of financial and operational risks and an effective monitoring mechanism.

ASSURANCE FROM THE MANAGEMENT

The Board has also received reasonable assurance from the Group Managing Director, Executives Directors and the Chief Financial Officer, that the Group's risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management model adopted by the Group. To further supplement Management assurance, the Key Management Staff and the respective Head of Department ("HOD") sign off a statement on the condition of Risk Management mitigation and Internal Controls implemented in their respective function and department.

INTERNAL AUDIT

The Group's internal audit function was performed by an outsourced professional firm of consultants, that is independent of the activities it audits. The outsourced internal auditors had reviewed the Group's system of internal controls to identify and address related internal control weaknesses. The internal audit team independently reviewed the risk identification procedures and control processes implemented by the Management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. Internal audit also tested the effectiveness of the internal control on the basis of an internal audit strategy and a detailed annual internal audit plan was presented to the Audit Committee for approval. All the subsidiaries were audited based on critical risk areas. It should be annotated that the internal audit was performed based on samples selection and did not engage any strategy to detect fraud during the performance of the audit.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

INTERNAL AUDIT (continued)

The internal audit also reports on the activities performed and key strategic and control issues observed to the Audit Committee in order to preserve its independence. The Audit Committee reviews and approves the internal audit's annual budget and audit plan. Internal audit adopts the International Standards for The Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA), the definition of Internal Auditing and Code of Ethics, Practices and Framework in order to ensure standardisation and consistency in providing assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance. Internal audit continues to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core/priority areas. Input from various sources, inclusive of the Enterprise Risk Management Framework, past audit issues, external auditors, Management and Board are gathered, assessed and prioritised to derive the annual audit plan.

In 2019, reviews on various areas involving operations of Manufacturing Division of the Group were conducted. Key coverage was production process review of two (2) manufacturing plants.

Report from the internal audit review carried out was submitted and presented to the Audit Committee with the feedback and agreed corrective actions to be undertaken by the Management. Subsequently, the progress of these corrective actions will be monitored and verified by the internal audit and reported to the Audit Committee.

Quality Assurance

The internal audit develops and maintains a quality assurance and improvement programme that covers all aspects of internal audit activities. The quality assurance programme assesses the effectiveness of the internal audit processes and identifies opportunities for improvement via internal assessment. It has its own peer reviewer mechanism to ensure consistently good quality output of every audit engagement. The team leader is experienced to manage the internal audit assignments.

The cost incurred for the internal audit during the year was RM24,000.

INFORMATION, COMMUNICATION AND MONITORING

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to request for information and clarification from the Management as well as to seek inputs from the Audit Committee, external and internal auditors and other experts at the expense of the Group.

The Board reviews the effectiveness of the risk management and internal control systems through the following monitoring and assessment mechanisms:

- On a quarterly basis, Management updates the Board on the Group's actual financial performance. Specific transactions, projects opportunities are also discussed with the Board as and when required. This allows the Board to raise potential new risks that could arise and request Management to mitigate them accordingly.

- The Key Management Staff and HOD are delegated with the responsibility of identifying and managing risks related to their functions and departments. At the periodic Management meetings, such risk identified and related internal controls are communicated to the Senior Management. In addition, significant risks identified are cascaded to the Board at their scheduled meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

RISK MANAGEMENT

The Audit Committee oversees the development and annual review of the Group's risk management policy and plan, as well as the effectiveness of the risk management organisation structure, responsibilities and accountabilities. It also ensures that the risk management framework is implemented to increase the possibility of anticipating unpredictable risks.

An Executive Director and Chief Financial Officer attended the risk profiling meetings and Audit Committee meetings. Key Management Staff, HOD and external consultant were invited to attend all or part of meetings as and when appropriate to facilitate risk management review.

The Board recognises the importance of effective Enterprise Risk Management ("ERM") in enhancing shareholder value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises.

Risk management policies and practices form part of the Group's overall strategies to chart positive growth in today's rapidly evolving business environment. The Board continues to ensure that risk management is effectively institutionalised and its risk maturity level is elevated. This is achieved via a multitude of ERM initiatives clustered into key strategic areas, as part of the Group's efforts to ensure smooth ERM practice on the ground coupled with continuous tracking and monitoring of risks and controls. It also strengthens its risk culture and practice, harmonise its risks and risk appetites at the operational level wherever possible.

Risk Structure, Accountability and Responsibility

Further improving the Group's risk governance, ERM structures have been established at the functional level. The aim is for a risk culture to be internalised through risk ownership and to drive ERM implementation at the functional level. ERM Resource Persons, also known as Risk Coordinators, are appointed at each business unit to act as the single point of contact to liaise directly with the Head of Risk Management in matters relating to ERM, including the submission of reports on a periodic basis. In addition, they are responsible to manage and administer the units' risk portfolios, which include arranging, organising and coordinating ERM programmes.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control and have reported to the Board that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes adopted by the Board.

This statement is based on the consideration of the audit work performed by both the external auditors and the internal auditors on financial and non-financial matters.

CONCLUSION

On the whole, the Board is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance to that effect. It is the Group's positive attitude towards striving for better that drives its desire to ensure that the system of internal control will be enhanced on regular basis as the Group progresses to the next level. The Board and the Management will seek regular assurance on the effectiveness and soundness of the internal control system through appraisals by the internal as well as external auditors.

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

30	Directors' Report
35	Statement by Directors
35	Statutory Declaration
36	Independent Auditors' Report
42	Statements of Financial Position
44	Statements of Comprehensive Income
45	Consolidated Statement of Changes in Equity
46	Statement of Changes in Equity
47	Statements of Cash Flows
50	Notes to the Financial Statements

DIRECTORS' REPORT
for the year ended 31 December 2019

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

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 8 to the financial statements.

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

Financial results

	Group RM'000	Company RM'000
Loss for the year	(12,739)	(20,514)
Loss attributable to:		
Owners of the Company	(12,740)	(20,514)
Non-controlling interest	1	-
	(12,739)	(20,514)

Dividends

No dividends were paid, declared or proposed since the end of the previous financial year.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2019.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Issue of shares and debentures

There were no issue of shares or debentures by the Company during the financial year.

Options granted over unissued shares

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

DIRECTORS' REPORT (continued)
for the year ended 31 December 2019

Directors

The Directors in the office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Sri Mohd Haniff Bin Abd Aziz
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Dato' Tong Yun Mong
Tan Poh Ling
Chan Yok Peng
Tong Sian Teng
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir (Resigned on 24.12.2019)
Lim Sze Way (Appointed on 27.5.2020)
Dato' Sri Lim Teck Boon (Appointed on 27.5.2020)

The names of the directors of the Company's subsidiaries in the office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Dato' Tong Yun Mong

Directors' interests

According to the Register of Directors' Shareholdings, particulars of interests in the shares of the Company and its related companies during the financial year of those Directors who held office at the end of the financial year were as follows:

	Number of ordinary shares in the Company			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Shareholdings in the name of the Directors:				
Dato' Sri Mohd Haniff Bin Abd Aziz	5,165,300	-	(2,449,900)	2,715,400
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	30,727,100	-	-	30,727,100
Dato' Tong Yun Mong	-	-	-	-
Tan Poh Ling	-	-	-	-
Chan Yok Peng	28,000,000	-	-	28,000,000
Tong Sian Teng	-	-	-	-

By virtue of their interests in the shares of the Company, Dato' Sri Mohd Haniff Bin Abd Aziz, Dato' Sri Choong Yuen Keong @ Tong Yuen Keong and Chan Yok Peng are deemed to have interests in the shares of all the subsidiaries as at the financial year end to the extent the Company has an interest.

DIRECTORS' REPORT (continued)
for the year ended 31 December 2019

Directors' benefits

In respect of the Directors or past Directors of the Company, no fees and other benefits distinguished separately, have been paid to or receivable by them as remuneration for their services to the Company, other than Directors' remuneration, as disclosed in Note 24 to the financial statements.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or any related company with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, except as disclosed in the financial statements.

Neither during nor at the end of the financial year was the Company or any related company, a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and insurance costs

During the financial year, indemnity coverage and insurance premium were effected for the Directors and the officers of the Group and of the Company costing RM12,730 (2018: RM12,730) and RM12,730 (2018: RM12,730) respectively. There were no indemnity given or insurance effected for the auditors during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount to which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

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

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (continued)
for the year ended 31 December 2019

Other statutory information (continued)

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due, except as disclosed in the financial statements.

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and of the Company which secures the liability of any other person nor has any contingent liability arisen in the Group and in the Company.

Significant and subsequent events

The details of significant and subsequent events are disclosed in Note 35 to the financial statements.

DIRECTORS' REPORT (continued)
for the year ended 31 December 2019

Auditors

The auditors, Nexia SSY PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company is disclosed in Note 23 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 10 June 2020.

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Director

Dato' Tong Yun Mong
Director

Shah Alam

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Sri Choong Yuen Keong @ Tong Yuen Keong and Dato' Tong Yun Mong, being two of the Directors of Euro Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 42 to 118 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 10 June 2020.

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Director

Dato' Tong Yun Mong
Director

Shah Alam

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, Poo Shea Choon, being the Officer primarily responsible for the financial management of Euro Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 118 are in my opinion 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 Poo Shea Choon
at Puchong in the state of Selangor
on 10 June 2020.

Poo Shea Choon
Officer

Before me,

INDEPENDENT AUDITORS' REPORT
to the Members of Euro Holdings Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Euro Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 118.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and their cash flows for the 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* sectiopn of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

1. Valuation of Trade receivables and Amount due from subsidiaries

Key audit matter	How we address this key audit matter
Carrying amount in the Statements of Financial Position as at 31 December 2019: - Trade receivables: RM31,604,741. - Included in Investment in subsidiaries of RM36,622,216 is Amount due from subsidiaries: RM15,969,407. Refer to Note 3(b), Note 3(q), Note 3(r), Note 5(d), Note 8, Note 12 and Note 28(b). Trade receivables are recognised at their anticipated realisable value, which is the original invoiced amount less an estimated valuation allowance. We determine this as a key audit matter as the measurement of Expected Credit Losses ("ECL") requires the application of significant judgement including the identification of credit exposures with significant deterioration in credit quality, assumptions used in the ECL models and application of current and forward-looking economic trends.	Our audit procedures included, among others: • Assessed the completeness, accuracy and relevance of data used in the impairment review. • Evaluated the reasonableness of management's key judgement and estimates made in determining the ECL, including the assessment in the selection of methods, models, assumptions and data sources for classification and measurement decisions. • Evaluate the adequacy of disclosures for completeness, accuracy and relevance as required by MFRS 7.

INDEPENDENT AUDITORS' REPORT (continued)
to the Members of Euro Holdings Berhad

Key Audit Matters (continued)

2. Risk of investment in subsidiaries may be impaired

Key audit matter	How we address this key audit matter
The carrying amount in the Statements of Financial Position as at 31 December 2019: - Investment in subsidiaries: RM20,652,809. Refer to Note 3(b), Note 5(c) and Note 8. On an annual basis, management is required to perform impairment assessments for investment in subsidiaries using indicators of impairment. These assessments are significant to our audit as they involve significant management judgement and are based on assumptions that are affected by expected future market and economic conditions.	Our audit procedures included, among others: • Evaluating the assumptions and methodologies used by the Company in performing the impairment assessments. • We examined the cash flow forecasts which support management's impairment assessments and evaluated the evidence supporting the underlying assumptions in those forecasts, by comparing revenue and expenses to approved budgets, considering prior budget accuracy, and comparing expected growth rates to relevant market expectations. • We also reviewed the adequacy of the Company's disclosures about those assumptions to which the outcome of the impairment test is most sensitive.

INDEPENDENT AUDITORS' REPORT (continued)
to the Members of Euro Holdings Berhad

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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (continued)
to the Members of Euro Holdings Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITORS' REPORT (continued)
to the Members of Euro Holdings Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

Other Matters

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

Nexia SSY PLT
LLP0019490-LCA & AF 002009
Chartered Accountants

Jason Sia Sze Wan
No. 02376/05/2022 J
Chartered Accountant

Shah Alam
10 June 2020

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	**42,392**	45,082	**19**	23
Right-of-use assets	7	**118**	-	**-**	-
Investment in subsidiaries	8	**-**	-	**36,622**	54,423
Deferred tax assets	9	**-**	-	**-**	-
		42,510	45,082	**36,641**	54,446
Current assets					
Property development costs	10	**52,280**	52,186	**-**	-
Inventories	11	**12,391**	15,133	**-**	-
Trade receivables	12	**32,399**	24,876	**-**	-
Other receivables, deposits and prepayments	13	**1,261**	1,582	**7**	13
Foreign exchange contracts	20	**16**	54	**-**	-
Tax recoverable		**102**	712	**-**	-
Fixed deposits with licensed financial institutions	14	**6,984**	6,000	**-**	-
Short term funds	14	**-**	65	**-**	4
Cash and bank balances	14	**2,445**	5,166	**34**	64
		107,878	105,774	**41**	81
TOTAL ASSETS		**150,388**	150,856	**36,682**	54,527

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

STATEMENTS OF FINANCIAL POSITION (continued)
as at 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	15	**48,402**	48,402	**48,402**	48,402
Retained earnings/ (accumulated losses)	16	**13,555**	26,295	**(15,882)**	4,632
		61,957	74,697	**32,520**	53,034
Non-controlling interest		**859**	858	**-**	-
TOTAL EQUITY		**62,816**	75,555	**32,520**	53,034
Non-current liabilities					
Borrowings	17	**10,712**	19,928	**-**	-
Lease liabilities	21	**52**	-	**-**	-
Deferred tax liabilities	9	**44**	44	**2**	2
		10,808	19,972	**2**	2
Current liabilities					
Trade payables	18	**13,818**	15,053	**-**	-
Other payables, accruals and deposits received	19	**18,316**	13,876	**4,021**	1,326
Borrowings	17	**44,553**	26,400	**-**	-
Lease liabilities	21	**77**	-	**-**	-
Provision for taxation		**-**	-	**139**	165
		76,764	55,329	**4,160**	1,491
TOTAL LIABILITIES		**87,572**	75,301	**4,162**	1,493
TOTAL EQUITY AND LIABILITIES		**150,388**	150,856	**36,682**	54,527

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

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	22(a)	**71,093**	100,001	**-**	106
Cost of sales	22(b)	**(62,677)**	(82,365)	**-**	-
Gross profit		**8,416**	17,636	**-**	106
Other operating income		**1,162**	476	**2,334**	2,207
Selling and distribution expenses		**(12,336)**	(8,835)	**-**	-
Administrative expenses		**(6,894)**	(10,211)	**(22,203)**	(649)
(Loss)/profit from operations		**(9,652)**	(934)	**(19,869)**	1,664
Finance costs		**(2,215)**	(2,254)	**(234)**	(69)
(Loss)/profit before taxation	23	**(11,867)**	(3,188)	**(20,103)**	1,595
Taxation	25	**(872)**	(1,058)	**(411)**	(438)
(Loss)/profit for the year		**(12,739)**	(4,246)	**(20,514)**	1,157
Attributable to:					
Owners of the Company		**(12,740)**	(4,271)	**(20,514)**	1,157
Non-controlling interest		**1**	25	**-**	-
		(12,739)	(4,246)	**(20,514)**	1,157
Earnings per share attributable to equity holders of the Company (sen)	26	**(4.77)**	(1.60)	**-**	-

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Non distributable	Distributable			
	Share capital RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group					
At 1 January 2019	**48,402**	**26,295**	**74,697**	**858**	**75,555**
Loss for the year	**-**	**(12,740)**	**(12,740)**	**1**	**(12,739)**
At 31 December 2019	**48,402**	**13,555**	**61,957**	**859**	**62,816**
At 31 December 2017	48,402	31,443	79,845	966	80,811
Effect of adoption of MFRS 9	-	(877)	(877)	(99)	(976)
Restated at 1 January 2018	48,402	30,566	78,968	867	79,835
Dividend paid	-	-	-	(34)	(34)
Loss for the year	-	(4,271)	(4,271)	25	(4,246)
At 31 December 2018	48,402	26,295	74,697	858	75,555

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Non-distributable		
	Share capital RM'000	(Accumulated losses)/ retained earnings RM'000	Total equity RM'000
Company			
At 1 January 2019	**48,402**	**4,632**	**53,034**
Loss for the year	**-**	**(20,514)**	**(20,514)**
At 31 December 2019	**48,402**	**(15,882)**	**32,520**
At 31 December 2017	48,402	5,120	53,522
Effect of adoption of MFRS 9	-	(1,645)	(1,645)
Restated at 1 January 2018	48,402	3,475	51,877
Profit for the year	-	1,157	1,157
At 31 December 2018	48,402	4,632	53,034

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

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2019

	Note	Group		Company	
		2019	2018	**2019**	2018
		RM'000	RM'000	**RM'000**	RM'000
Cash flows from operating activities					
(Loss)/profit before taxation		**(11,867)**	(3,188)	**(20,103)**	1,595
Adjustments for:					
Allowance for doubtful debts and ECL		**719**	1,418	**17,852**	153
Impairment of investment in subsidiaries		**-**	-	**3,795**	-
Reversal of allowance for doubtful debts		**(1,583)**	(779)	**-**	-
Reversal of ECL allowance on trade receivables		**(621)**	(253)	**-**	-
Depreciation of property, plant and equipment		**2,738**	3,644	**4**	3
Depreciation of right-of-use assets		**69**	-	**-**	-
Loss on forward exchange contracts		**39**	17	**-**	-
Gain on disposal of property, plant and equipment		**(312)**	(4)	**-**	-
Interest expense		**2,107**	2,092	**234**	69
Dividend income		**-**	-	**-**	(106)
Interest income		**(278)**	(71)	**(2,334)**	(2,207)
Rental income		**(50)**	(8)	**-**	-
Unrealised foreign exchange loss		**35**	73	**-**	-
Operating (loss)/profit before working capital changes		**(9,004)**	2,941	**(552)**	(493)
Decrease/(increase) in inventories		**2,742**	(734)	**-**	-
(Increase)/decrease in trade and other receivables		**(5,685)**	19,438	**(3,840)**	(1,854)
Increase/(decrease) in trade and other payables		**3,070**	(1,213)	**2,695**	436
Cash (used in)/generated from operations		**(8,877)**	20,432	**(1,697)**	(1,911)

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

STATEMENTS OF CASH FLOWS (continued)
for the year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Increase in property development cost (net)	10	**(94)**	(8,056)	**-**	-
Interest paid		**(989)**	(1,052)	**(234)**	(69)
Tax paid		**(997)**	(1,557)	**(437)**	(379)
Tax refunded		**735**	236	**-**	-
Net cash (used in)/generated from operating activities		**(10,222)**	10,003	**(2,368)**	(2,359)
Cash flows from investing activities					
Purchase of property, plant and equipment	31	**(158)**	(217)	**-**	-
Dividend received		**-**	-	**-**	106
Interest received		**278**	71	**2,334**	2,207
Rental received		**50**	8	**-**	-
Proceeds from disposal of property, plant and equipment		**422**	4	**-**	-
Net cash generated from/ (used in) investing activities		**592**	(134)	**2,334**	2,313

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

STATEMENTS OF CASH FLOWS (continued)
for the year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from financing activities					
Fixed deposits pledged (net)		**(984)**	(3,218)	**-**	-
Dividend paid		**-**	(34)	**-**	-
Repayment of lease liabilities		**(59)**	-	**-**	-
Lease liabilities interest paid		**(9)**	-	**-**	-
Repayment of loan		**(3,632)**	(16,283)	**-**	-
Term loan interest paid		**(1,105)**	(1,025)	**-**	-
Drawdown of loan		**-**	4,000	**-**	-
Hire purchase payables interest paid		**(4)**	(15)	**-**	-
Repayment of hire purchase payables		**(48)**	(466)	**-**	-
Advance proceeds from sale of property development units treated as financing arrangements	17	**12,000**	6,000	**-**	-
Net cash generated from/(used in) financing activities		**6,159**	(11,041)	**-**	-
Net decrease in cash and cash equivalents		**(3,471)**	(1,172)	**(34)**	(46)
Cash and cash equivalents at beginning of the year		**(4,882)**	(3,744)	**68**	114
Effect of foreign currency translation differences		**41**	34	**-**	-
		(4,841)	(3,710)	**68**	114
Cash and cash equivalents at end of the year	14	**(8,312)**	(4,882)	**34**	68

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

1. Corporate information

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

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Wisma Euro, Lot 21, Rawang Industrial Estate, 48000 Rawang, Selangor.

The principal activities of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The number of employees in the Group and in the Company at the end of the financial year were 413 (2018: 467) and Nil (2018: Nil) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 10 June 2020.

2. Basis of preparation of the financial statements

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency. All financial information have been rounded to the nearest thousand (RM'000), unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial year.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same financial year end as the Company. Consistent accounting policies are applied to like transactions and events of similar circumstances.

Subsidiaries are consolidated from the date on which control exists. They are deconsolidated from the date that control ceases.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries are accounted for using the purchase method except for business combinations arising from common control transfers. Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the entity acquired to the extent that laws or statutes do not prohibit the use of such reserves. The consolidated financial statements reflect the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statements of financial position. The accounting policy for goodwill is set out in Note 3(c). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

Transactions with non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the equity of the owners of the Company. Transactions with non-controlling interest are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

(b) Investment in subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investment in subsidiaries which are eliminated on consolidation are stated at cost less accumulated impairment losses, unless the investment is held for sale.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(c) Goodwill or reserve arising on consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's and of the Company's Cash-Generating Units (CGUs) that are expected to benefit from the synergies of the combination.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

(d) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss as incurred.

Subsequent to recognition, property, plant and equipment except for freehold land and leasehold land and building are stated at cost less accumulated depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(d) Property, plant and equipment, and depreciation (continued)

Freehold land is stated at cost and has an indefinite useful life and is therefore not depreciated.

Leasehold land and building are stated at cost and is depreciated over the remaining useful life. Subsequent to recognition, leasehold land and building are stated at cost less accumulated depreciation and any accumulated impairment losses.

No depreciation is provided for capital work-in-progress until the assets are ready for their intended use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Factory buildings	2%
Furniture and fittings	10% - 15%
Office equipment	10% - 35%
Plant, machinery and tools	10%
Moulds	20%
Electrical installation	15%
Computers	13% - 20%
Signboards	10%
Renovation	15%
Motor vehicles	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the year the property, plant and equipment is derecognised, and any unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(e) Land held for development

i Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the assets is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed within the Group's normal operating cycle.

ii Property development costs

Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payment to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as progress billings under trade and other payables (within current liabilities).

(f) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress include cost of raw materials, direct labour, other direct costs and appropriate production overheads (based on normal operating capacity).

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(h) Leases

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

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

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest methods and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(h) Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and Equipment' policy.

(i) Interest bearing loans and borrowings

Borrowings are recognised initially at fair value net of transaction cost incurred. Subsequently, borrowings are stated at amortised cost using the effective interest method. Any difference between the amount recorded as borrowings and the associated redemption value is recognised in the profit or loss over the period of the borrowings. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are capitalised and amortised over the period of the facility to which it relates. All other borrowings costs are charged to profit or loss. Borrowings are derecognised from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the borrowings that have been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred and liabilities assumed, is recognised in profit or loss. General and specific 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(j) Provision for liabilities

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(j) Provision for liabilities (continued)

Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(k) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs, and are classified as equity. Dividends on ordinary shares are recognised in equity in the periods in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(l) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(l) Income tax (continued)

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(m) Employee benefits

i Short term benefits

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

ii Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or construction obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, the Group makes contributions to the statutory provident fund, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period as incurred.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(m) Employee benefits (continued)

iii Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the financial year end are discounted to present value.

(n) Revenue recognition

The Group and the Company recognise revenue from contracts with customers based on the five-step model as set out below:

i Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

ii Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

iii Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

iv Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

v Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(n) Revenue recognition (continued)

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

i Do not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or

ii Create or enhance an asset that the customer controls as the asset is created or enhanced; or

iii Provide benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

i Revenue from contracts with customers

a. Sale of goods/services

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers controls of the goods or services promised in a contract and the customer obtains control of the goods and services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of indirect taxes, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(n) Revenue recognition (continued)

i Revenue from contracts with customers (continued)

b. Property

Contracts with customers may include multiple promises to customers and are therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each separate performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin. The revenue from property development is measured at the fixed transaction price agreed under the SPA. When the Group determines that it is not probable that the Group will collect the consideration to which the Group is entitled to in exchange for the properties, the Group will defer the recognition of revenue from such sales of properties and consideration received from the customer is recognised as a contract liability. For such properties, the Group recognises revenue when it becomes probable that the Group will collect consideration to which it will be entitled to in exchange for the properties sold. Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for work performance completed to-date. The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) as attached in its layout plan in the SPA. The purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised property for another use is substantive and therefore the promised properties sold to the purchasers do not have an alternative use to the Group. The Group has the right to payment for performance completed to-date, is entitled to continue to transfer to the customer the development units promised, and has the right to complete the construction of the properties and enforce its rights to full payment. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset. The Group recognises revenue over time using the input method, which is based on the contract costs incurred to-date to the estimated total costs for the contract. For sale of completed properties, the Group recognises revenue when the control of the properties has been transferred to the purchasers, being when the properties have been handed over to the purchasers (i.e. upon delivery of vacant possession).

c. Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(n) Revenue recognition (continued)

ii Other income

a. Interest income

Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless its collectability is in doubt.

b. Rental income

Rental income from the letting of office space and equipment is recognised on a straight-line basis over the term of the rental agreement.

(o) Foreign currencies transactions

i Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Group's functional currency.

ii Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's reporting currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each financial year end, monetary items denominated in foreign currencies are translated at the rates prevailing at the financial year end. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

3. Significant accounting policies (continued)

(o) Foreign currencies transactions (continued)

ii Foreign currency transactions (continued)

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 and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2019 **RM**	2018 RM
1 Euro (EUR)	**4.597**	4.745
1 Singapore Dollar (SGD)	**3.041**	3.034
1 United States Dollar (USD)	**4.101**	4.146
1 Sterling Pound (GBP)	**5.381**	5.262

(p) Impairment of non-financial assets

The Group and the Company assess at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For goodwill, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). In assessing value-in-use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(p) Impairment of non-financial assets (continued)

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case, the carrying amount of the asset is increased to its revised recoverable amount. The increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(q) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, deposits with financial institutions, investments, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as assets or liabilities, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

3. Significant accounting policies (continued)

(q) Financial instruments (continued)

Financial assets (continued)

The Group and the Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

i Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

ii Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at fair value through other comprehensive income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's or the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(q) Financial instruments (continued)

Financial assets (continued)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group and the Company.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

i Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

ii Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3. Significant accounting policies (continued)

(q) Financial instruments (continued)

Financial liabilities (continued)

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(r) Impairment of financial assets

At each financial year end, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring as at the financial year end with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cashflows that are due to the Group and to the Company and all the cash flows that the Group and the Company expect to receive.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(r) Impairment of financial assets (continued)

The Group and the Company measure the allowance for impairment loss on staff loans, if any and cash and bank balances based on the two-step approach as follows:

i 12-months expected credit loss

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occuring within the next 12 months considering the loss given default of that financial asset.

ii Lifetime expected credit loss

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Group and the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company revert the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

For trade and other receivables which are financial assets, the Group and the Company apply the simplified approach in accordance with MFRS 9 *Financial Instruments* and measure the allowance for impairment loss based on a 12-months expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(s) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 by the Group and the Company.

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

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 based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

(t) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development, contract asset is the excess of cumulative revenue earned over the billings to-date, for which the billings to customers are based on progress milestones set out in Sale and Purchase Agreement ("SPA") with the customers. Contract asset is stated at cost less accumulated impairment losses. The amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset. Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. In the case of property development, contract liability is the excess of the billings to-date over the cumulative revenue earned.

(u) Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

3. Significant accounting policies (continued)

(v) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where these is a liability that cannot be recognised because it cannot be measured reliably.

The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(w) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segments results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and measurement basis of segment information.

(x) Earnings per share

i Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

ii Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations

(a) MFRSs that have been issued and effective

The following new and revised MFRSs issued by MASB, have been adopted, and the adoptions do not have any or significant impact to the financial statements, except for MFRS 16:

Title		**Effective Date**
MFRS 16:	Leases	1 January 2019
Amendments to MFRS 3:	Business Combinations	1 January 2019
Amendments to MFRS 11:	Joint Arrangements	1 January 2019
Amendments to MFRS 112:	Income Taxes	1 January 2019
Amendments to MFRS 119:	Employee Benefits	1 January 2019
Amendments to MFRS 123:	Borrowings Costs	1 January 2019
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	1 January 2019
IC Interpretation 23:	Uncertainty over Income Tax Treatments	1 January 2019

The Group adopted MFRS 16 Leases on 1 January 2019. MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

(b) MFRSs that have been issued but only effective for financial period beginning on 1 January 2020 and onwards

The following new and revised MFRSs issued by MASB, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

Title		**Effective Date**
Amendments to MFRS 3:	Business Combinations	1 January 2020
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2020
Amendments to MFRS 9:	Financial Instruments	1 January 2020
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 139:	Financial Instruments: Recognition and measurement	1 January 2020
MFRS 17:	Insurance Contracts	1 January 2021
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2022
Amendments to MFRS 10:	Consolidated Financial Statements	Deferred
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	Deferred

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

5. Significant accounting judgement and estimates

Key sources of estimation uncertainty

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

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

(a) Depreciation of property, plant and equipment

The Group and the Company depreciate the property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method. The estimated useful lives applied by the Group and the Company as disclosed in Note 3(d) reflect the Directors' estimates of the periods that the Group and the Company expect to derive future economic benefits from the use of the Group's and the Company's property, plant and equipment. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of property, plant and equipment

The Group and the Company carry out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit (CGU) to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Impairment of investment in subsidiaries

The investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. The Company carries out the impairment test based on a variety of estimations including value-in-use of the CGUs to which the investment in subsidiaries are allocated to. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

There could be further adjustments to the carrying value of the investments should the going concern basis be inappropriate.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

5. Significant accounting judgement and estimates (continued)

Key sources of estimation uncertainty (continued)

(d) Loss allowances for financial assets

The Group and the Company recognise impairment losses for receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's financial position and result.

(e) Property development activities

The Group recognises property development revenue over time using the input method, which is based on the contract costs incurred to-date to the estimated total costs for the contract. Significant judgement is required in determining the extent of the costs incurred and the estimated total contract revenue and costs, as well as the recoverability of the contracts. In making the judgement, the Group relies on past experience and work of specialists. The carrying amount of the Group's property development activities is shown in Note 10 to the financial statements.

(f) Income tax

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(g) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unutilised reinvestment allowances and unutilised capital allowances to the extent that it is probable that taxable profits will be available against which the losses and allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

5. Significant accounting judgment and estimates (continued)

Key sources of estimation uncertainty (continued)

(h) Contingent liabilities

As disclosed in Note 33, a contingent liability is not recognised but is disclosed in the notes to the financial statements and when a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

The Directors are of the opinion that provision is not required in respect of the above instance as it is not probable that a future sacrifice of economic benefits will be required.

(i) Fair value estimates of certain financial instruments

The Group carries certain financial assets and liabilities at fair value, which required extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value will differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit or loss/equity.

(j) Leases

The measurement of the "right-of-use" asset and lease liability for leases where the Group is a lessee requires the use of significant judgements and assumptions, such as lease term and incremental borrowing rate. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the incremental borrowing rate, the Group first determine the closest borrowing rate before using significant judgement to determine the adjustments required to reflect the term, security, value of economic environmental of the respective leases.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

6. Property, plant and equipment

Group	Freehold land RM'000	Factory buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Balance carried forward RM'000
Carrying amount					
At 1 January 2019	**9,204**	**30,794**	**107**	**231**	**40,336**
Additions	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**	**-**
Depreciation charge	**-**	**(815)**	**(29)**	**(43)**	**(887)**
At 31 December 2019	**9,204**	**29,979**	**78**	**188**	**39,449**
At 31 December 2019					
Cost	**9,204**	**40,747**	**1,847**	**1,062**	**52,860**
Accumulated depreciation	**-**	**(10,768)**	**(1,769)**	**(874)**	**(13,411)**
Carrying amount	**9,204**	**29,979**	**78**	**188**	**39,449**
At 31 December 2018					
Cost	9,204	40,747	1,847	1,062	52,860
Accumulated depreciation	-	(9,953)	(1,740)	(831)	(12,524)
Carrying amount	9,204	30,794	107	231	40,336
Depreciation charge – 2018	-	(815)	(30)	(46)	(891)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

6. Property, plant and equipment (continued)

Group	Balance brought forward RM'000	Plant, machinery and tools RM'000	Moulds RM'000	Electrical installation RM'000	Computers RM'000	Balance carried forward RM'000
Carrying amount						
At 1 January 2019	**40,336**	**3,232**	**669**	**110**	**258**	**44,605**
Additions	**-**	**96**	**6**	**-**	**56**	**158**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge	**(887)**	**(1,060)**	**(362)**	**(30)**	**(188)**	**(2,527)**
At 31 December 2019	**39,449**	**2,268**	**313**	**80**	**126**	**42,236**
At 31 December 2019						
Cost	**52,860**	**32,704**	**11,953**	**528**	**3,543**	**101,588**
Accumulated depreciation	**(13,411)**	**(30,436)**	**(11,640)**	**(448)**	**(3,417)**	**(59,352)**
Carrying amount	**39,449**	**2,268**	**313**	**80**	**126**	**42,236**
At 31 December 2018						
Cost	52,860	33,982	11,947	528	3,487	102,804
Accumulated depreciation	(12,524)	(30,750)	(11,278)	(418)	(3,229)	(58,199)
Carrying amount	40,336	3,232	669	110	258	44,605
Depreciation charge – 2018	(891)	(1,435)	(496)	(24)	(230)	(3,076)

6. Property, plant and equipment (continued)

Group	Balance brought forward RM'000	Signboards RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Carrying amount					
At 1 January 2019	**44,605**	**26**	**16**	**435**	**45,082**
Additions	**158**	**-**	**-**	**-**	**158**
Disposals	**-**	**-**	**-**	**(110)**	**(110)**
Depreciation charge	**(2,527)**	**(4)**	**(8)**	**(199)**	**(2,738)**
At 31 December 2019	**42,236**	**22**	**8**	**126**	**42,392**
At 31 December 2019					
Cost	**101,588**	**56**	**263**	**3,519**	**105,426**
Accumulated depreciation	**(59,352)**	**(34)**	**(255)**	**(3,393)**	**(63,034)**
Carrying amount	**42,236**	**22**	**8**	**126**	**42,392**
At 31 December 2018					
Cost	102,804	56	263	4,668	107,791
Accumulated depreciation	(58,199)	(30)	(247)	(4,233)	(62,709)
Carrying amount	44,605	26	16	435	45,082
Depreciation charge – 2018	(3,076)	(4)	(9)	(555)	(3,644)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

6. Property, plant and equipment (continued)

Company	**Signboard RM'000**	**Total RM'000**
Carrying amount		
At 1 January 2019	**23**	**23**
Depreciation charge	**(4)**	**(4)**
At 31 December 2019	**19**	**19**
At 31 December 2019		
Cost	**35**	**35**
Accumulated depreciation	**(16)**	**(16)**
Carrying amount	**19**	**19**
At 31 December 2018		
Cost	35	35
Accumulated depreciation	(12)	(12)
Carrying amount	23	23
Depreciation charge - 2018	(3)	(3)

(a) The carrying amount of property, plant and equipment charged to bank as securities for credit facilities granted to the Group, as disclosed in Note 17 is as follows:-

	Group	
	2019 RM'000	2018 RM'000
Freehold land	**9,204**	9,204
Freehold buildings	**29,979**	30,794
	39,183	39,998

6. Property, plant and equipment (continued)

(b) The carrying amount of property, plant and equipment held under finance lease arrangements as at the financial year end is as follows:-

	Group	
	2019	2018
	RM'000	RM'000
Motor vehicles	**48**	93

(c) The cost of property, plant and equipment which have been fully depreciated, have been disposed of during the year as follows:-

	Group	
	2019	2018
	RM'000	RM'000
Motor vehicles	**206**	123
Computers	**1**	-
Plant, machinery and tools	**1,373**	-
	1,580	123

(d) The cost of property, plant and equipment which have been fully depreciated, have been written off during the year as follows:-

	Group	
	2019	2018
	RM'000	RM'000
Plant, machinery and tools	**-**	10

7. Right-of-use assets

	Group	
	Forklifts	**Total**
	RM'000	**RM'000**
Cost		
At 1 January 2019	**-**	**-**
Additions	**187**	**187**
At 31 December 2019	**187**	**187**
Accumulated depreciation		
At 1 January 2019	**-**	**-**
Charged for the year	**(69)**	**(69)**
At 31 December 2019	**(69)**	**(69)**
Carrying amount		
At 31 December 2019	**118**	**118**
At 31 December 2018	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

8. Investment in subsidiaries

	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares, at cost	**24,448**	24,448
Less: Accumulated impairment losses	**(3,795)**	-
	20,653	24,448
Amount due from subsidiaries	**35,619**	31,773
Less: Accumulated impairment losses	**(19,650)**	(1,798)
	15,969	29,975
	36,622	54,423

The amount due from subsidiaries represents advances that are non-trade in nature, unsecured and interest free except for the advance of RM29,783,799 (2018: RM28,216,769) to subsidiaries which bears interest at 7.90% (2018: 7.90%) per annum. The repayment of the amount is likely to occur twelve months after the financial year end and is therefore classified under non-current assets.

The details of subsidiaries are as follows:-

Name of companies	Equity interest held 2019 %	Equity interest held 2018 %	Principal activities
Euro Chairs Manufacturer (M) Sdn. Bhd.	**100.00**	100.00	Manufacturing and marketing of furniture
Euro Space Industries (M) Sdn. Bhd.	**100.00**	100.00	Manufacturing and trading of office furniture, partitions, chairs and panels
Euro Chairs System Sdn. Bhd.	**100.00**	100.00	Trading of furniture, furnishing fabric materials and other furniture components
Euro Space System Sdn. Bhd.	**100.00**	100.00	Trading of office furniture
Euro Chairs (M) Sdn. Bhd.	**100.00**	100.00	Holds the industrial designs and trademarks of the Group
Eurosteel System Sdn. Bhd.	**75.76**	75.76	Trading of storages and steel furniture
Eurosteel Line Sdn. Bhd.	**100.00**	100.00	Manufacturing and trading of steel furniture
Euroland & Development Sdn. Bhd.	**100.00**	100.00	Property development

All of the above subsidiaries were incorporated in Malaysia and audited by Nexia SSY PLT, a member of Nexia International.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

9. Deferred tax assets/(liabilities)

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
At beginning/end of the year	**(44)**	(44)	**(2)**	(2)
Presented after appropriate offsetting as follows:				
Deferred tax assets	**2,450**	2,461	**-**	-
Deferred tax liabilities	**(2,494)**	(2,505)	**(2)**	(2)
	(44)	(44)	**(2)**	(2)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Unabsorbed tax losses and unutilised capital allowances RM'000	Unutilised reinvestment allowances RM'000	Other deductible temporary differences RM'000	Total RM'000
At 1 January 2019	**185**	**1,624**	**652**	**2,461**
Recognised in the statements of comprehensive income				
- current year	**(94)**	**256**	**(174)**	**(12)**
- (over)/underprovision in prior years	**(15)**	**(199)**	**215**	**1**
At 31 December 2019	**76**	**1,681**	**693**	**2,450**
At 1 January 2018	195	1,679	774	2,648
Recognised in the statements of comprehensive income				
- current year	(5)	(20)	(107)	(132)
- overprovision in prior years	(5)	(35)	(15)	(55)
At 31 December 2018	185	1,624	652	2,461

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

9. Deferred tax assets/(liabilities) (continued)

Deferred tax liabilities:

	Excess of capital allowances over depreciation	
	Group RM'000	**Company RM'000**
At 1 January 2019	**(2,505)**	**(2)**
Recognised in the statements of comprehensive income		
- current year	**12**	**-**
- underprovision in prior years	**(1)**	**-**
At 31 December 2019	**(2,494)**	**(2)**
At 1 January 2018	(2,692)	(2)
Recognised in the statements of comprehensive income		
- current year	193	-
- underprovision in prior years	(6)	-
At 31 December 2018	(2,505)	(2)

10. Property development costs

	Group	
	2019 RM'000	2018 RM'000
Freehold land and other costs at carrying amount		
At beginning of the year	**52,186**	44,130
Additions	**28,562**	46,663
Expensed off in profit and loss	**(28,468)**	(38,607)
At end of the year	**52,280**	52,186
At beginning of the year:		
- development costs	**130,127**	83,464
- accumulated costs charged to profit and loss	**(77,941)**	(39,334)
	52,186	44,130
Cost incurred during the financial year		
- development costs	**28,562**	46,663
- cost charged to profit or loss	**(28,468)**	(38,607)
	94	8,056
At end of the financial year		
- development costs	**158,689**	130,127
- accumulated costs charged to profit and loss	**(106,409)**	(77,941)
	52,280	52,186

Included in the additions to property development costs are interests amounting to RM627,856 (2018: RM3,546,445) and included within are apportionments of profit guarantee costs together with agreed charges amounting to RM627,856 (2018: RM3,105,096). The profit guarantee arrangement is disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

11. Inventories

	Group	
	2019	2018
	RM'000	RM'000
Raw materials	**10,358**	11,548
Work-in-progress	**1,625**	2,509
Finished goods	**1,394**	2,025
	13,377	16,082
Less: Provision for slow moving inventories	**(986)**	(949)
	12,391	15,133

12. Trade receivables

	Group	
	2019	2018
	RM'000	RM'000
Trade receivables	**36,861**	30,823
Less: Allowance for impairment loss	**(4,462)**	(5,947)
	32,399	24,876

Included in trade receivables is the unbilled amount to purchasers of RM20,172,295 (2018: RM10,447,071) in relation to property development activities, which is as follows:

Contract assets and contract liabilities

	Group	
	2019	2018
	RM'000	RM'000
At beginning of the year		
- contract assets	**10,447**	26,748
- contract liabilities	**-**	-
	10,447	26,748
Property development revenue recognised during the year	**22,168**	40,244
Less: Progress billing issued	**(12,443)**	(56,545)
At end of the year	**20,172**	10,447
Analysed as follows:		
- contract assets	**20,172**	10,447
- contract liabilities	**-**	-
	20,172	10,447

The amount of unfulfilled performance obligation of RM6,816,837 (2018: RM24,586,206) as at the reporting date will be recognised in the financial statements in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

12. Trade receivables (continued)

The currency exposure profile of trade receivables is as follows:

	Group	
	2019	2018
	RM'000	RM'000
Ringgit Malaysia	**29,885**	19,951
United States Dollar	**2,081**	4,256
Singapore Dollar	**366**	440
Sterling Pound	**-**	71
Euro	**67**	158
	32,399	24,876

13. Other receivables, deposits and prepayments

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Other receivables	**184**	675	**-**	-
Deposits	**423**	412	**-**	-
Prepayments	**654**	495	**7**	13
	1,261	1,582	**7**	13

14. Cash and cash equivalents

As at the financial year end, the cash and cash equivalents are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Fixed deposits with licensed financial institutions	**6,984**	6,000	**-**	-
Short term funds				
- redeemable at call	**-**	3	**-**	3
- redeemable upon 7-day notice	**-**	62	**-**	1
Cash at bank	**2,399**	5,118	**34**	64
Cash in hand	**46**	48	**-**	-
	9,429	11,231	**34**	68
Less: Bank overdrafts (Note 17)	**(10,757)**	(10,113)	**-**	-
	(1,328)	1,118	**34**	68
Less: Fixed deposits pledged	**(6,984)**	(6,000)	**-**	-
	(8,312)	(4,882)	**34**	68

The fixed deposits have been pledged as security for banking facilities granted to subsidiaries, as disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

14. Cash and cash equivalents (continued)

The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Ringgit Malaysia	**(8,874)**	(5,361)	**34**	68
United States Dollar	**553**	469	**-**	-
Euro	**6**	3	**-**	-
Others	**3**	7	**-**	-
	(8,312)	(4,882)	**34**	68

15. Share capital

	Group and Company			
	2019	**2019**	2018	2018
	'000 Unit	**RM'000**	'000 Unit	RM'000
Issued and fully paid ordinary shares				
At beginning/end of the year	**267,300**	**48,402**	267,300	48,402

16. Retained earnings

The retained earnings can be distributed by way of single tier dividends which are not taxable in the hands of the shareholders.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

17. Borrowings

	Group	
	2019	2018
	RM'000	RM'000
Current		
Bank overdrafts (secured)	**10,757**	10,113
Bills payable (secured)	**3,453**	3,639
Finance lease liabilities	**40**	48
Term loans (secured)	**3,177**	2,974
Trade payables (secured)	**6,126**	5,626
Trade payables	**10,200**	4,000
Other advances	**3,500**	4,000
Advances from shareholders	**7,300**	-
	44,553	30,400
Non-current		
Finance lease liabilities	**-**	40
Term loans (secured)	**10,712**	13,888
Trade payables	**-**	2,000
	10,712	15,928
	55,265	46,328
Total borrowings		
Bank overdrafts (secured)	**10,757**	10,113
Bills payable (secured)	**3,453**	3,639
Finance lease liabilities	**40**	88
Term loans (secured)	**13,889**	16,862
Trade payables (secured)	**6,126**	5,626
Trade payables	**10,200**	6,000
Other advances	**3,500**	4,000
Advances from shareholders	**7,300**	-
	55,265	46,328

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

17. Borrowings (continued)

The bank overdrafts, bills payable and term loans are secured by the following:

(a) Land and buildings of the Group, as disclosed in Note 6;
(b) All monies facility agreements;
(c) Fixed deposits with licensed financial institutions as disclosed in Note 14;
(d) Personal guarantee and indemnity by certain former Directors; and
(e) Corporate guarantee by the Company, as disclosed in Note 33;

The trade payables amounting to RM5,626,000 is secured by a corporate guarantee by the Company, as disclosed in Note 33 and RM500,000 is secured by the Directors, Dato' Sri Choong Yuen Keong @ Tong Yuen Keong and Dato Tong Yun Mong.

Advances from shareholders are unsecured, interest free and are repayable on demand.

Terms of repayment of bank overdrafts, bills payable, and term loans are as follows:

(a) Bank overdrafts : Repayable on demand
(b) Bills payable : 30 to 150 days
(c) Term loans : 1st month to 14 years from first drawdown date

Terms of repayment on trade payables and other advances are contingent upon the exercise of options within the period of 12 months from the date of agreements.

The effective interest rates incurred during the financial year for borrowings ranged from 3.12% to 42% (2018: 2.31% to 25.44%) per annum.

The following are the details of the finance costs incurred during the year included in property development cost, as disclosed in Note 10:

	Group	
	2019	2018
	RM'000	RM'000
(a) profit guarantee arrangement of RM2,400,000 on RM5,626,000	**-**	1,600
(b) charge of RM120,000 per month on RM6,000,000	**(480)**	1,440
(c) charge of 18% per annum on RM4,000,000	**(65)**	65
(d) charge of 36% per annum on RM2,100,000	**530**	-
(e) charge of 42% per annum on RM2,100,000	**643**	-
	628	3,105

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

17. Borrowings (continued)

	Group 2019 RM'000	2018 RM'000
Finance lease liabilities		
Minimum lease payments		
- not later than 1 year	**41**	52
- later than 1 year and not later than 2 years	**-**	41
Total minimum lease payments	**41**	93
Less: Future finance charges on finance lease	**(1)**	(5)
Present value of finance lease liabilities	**40**	88
Present value of finance lease liabilities		
- not later than 1 year	**40**	48
- later than 1 year and not later than 2 years	**-**	40
	40	88

	Group 2019 RM'000	2018 RM'000
Term loans from financial institutions		
Repayment terms		
- not later than 1 year	**3,177**	2,974
- later than 1 year and not later than 2 years	**2,708**	3,217
- later than 2 years and not later than 5 years	**3,831**	5,686
- later than 5 years	**4,173**	4,985
	13,889	16,862

	Group 2019 RM'000	2018 RM'000
Trade payables and other advances		
Repayment terms		
- not later than 1 year	**27,126**	13,626
- later than 1 year and not later than 2 years	**-**	2,000
	27,126	15,626

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

18. Trade payables

The normal trade credit terms granted to the Group ranged from 30 to 90 (2018: 30 to 90) days.

The currency exposure profile of trade payables is as follows:

	Group	
	2019	2018
	RM'000	RM'000
Ringgit Malaysia	**13,795**	14,566
United States Dollar	**23**	487
	13,818	15,053

19. Other payables, accruals and deposits received

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Sundry payables	**2,077**	3,011	**-**	22
Provisions and accruals	**10,934**	6,235	**46**	38
Deposits received from customers	**1,897**	1,975	**-**	-
Payables relating to property development activities	**3,330**	2,636	**-**	-
Amount due to subsidiaries	**-**	-	**3,975**	1,266
Amount due to a related party	**60**	12	**-**	-
Amount due to Directors	**18**	7	**-**	-
	18,316	13,876	**4,021**	1,326

Included in provisions and accruals is an amount of RM5,688,155 (2018: RM1,008,516) for the provision of liquidated ascertained damages in respect of property development activities.

The currency exposure profile of other payables, accruals and deposits received is as follows:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Ringgit Malaysia	**16,482**	10,913	**4,021**	1,326
United States Dollar	**1,727**	2,867	**-**	-
Euro	**107**	96	**-**	-
	18,316	13,876	**4,021**	1,326

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

19. Other payables, accruals and deposits received (continued)

The amount due to subsidiaries which is non-trade in nature, is unsecured, interest free and is repayable on demand except for the advance of RM3,630,000 (2018: RM1,155,000) from subsidiaries which bears interest at 7.90% (2018: 7.90%) per annum. The details of amount due to subsidiaries are as follows:

	Company	
	2019	2018
	RM'000	RM'000
Euro Chairs Manufacturer (M) Sdn. Bhd.	**1,424**	540
Euro Chairs System Sdn. Bhd.	**2,551**	726
	3,975	1,266

The amount due to a related party which is non-trade in nature, is unsecured, interest free and is repayable on demand. The details of related party are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Pro Uptrend Resources Sdn. Bhd.	**60**	12

The amount due to Directors which is non-trade in nature, is unsecured, interest free and is repayable on demand.

20. Forward exchange contracts

	Group					
	2019 RM'000			2018 RM'000		
	Contract notional amount	**Assets**	**Liabilities**	Contract notional amount	Assets	Liabilities
Non-hedging derivatives						
Current:						
Forward currency contracts	**795**	**16**	**-**	3,777	54	-

20. Forward exchange contracts (continued)

The Group uses forward exchange contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedge and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward exchange contracts are used to hedge the Group's sales and purchases denominated in USD, SGD, GBP and EUR for which firm commitments existed at the reporting date, extending to June 2020 (2018: June 2019).

During the financial year, the Group's recognised a loss of RM38,664 (2018: a loss of RM16,933) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

21. Lease liabilities

	Company	
	2019	2018
	RM'000	RM'000
Maturity analysis		
Year 1	**77**	-
Year 2	**49**	-
Year 3	**3**	-
	129	-
Analysed as:		
Non-current	**52**	-
Current	**77**	-
	129	-

22. Revenue and cost of sales

(a) Revenue

Revenue of the Group and of the Company comprise the following:

	Group		**Company**	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Revenue from contracts with customers:				
Sale of furniture products	**48,925**	59,758	**-**	-
Sale of development properties	**22,168**	40,243	**-**	-
	71,093	100,001	**-**	-
Revenue from other sources:				
Dividend income	**-**	-	**-**	106
	-	-	**-**	106
Total revenue	**71,093**	100,001	**-**	106

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

22. Revenue and cost of sales (continued)

(b) Cost of sales

Cost of sales of the Group and of the Company comprise the following:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Cost of sales arising from:				
Sale of furniture products	**34,209**	43,758	**-**	-
Sale of development properties	**28,468**	38,607	**-**	-
	62,677	82,365	**-**	-

23. (Loss)/profit before taxation

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
(Loss)/profit before taxation is arrived at after charging:				
Allowance for doubtful debts on trade receivables	**719**	1,418	**-**	-
Allowance for doubtful debts on amount due from subsidiaries	**-**	-	**2,124**	-
Auditors' remuneration				
- current year	**166**	155	**43**	35
- under/(over) provision in prior years	**22**	(3)	**7**	(3)
Depreciation of property, plant and equipment	**2,738**	3,644	**4**	3
Depreciation of right of use assets	**69**	-	**-**	-
ECL allowance on amount due from subsidiaries	**-**	-	**15,728**	153
Finance cost:			**-**	
- Bank overdraft interest	**832**	813	**-**	-
- Bills payable interest	**157**	239	**-**	-
- Lease liabilities interest	**9**	-	**-**	-
- Finance lease interest	**4**	15	**-**	-
- Term loan interest	**1,105**	1,025	**-**	-
- Advances from related companies	**-**	-	**234**	69
Impairment of investment in subsidiaries	**-**	-	**3,795**	-
Loss on forward exchange contracts	**39**	17	**-**	-
Rental of licenses	**53**	54	**-**	-
Rental of forklifts	**212**	287	**-**	-
Rental of equipment	**31**	31	**-**	-
Rental of premises	**55**	48	**-**	-
Rental of showroom	**45**	60	**-**	-
Staff costs (Note 24)	**16,309**	17,982	**301**	252
Unrealised foreign exchange loss	**35**	73	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

23. (Loss)/profit before taxation (continued)

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
and crediting:				
Reversal of allowance for doubtful debts	**1,583**	779	**-**	-
Reversal of ECL allowance for trade receivables	**621**	253	**-**	-
Dividend income	**-**	-	**-**	106
Gain on disposal of property, plant and equipment	**312**	4	**-**	-
Interest income				
- Advances to related companies	**-**	-	**2,334**	2,206
- Others	**29**	71	**-**	1
- Fixed deposit	**249**	-	**-**	-
Realised foreign exchange gain	**408**	317	**-**	-
Rental income	**50**	8	**-**	-

24. Staff costs

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Salaries, wages, allowances, overtime, bonus and fees	**14,277**	15,966	**301**	252
Employees Provident Fund	**988**	1,143	**-**	-
Social security contributions	**162**	147	**-**	-
Other staff related expenses	**882**	726	**-**	-
	16,309	17,982	**301**	252

Included in staff costs are the remuneration of the Directors and senior management as follows:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Directors				
Salaries, allowances and bonus	**979**	800	**29**	31
Fees	**272**	221	**272**	221
Employees Provident Fund	**86**	72	**-**	-
Social security contribution	**1**	-	**-**	-
	1,338	1,093	**301**	252
Estimated monetary value of other benefits received by the Directors	**74**	59	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

24. Staff costs (continued)

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Senior management				
Salaries, allowances and bonus	**2,204**	1,989	**-**	-
Employees Provident Fund	**239**	220	**-**	-
Social security contributions	**17**	15	**-**	-
Benefits-in-kind	**23**	35	**-**	-
	2,483	2,259	**-**	-

The remuneration of each named Director is as follows:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Dato' Sri Mohd Haniff Bin Abd Aziz	**143**	143	**126**	127
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	**453**	454	**3**	5
Dato' Tong Yun Mong	**402**	397	**3**	4
Tan Poh Ling	**48**	49	**48**	49
Chan Yok Peng	**53**	1	**53**	-
Tong Sian Teng	**248**	41	**3**	-
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir*	**65**	67	**65**	67
	1,412	1,152	**301**	252

* His remuneration is disclosed up to his resignation date as a Director of the Company on 24 December 2019.

25. Taxation

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Malaysian income tax				
- current year	**856**	1,057	**409**	435
- underprovision in prior years	**16**	1	**2**	3
	872	1,058	**411**	438
Deferred tax (Note 9)				
Related to origination and reversal of temporary differences				
- current year	**-**	(61)	**-**	-
- underprovision in prior years	**-**	61	**-**	-
	-	-	**-**	-
	872	1,058	**411**	438

25. Taxation (continued)

Reconciliations of income tax expense applicable to the results before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		**Company**	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000
(Loss)/profit before taxation	**(11,867)**	(3,188)	**(20,103)**	1,595
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	**(2,848)**	(765)	**(4,825)**	383
Tax effects of:				
- income not subject to tax	**(109)**	(2)	**-**	-
- expenses not deductible for tax purposes	**1,069**	1,161	**5,234**	52
- tax incentives from double tax deduction	**(28)**	(31)	**-**	-
- deferred tax assets not recognised during the financial year	**2,845**	837	**-**	-
- utilisation of deferred tax assets not recognised previously	**(73)**	(143)	**-**	-
Underprovision of income tax in prior years	**16**	1	**2**	3
Income tax expenses	**872**	1,058	**411**	438

Subject to agreement with the Inland Revenue Board, the Group has unabsorbed tax losses, unutilised capital allowances and unutilised reinvestment allowances amounting to approximately RM16,776,000 (2018: RM5,042,000), RM2,086,000 (2018: RM1,474,000) and RM14,280,000 (2018: RM15,137,000) respectively for set off against future chargeable income.

Deferred tax assets amounting to approximately RM5,504,000 (2018: RM2,766,000) have not been recognised in the financial statements as the Directors are uncertain whether future taxable profits will be available for set-off against these unabsorbed tax losses, unutilised capital allowances and unutilised reinvestment allowances.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

26. Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2019	2018
	RM'000	RM'000
Consolidated loss for the year attributable to the owners of the parent	**(12,740)**	(4,271)
Weighted average number of shares of RM0.10 each ('000 shares)	**267,300**	267,300
Basic earnings per share (sen)	**(4.77)**	(1.60)

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial year.

27. Significant related party transactions

(a) Transactions with related parties

Transactions arising from normal business transactions of the Company and its subsidiaries with their related parties during the financial year are as follows:-

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Rental charged by a company in which a Director has interests				
Pro Uptrend Resources Sdn. Bhd.	**48**	48	**-**	-
Sales to a company in which a Director has interest				
Beverly Heights Development Sdn. Bhd.	**-**	8	**-**	-
Interest charged by subsidiaries				
Euro Chairs Manufacturer (M) Sdn. Bhd.	**-**	-	**84**	38
Euro Chairs System Sdn. Bhd.	**-**	-	**150**	31

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

27. Significant related party transactions (continued)

(a) Transactions with related parties (continued)

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Interest charged to subsidiaries				
Euro Chairs (M) Sdn. Bhd.	**-**	-	**17**	17
Euro Space Industries (M) Sdn. Bhd.	**-**	-	**58**	230
Eurosteel Line Sdn. Bhd.	**-**	-	**165**	175
Euroland & Development Sdn. Bhd.	**-**	-	**2,094**	1,784
Rental charged to a company in which a Director has interests				
Isoteknik (M) Sdn. Bhd.	**50**	8	**-**	-

(b) Compensation of key management personnel and Directors

The total remuneration of key management personnel and Directors during the financial year are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Salaries, allowances and bonus	**3,183**	2,789	**29**	31
Fees	**272**	221	**272**	221
Employees Provident Fund	**325**	292	**-**	-
Social security contributions	**18**	15	**-**	-
Estimated monetary value of other benefits received	**97**	94	**-**	-
	3,895	3,411	**301**	252

Included in the total remuneration of key management personnel are the Executive Directors' remuneration of the Group and of the Company amounting to RM1,102,695 (2018: RM892,808) and RM9,000 (2018: RM9,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

27. Significant related party transactions (continued)

(b) Compensation of key management personnel and Directors (continued)

The detailed remuneration of each named Director of the Company at Group level during the current financial year was as follows:

	Salaries, allowances, fees and bonus RM'000	Employees Provident Fund RM'000	Social security contributions RM'000	Benefits in-kind RM'000	Total RM'000
Dato' Sri Mohd Haniff Bin Abd Aziz	**126**	**-**	**-**	**17**	**143**
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	**393**	**47**	**-**	**13**	**453**
Dato' Tong Yun Mong	**346**	**14**	**-**	**42**	**402**
Tan Poh Ling	**48**	**-**	**-**	**-**	**48**
Chan Yok Peng	**53**	**-**	**-**	**-**	**53**
Tong Sian Teng	**220**	**25**	**1**	**2**	**248**
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir*	**65**	**-**	**-**	**-**	**65**
	1,251	**86**	**1**	**74**	**1,412**

* His remuneration is disclosed up to his resignation date as a Director of the Company on 24 December 2019.

28. Financial risk management policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Interest rate sensitivity analysis

i Fair value sensitivity analysis for fixed rate instrument

The Group does not account for any fixed rate financial liabilities at 'fair value through profit or loss' and does not designate derivatives as hedging instrument under fair value hedge accounting method. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

ii Interest rate risk sensitivity analysis

If the interest rates have been higher or lower and all other variables were held constant, the Group's profit before tax would decrease or increase accordingly. This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings which are not hedged. The following analysis shows the Group's sensitivity to interest rate exposure.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

28. Financial risk management policies (continued)

(a) Interest rate risk (continued)

ii Interest rate risk sensitivity analysis (continued)

	(Increase)/ decrease in the Group's results 2019 RM'000	(Increase)/ decrease in the Group's results 2018 RM'000
Effects on loss before taxation:		
25 basis points	**73**	73
50 basis points	**147**	146
75 basis points	**220**	219
100 basis points	**293**	292

The fixed deposits as at 31 December 2019 have maturity periods ranging from 1 to 12 (2018: 6 to 12) months, and bear interest at rates ranging from 2.55% to 3.15% (2018: 2.55% to 3.65%) per annum.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk primarily from their trade receivables, other receivables which are financial assets, fixed deposits with licensed financial institutions, short term funds and cash and bank balances.

As at the current and previous financial year end, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statements of financial position.

For fixed deposits with licensed financial institutions, short term funds and cash and bank balances, the Group and the Company minimise credit risk by adopting an investment policy which allows dealing with counterparties with good credit ratings only. The Group and the Company closely monitor the credit worthiness of their counterparties by reviewing their credit ratings and credit profiles on a regular basis. Receivables are monitored to ensure that exposure to bad debts is minimised.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group and Company do not offer credit terms without the specific approval from the Head of Credit Control. Since the Group and the Company trade only with recognised and creditworthy third parties, there is no requirement for collateral.

28. Financial risk management policies (continued)

(b) Credit risk (continued)

Fixed deposits with licensed financial institutions, short term funds and cash and bank balances

The Group's and the Company's fixed deposits with licensed financial institutions, short term funds and cash and bank balances at the financial year end are as follows:

	Note	RM'000
Group		
At 31 December 2019		
Fixed deposits	14	**6,984**
Cash and bank balances	14	**2,445**
		9,429
At 31 December 2018		
Fixed deposits	14	6,000
Short term funds	14	65
Cash and bank balances	14	5,166
		11,231
Company		
At 31 December 2019		
Cash and bank balances	14	**34**
		34
At 31 December 2018		
Short term funds	14	4
Cash and bank balances	14	64
		68

No expected credit loss on the Group's and on the Company's balances were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

28. Financial risk management policies (continued)

(b) Credit risk (continued)

Receivables

The ageing analysis of the Group's and of the Company's gross receivables (before deducting allowance for impairment loss) are as follows:

	Note	Total	Credit impaired	Not credit impaired					
					Past due				
		Total RM'000	Credit impaired RM'000	Not past due RM'000	1-60 days RM'000	61-120 days RM'000	121-150 days RM'000	>150 days RM'000	Total RM'000
Group									
2019									
Trade receivables	12	**36,861**	**4,327**	**26,508**	**3,082**	**121**	**623**	**2,200**	**6,026**
Other receivables which are financial assets	13	**607**	**-**	**607**	**-**	**-**	**-**	**-**	**-**
		37,468	**4,327**	**27,115**	**3,082**	**121**	**623**	**2,200**	**6,026**
2018									
Trade receivables	12	30,823	5,191	16,108	3,212	1,501	828	3,983	9,524
Other receivables which are financial assets	13	1,087	-	1,087	-	-	-	-	-
		31,910	5,191	17,195	3,212	1,501	828	3,983	9,524
Company									
2019									
Amount due from subsidiaries	8	**35,619**	**2,124**	**33,495**	**-**	**-**	**-**	**-**	**-**
2018									
Amount due from subsidiaries	8	31,773	-	31,773	-	-	-	-	-

28. Financial risk management policies (continued)

(b) Credit risk (continued)

Receivables (continued)

Receivables that are neither past due nor credit impaired are creditworthy debtors with good payment records with the Group and with the Company. The Group's and the Company's trade receivables credit term ranges from 30 days to 180 days (2018: 30 days to 180 days) or contractual periods based on project contract sales. Certain receivables' credit terms are assessed and approved on a case by case basis.

Other receivables which are financial assets include deposits, interest receivables and sundry receivables.

None of the Group's and the Company's receivables that are neither past due nor credit impaired have been renegotiated during the current and previous financial years. Receivables are not secured by any collaterals or credit enhancements.

The Group's concentration of credit risk relates to the amount owing by one (2018: Nil) major customer which constituted 14% (2018: Nil%) of its trade receivables at the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

28. Financial risk management policies (continued)

(b) Credit risk (continued)

Receivables (continued)

Impairment on receivables

The Group and the Company apply the simplified approach whereby allowance for impairment are measured at 12-months ECL. The movement of the allowance for impairment loss on receivables is as follows:

Group	**Trade receivables**			**Other receivables which are financial assets**		
	Credit impaired (Note a) RM'000	**12-months ECL allowance RM'000**	**Total allowance RM'000**	**Credit impaired (Note a) RM'000**	**12-months ECL allowance RM'000**	**Total allowance RM'000**
At 1 January 2019	**5,191**	**756**	**5,947**	**-**	**-**	**-**
Reversal for the year (Note b)	**(864)**	**(621)**	**(1,485)**	**-**	**-**	**-**
At 31 December 2019	**4,327**	**135**	**4,462**	**-**	**-**	**-**
At 1 January 2018	4,585	976	5,561	-	-	-
Charge/(reversal) for the year (Note b)	606	(220)	386	-	-	-
At 31 December 2018	5,191	756	5,947	-	-	-

(a) Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

(b) The Group's allowance for impairment loss on trade and other receivables during the current financial year decreased by RM1,484,534 mainly due to the provision for lower impaired trade and other receivables. In the previous financial year, the Group's allowance for impairment loss on trade and other receivables increased by RM385,824 mainly due to the provision for higher impaired trade and other receivables.

28. Financial risk management policies (continued)

(b) Credit risk (continued)

Receivables (continued)

Impairment on receivables (continued)

Company

	Amount due from subsidiaries Credit impaired (Note a) RM'000	12-months ECL allowance RM'000	Total allowance RM'000
At 1 January 2019	**-**	**1,798**	**1,798**
Charge for the year (Note b)	**2,124**	**15,728**	**17,852**
At 31 December 2019	**2,124**	**17,526**	**19,650**
At 1 January 2018	-	1,645	1,645
Charge for the year (Note b)	-	153	153
At 31 December 2018	-	1,798	1,798

(a) Receivables that are individually determined to be credit impaired at the financial year end relate to subsidiaries who are in significant financial difficulties and have defaulted on payments, however the Management regards that there will not be any impairment on amount due from subsidiaries.

(b) The Company's allowance for impairment loss on amount due from subsidiaries during the current financial year increased by RM15,728,783 mainly due to the provision for higher impaired amount due from subsidiaries. In the previous financial year, the Company's allowance for impairment loss on amount due from subsidiaries increased by RM152,771 mainly due to the provision for higher impaired amount due from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

28. Financial risk management policies (continued)

(b) Credit risk (continued)

Receivables (continued)

The exposure of credit risks for trade receivables as at the end of the reporting period by geographical region is as follows:

	Group	
	2019	2018
	RM'000	RM'000
Domestic	**29,879**	19,813
India	**1,125**	1,916
Philippines	**74**	1,207
Middle East	**179**	585
Singapore	**376**	440
Hong Kong	**180**	342
Europe	**67**	158
Indonesia	**64**	-
Japan	**305**	-
Others	**150**	415
	32,399	24,876

As at the end of the reporting period, the maximum exposure of credit risk arising from trade receivables is represented by the carrying amount in the statement of financial position.

28. Financial risk management policies (continued)

(c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar, Sterling Pound and Euro.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts. The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The following table shows the accumulated amount of financial assets and liabilities in foreign currency:

Group	Note	USD RM'000	SGD RM'000	GBP RM'000	EUR RM'000	Total RM'000
2019						
Financial assets						
Trade receivables	12	**2,081**	**366**	**-**	**67**	**2,514**
Cash and bank balances	14	**553**	**-**	**-**	**6**	**559**
		2,634	**366**	**-**	**73**	**3,073**
Financial liabilities						
Trade payables	18	**23**	**-**	**-**	**-**	**23**
Other payables, accruals and deposits received	19	**1,727**	**-**	**-**	**107**	**1,834**
		1,750	**-**	**-**	**107**	**1,857**
Net financial assets/ (liabilities)		**884**	**366**	**-**	**(34)**	**1,216**
2018						
Financial assets						
Trade receivables	12	4,256	440	71	158	4,925
Cash and bank balances	14	469	-	-	3	472
		4,725	440	71	161	5,397
Financial liabilities						
Trade payables	18	487	-	-	-	487
Other payables, accruals and deposits received	19	2,867	-	-	96	2,963
		3,354	-	-	96	3,450
Net financial assets/ (liabilities)		1,371	440	71	65	1,947

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

28. Financial risk management policies (continued)

(c) Foreign currency risk (continued)

Foreign currency risk sensitivity analysis

The sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period with all other variables held constant is as follows:

	Group	
	Increase/ (decrease) in the Group's results 2019 RM'000	Increase/ (decrease) in the Group's results 2018 RM'000
Effects on loss before taxation:		
USD:		
- strengthened by 5% (2018: 5%)	**44**	69
- weakened by 5% (2018: 5%)	**(44)**	(69)
SGD:		
- strengthened by 5% (2018: 5%)	**18**	22
- weakened by 5% (2018: 5%)	**(18)**	(22)
GBP:		
- strengthened by 5% (2018: 5%)	**-**	4
- weakened by 5% (2018: 5%)	**-**	(4)
EUR:		
- strengthened by 5% (2018: 5%)	**(2)**	3
- weakened by 5% (2018: 5%)	**2**	(3)

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

28. Financial risk management policies (continued)

(d) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations.

	Note	Carrying amount RM'000	Contractual undiscounted cash flow RM'000	Maturity: Less than 1 year RM'000	Maturity: Between 1 and 5 years RM'000	Maturity: More than 5 years RM'000
Group						
2019						
Trade payables	18	**13,818**	**13,818**	**13,818**	**-**	**-**
Other payables, accruals and deposits received	19	**18,316**	**18,316**	**18,316**	**-**	**-**
Lease liabilities	21	**129**	**132**	**81**	**51**	**-**
Borrowings	17	**55,265**	**59,033**	**45,970**	**8,358**	**4,705**
		87,528	**91,299**	**78,185**	**8,409**	**4,705**
2018						
Trade payables	18	15,053	15,053	15,053	-	-
Other payables, accruals and deposits received	19	13,876	13,876	13,876	-	-
Borrowings	17	46,328	56,272	31,679	18,864	5,729
		75,257	85,201	60,608	18,864	5,729
Company						
2019						
Other payables, accruals and deposits received	19	**4,021**	**4,021**	**4,021**	**-**	**-**
2018						
Other payables, accruals and deposits received	19	1,326	1,326	1,326	-	-

Included in other payables is amount due to a related party and Directors (under Group) and amount due to subsidiaries (under Company), as disclosed in Note 19.

28. Financial risk management policies (continued)

(e) Capital management

The Group's and Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-equity ratio at the end of reporting period was as follows:

		Group		Company	
	Note	**2019 RM'000**	2018 RM'000	**2019 RM'000**	2018 RM'000
Total borrowings	17	**55,265**	46,328	**-**	-
Less: Deposits, cash and bank balances	14	**(9,429)**	(11,231)	**(34)**	(68)
Net debt		**45,836**	35,097	**(34)**	(68)
Total equity		**62,816**	75,555	**32,520**	53,034
Debt-to-equity ratio		**72.97%**	46.45%	**Not applicable**	Not applicable

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

29. Fair values

(a) Financial instruments that are measured at fair value

Forward exchange contracts are measured at fair value different measurement hierarchies (i.e. Levels 1, 2, 3). The hierarchies reflect the level of objectiveness of inputs used when measuring the fair value.

(i) Level 1: Quoted prices (unadjusted) of identical asset in active markets
(ii) Level 2: Inputs other at quoted prices included within Level 1 that are observable for the asset, either directly (i.e. prices) or indirectly (i.e. derived from prices)
(iii) Level 3: Inputs for the assets are not based on observable market data (unobservable inputs)

The Group does not have any financial instruments measured at Level 1 and 3 in current and previous financial years.

Group	**Level 2**	**Total**
2019	**RM'000**	**RM'000**
Financial assets		
Forward exchange contracts	**16**	**16**
2018		
Financial assets		
Forward exchange contracts	54	54

(b) Financial instruments that are not measured at fair value

The carrying amount of the financial instruments measured at amortised cost are reasonable approximation of their fair values due to their short term nature.

	Note
Amount due from subsidiaries	8
Trade receivables	12
Other receivables and deposits	13
Cash and bank balances	14
Trade payables	18
Other payables, accruals and deposits received	19
Borrowings	17
Lease liabilities	21

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

30. Segment reporting

For management purposes, the Group is organised into the following operating divisions, all of which are conducted predominantly in Malaysia:

(i) Manufacturing and trading of office furniture
(ii) Property development of residential properties
(iii) Investment holding operations

The Group presents its segment information based on local and exports market segments, which is the basis of presenting its monthly management reports. For each of the market segments, the Group Managing Director reviews internal management reports on a regular basis for performance and resource allocation decisions.

For the financial year ended 31 December 2019, the Group's financial information is analysed by operating segments as follows:

	Manufacturing RM'000	Property RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
2019					
Revenue					
Local	**39,492**	**22,168**	**-**	**(20,404)**	**41,256**
Export	**29,837**	**-**	**-**	**-**	**29,837**
	69,329	**22,168**	**-**	**(20,404)**	**71,093**
Results					
Segment results	**4,877**	**(12,637)**	**(19,869)**	**17,977**	**(9,652)**
Finance costs	**(2,457)**	**(6)**	**(234)**	**482**	**(2,215)**
(Loss)/profit before taxation	**2,420**	**(12,643)**	**(20,103)**	**18,459**	**(11,867)**
Taxation	**(450)**	**(11)**	**(411)**	**-**	**(872)**
(Loss)/profit after taxation	**1,970**	**(12,654)**	**(20,514)**	**18,459**	**(12,739)**
Net assets/(liabilities) as at 31 December 2019	**53,350**	**(14,310)**	**32,521**	**(8,745)**	**62,816**
Other information					
Allowance for doubtful debts	**997**	**-**	**15,729**	**(16,007)**	**719**
Reversal of doubtful debts	**(2,273)**	**(19)**	**-**	**89**	**(2,203)**
Depreciation	**2,697**	**37**	**4**	**-**	**2,738**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

30. Segment reporting (continued)

	Manufacturing RM'000	Property RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
2018					
Revenue					
Local	41,448	40,243	106	(21,222)	60,575
Export	39,426	-	-	-	39,426
	80,874	40,243	106	(21,222)	100,001
Results					
Segment results	2,092	(1,833)	1,664	(2,858)	(935)
Finance costs	(2,665)	(30)	(69)	510	(2,254)
(Loss)/profit before taxation	(573)	(1,863)	1,595	(2,348)	(3,189)
Taxation	(631)	11	(438)	-	(1,058)
(Loss)/profit after taxation	(1,204)	(1,852)	1,157	(2,348)	(4,247)
Net assets/(liabilities) as at 31 December 2018	51,381	(1,656)	53,034	(27,204)	75,555
Other information					
Allowance for doubtful debts	962	(31)	153	(698)	386
Depreciation	3,603	38	3	-	3,644

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

31. Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment which were satisfied as follows:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Cash payments	**158**	217	**-**	-

32. Non-cancellable contracts

At the financial year end, the commitments in respect of non-cancellable operating lease for the rental of properties, equipment and license are as follows:

	Group	
	2019	2018
	RM'000	RM'000
As lessee		
Future minimum lease payments		
- not later than 1 year	**90**	362
- later than 1 year and not later than 2 years	**21**	963
- later than 2 years and not later than 5 years	**-**	424
	111	1,749

33. Contingent liabilities

Guarantees

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Corporate guarantees given to:				
- financial institutions in respect of credit facilities granted to subsidiaries	**49,250**	63,791	**49,250**	63,791
- third parties in respect of credit facilities granted to subsidiaries	**200**	200	**200**	200
- contract customer of a subsidiary company	**8,026**	8,026	**8,026**	8,026
- third parties in respect of credit facilities granted to main contractor of a subsidiary	**8,094**	10,417	**5,417**	6,417
	65,570	82,434	**62,893**	78,434

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

34. Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:
(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL")

Group	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2019			
Non-derivative financial assets			
Trade receivables	**32,399**	**32,399**	**-**
Other receivables and deposits	**607**	**607**	**-**
Fixed deposits with licensed financial institutions	**6,984**	**6,984**	**-**
Cash and bank balances	**2,445**	**2,445**	**-**
	42,435	**42,435**	**-**
Derivative financial assets			
Forward exchange contracts	**16**	**-**	**16**
Non-derivative financial liabilities			
Trade payables	**13,818**	**13,818**	**-**
Other payables, accruals and deposits received	**18,316**	**18,316**	**-**
Lease liabilities	**77**	**77**	**-**
Borrowings	**55,265**	**55,265**	**-**
	87,476	**87,476**	**-**
2018			
Non-derivative financial assets			
Trade receivables	24,876	24,876	-
Other receivables and deposits	1,087	1,087	-
Fixed deposits with licensed financial institutions	6,000	6,000	-
Short term funds	65	65	-
Cash and bank balances	5,166	5,166	-
	37,194	37,194	-
Derivative financial assets			
Forward exchange contracts	54	-	54
Non-derivative financial liabilities			
Trade payables	15,053	15,053	-
Other payables, accruals and deposits received	13,876	13,876	-
Borrowings	46,328	46,328	-
	75,257	75,257	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

34. Categories of financial instruments (continued)

Company	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2019			
Non-derivative financial assets			
Amount due from subsidiaries	**12,174**	**12,174**	**-**
Cash and bank balances	**34**	**34**	**-**
	12,208	**12,208**	**-**
Non-derivative financial liabilities			
Other payables, accruals and deposits received	**4,021**	**4,021**	**-**
2018			
Non-derivative financial assets			
Amount due from subsidiaries	29,975	29,975	-
Short term funds	4	4	-
Cash and bank balances	64	64	-
	30,043	30,043	-
Non-derivative financial liabilities			
Other payables, accruals and deposits received	1,326	1,326	-

35. Significant and subsequent events

(a) Kuala Lumpur High Court Civil Suit No. WA-22NCVC-127-03/2019. Supreme Code Land Sdn. Bhd. ("the Plaintiff") v. Euroland & Development Sdn. Bhd. ("the Defendant")

On 14 March 2019, Euroland & Development Sdn. Bhd. ("EDSB") a wholly owned subsidiary of the Company had been served with a sealed Writ and Statement of Claim both dated 7 March 2019 by Supreme Code Land Sdn. Bhd. ("SCL") for, amongst others, specific performance of alleged Sale and Purchase Agreements involving four (4) units of residential properties to be developed by EDSB and/or a total sum of RM3,062,284 as damages in lieu of specific performance.

EDSB's lawyers have filed a defence averring that there is no record of the alleged Sale and Purchase Agreements and sales of the said 4 units to SCL. The Directors are of the opinion that SCL is unlikely to succeed in their claims and therefore does not necessitate any provision for contingent liabilities. The hearing date has been fixed on 24 June 2020.

35. Significant and subsequent events (continued)

(b) Kuala Lumpur High Court Civil Suit No. WA-22NCVC-288-05/2019. Chia Wooi Chiew ("the Plaintiff") v. Euroland & Development Sdn. Bhd. ("the Defendant")

On 10 May 2019, Euroland & Development Sdn. Bhd. a wholly owned subsidiary of the Company had been served with a sealed Writ and Statement of Claim dated 2 May 2019 and 29 April 2019 respectively, by Chia Wooi Chiew ("CWC") for, amongst others, specific performance of alleged Sale and Purchase Agreements involving four (4) units of residential properties to be developed by EDSB and/or a total sum of RM2,800,000 as damages in lieu of specific performance.

EDSB's lawyers have filed a defence averring that there is no record of the alleged Sale and Purchase Agreements and sales of the said 4 units to CWC. On 18 November 2019, the Court granted Plaintiff's application for Suit 340 as mentioned in (c) below to be consolidated into this case. The Directors are of the opinion that the plaintiffs are unlikely to succeed in their claims and therefore does not necessitate any provision for contingent liabilities. The trial dates have been fixed from 28 to 30 September 2020.

(c) Kuala Lumpur High Court Civil Suit No. WA-22NCVC-340-05/2019. Goh Bee Ling ("the Plaintiff") v. Euroland & Development Sdn. Bhd. ("the Defendant")

On 30 May 2019, Euroland & Development Sdn. Bhd. a wholly owned subsidiary of the Company had been served with a sealed Writ and Statement of Claim dated 21 May 2019 and 20 May 2019 respectively, by Goh Bee Ling ("GBL") for, amongst others, specific performance of alleged Sale and Purchase Agreements involving four (4) units of residential properties to be developed by EDSB and/or a total sum of RM2,800,000 as damages in lieu of specific performance.

EDSB's lawyers have filed a defence averring that there is no record of the alleged Sale and Purchase Agreements and sales of the said 4 units to GBL. On 18 November 2019, the Court granted Plaintiff's application to consolidate this case with Suit 288 as mentioned in (b) above.

(d) Kuala Lumpur Session Court Civil Suit No. WA-B52NCC-102-03/2019. Bina-Pile Industries Sdn. Bhd. ("the Plaintiff") v. All Ways Builder Sdn. Bhd. ("1st Defendant" or "AWB") and Euroland & Development Sdn. Bhd. ("2nd Defendant" or "EDSB")

The Plaintiff claimed for RM996,205.51 against the debts due and owing by the AWB where EDSB act as corporate guarantor. AWB is the main contractor of a project to be developed by EDSB and EDSB has provided corporate guarantee to the Plaintiff for material supplied to AWB for the said project. The outcome of the case does not affect EDSB as any amount paid by EDSB will be fully recoverable from AWB. The matter is now fixed for clarification and decision on 10 July 2020.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (continued)

35. Significant and subsequent events (continued)

(e) Kuala Lumpur High Court Civil Suit No. WA-22NCVC-890-12/2019. Tan Kim Suat ("the Plaintiff") v. Euroland & Development Sdn. Bhd. & 8 others ("the Defendant")

Euroland & Development Sdn. Bhd. A wholly owned subsidiary of the Company had been served with an amended sealed Writ and amended Statement of Claim dated 14 January 2020, by Tan Kim Suat ("TKS") for, amongst others, a total sum of RM1,552,118 as damages of alleged Sale and Purchase Agreements involving two (2) units of residential properties to be developed by EDSB and/or general damages.

EDSB brought a counter claim against Tan Kim Suat and Tong Kah Hoe for conspiracy to defraud. The Directors are of the opinion that TKS is unlikely to succeed in his claims and therefore does not necessitate any provision for contingent liabilities. The hearing date has been fixed on 12 August 2020.

(f) Immediate and ultimate holding company

On 11 February 2020, S.P.A Furniture (M) Sdn. Bhd. had acquired an aggregate of 136,323,000 ordinary shares in the Company, representing 51.00% shareholding, for a total cash consideration of RM27,264,600 or RM0.20 per share.

(g) The 2019 Novel Coronavirus Infection ('COVID-19')

The COVID-19 outbreak has reached a pandemic level affecting all globally. The Malaysian Government has enforced the Movement Control Order ("**MCO**") which was issued pursuant to the Prevention and Control of Infectious Diseases Act 1988 (Act 342) ("**the PCID Act**") and the Police Act 1967 to restrict movement for two (2) weeks from 18 March 2020 to 31 March 2020. It has since been extended for two (2) weeks until 14 April 2020, 28 April 2020 and 12 May 2020 respectively (the MCO period from 31 March 2020 to 12 May 2020 is referred to as the "MCO Period"). Subsequently, it was reduced to conditional movement commencing 4 May 2020. From 10 June 2020 to 31 August 2020 is replaced by the recovery MCO ("RMCO"). The emergence of the COVID-19 outbreak since early 2020 has brought significant economy uncertainties in Malaysia and market in which the Group and the Company operate.

For the Group's and the Company's financial statements for the financial year ended 31 December 2019, the related COVID-19 outbreak and the related impact are considered non-adjusting events in accordance with MFRS 110 Events after the Reporting Period. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

The Group and the Company are unable to reasonably estimate the financial impact of COVID-19 for the financial year ending 31 December 2020 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. The Group and the Company will continuously monitor the impact of COVID-19 on its operations and its financial performance and will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting ("16th AGM") of the Company will be held at Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya, Selangor on Thursday, 30 July 2020 at 10.00 a.m. for the transaction of the following businesses:

AGENDA

A **Ordinary Business**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire in accordance with Clause 105 of the Constitution of the Company and being eligible, have offered themselves for re-election:-

   a) Mdm Tan Poh Ling — **Ordinary Resolution 1**
   b) Mr Chan Yok Peng — **Ordinary Resolution 2**

3. To re-elect the following Directors who retire in accordance with Clause 114 of the Constitution of the Company and being eligible, have offered themselves for re-election:-

   a) Dato' Sri Lim Teck Boon — **Ordinary Resolution 3**
   b) Ms Lim Sze Way — **Ordinary Resolution 4**

4. To approve the Directors' fees totaling RM95,000 per annum to the Non-Executive Directors of the Company for the period from the 16th AGM up to the 17th AGM of the Company. — **Ordinary Resolution 5**

5. To approve the payment of Directors' meeting allowances of RM500 per meeting for each Director with effect from 16th AGM up to the 17th AGM of the Company. — **Ordinary Resolution 6**

6. To re-appoint Messrs. Nexia SSY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 7**

B **Special Business**

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

7. Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016 — **Ordinary Resolution 8**

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 April 2020 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company"

8. Proposed retention of Mdm Tan Poh Ling as Independent Non-Executive Director — **Ordinary Resolution 9**

   "THAT, in accordance with the Malaysian Code on Corporate Governance, Mdm Tan Poh Ling be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next AGM, subject to the provisions of the relevant regulatory authorities."

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING
(continued)

9. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 / SSM PC No. 201908002253)
VIMALRAJ A/L SHANMUGAM (MAICSA 7068140 / SSM PC No. 202008000925)
Company Secretaries

Kuala Lumpur

Date: 30 June 2020

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

3. The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.

4. For the purpose of determining a member who shall be entitled to attend the 16th AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 23 July 2020. Only a depositor whose name appears on the Record of the Depositor as at 23 July 2020 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

5. To be valid, the proxy form duly completed and signed must be deposited at the Share Registrar's Office, at Tricor Investor & Issuing House Services Sdn. Bhd. Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Explanatory Notes to Ordinary Business:

a. The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act, 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, it shall not be put forward for voting.

Explanatory Notes to Special Business:

a. The Proposed Ordinary Resolution 8, if passed, is a renewal of mandate to empower the Directors to issue and allot shares up to an amount not exceeding 20% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

   This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

   Bursa Malaysia Securities Berhad has via their letter dated 16 April 2020 granted several additional temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 ("Extended Utilisation Period") and thereafter, the 10% general mandate will be reinstated.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING
(continued)

Having considered the current economic climate arising from the global Covid-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Companies Act, 2016 from its shareholders at the forthcoming 16th AGM of the Company.

The 20% General Mandate 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 project(s) workings capital and/or acquisitions.

The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021.

The previous mandate was not utilised and accordingly no proceeds were raised.

b. The proposed Ordinary Resolution 9, in observing the recommendation in relation to the tenure of an Independent Directors as prescribed by MCCG, the Board of Directors of the Company ("the Board"), after having assessed the independence of Mdm Tan Poh Ling, considers her to be independent and recommends that she be retained as Independent Non-Executive Director of the Company. The voting process for the Ordinary Resolution 9 will be carried out through a two-tier voting process in line with the recommendation of MCCG. The details of the Board assessment and justifications are contained in the Statement of Corporate Governance of the Company's Annual Report 2019.

ANALYSIS OF SHAREHOLDINGS
AS AT 28TH MAY 2020

The total number of issued shares of the Company stands at 267,300,000 ordinary shares, with one voting right per ordinary share.

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
1 - 99	7	0.50	143	0.00
100 - 1,000	995	71.38	304,873	0.11
1,001 - 10,000	194	13.92	967,400	0.36
10,001 - 100,000	162	11.62	5,654,784	2.12
100,001 - 13,364,999	32	2.29	37,785,900	14.14
13,365,000 and above	4	0.29	222,586,900	83.27
Total	1,394	100.00	267,300,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest	Indirect Interest	No. of Shares held %
1	S. P. A. Furniture (M) Sdn Bhd	169,860,900	-	63.55
2	Dato' Sri Lim Teck Boon	17,050,800	169,860,900*	69.92
3	Dato' Lim Chaw Teng	-	169,860,900*	63.55

* Deem interested due to his shares held in S. P. A. Furniture (M) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name of Shareholders	Direct Interest	Indirect Interest	No. of Shares held %
1	Dato' Sri Lim Teck Boon	17,050,800	169,860,900*	69.92
2	Dato' Sri Mohd Haniff Bin Abd Aziz	2,000,000	-	0.75

* Deem interested due to his shares held in S. P. A. Furniture (M) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

ANALYSIS OF SHAREHOLDINGS (continued)
AS AT 28TH MAY 2020

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For S.P.A Furniture (M) Sdn.Bhd.	169,860,900	63.55
2	Ong Kah Hon	20,500,000	7.67
3	Dato' Sri Lim Teck Boon	17,050,800	6.38
4	Ong Kah Hon	15,175,200	5.68
5	Khoo Wei Kee	10,710,900	4.01
6	Goh Eng Chuan	7,429,800	2.78
7	Goh Eng Chuan	6,690,100	2.50
8	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Mohd Haniff Bin Abd Aziz	2,000,000	0.75
9	Lee Siew Kim	1,600,000	0.60
10	Tew Boo Sing	1,310,000	0.49
11	Lim Lay Ching	1,000,000	0.37
12	Wong Sek Hin	800,000	0.30
13	Khong Saw Keng	667,000	0.25
14	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Kai Fei	645,400	0.24
15	Lam Yoke Kuin	630,000	0.23
16	Chua Yew San	410,000	0.15
17	Teh Ah Choo	410,000	0.15
18	Wong Sek Hin	399,000	0.15
19	Kato Hisaya	390,000	0.15
20	Mr. Serm juthamongkhon	330,000	0.12
21	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd For Ho Leong Pee	230,000	0.09
22	Lo Hui Zhen	200,000	0.07
23	Lim Geok Hwah	180,000	0.07
24	Tan Yean Guan	165,500	0.06
25	Woon Then Yew	159,000	0.06
26	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koay Phaik Suan	150,000	0.06
27	Chuah Kooi Lin @ Lim Kooi Lin	150,000	0.06
28	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Law Goo @ Law YeowChing	140,000	0.05
29	Yeoh Phee Soon	140,000	0.05
30	Chan Kai Fei	138,800	0.05
		259,662,400	**97.14**

GROUP PROPERTIES

Registered/ Beneficial Owner	Location	Description/ Existing use	Land area (sq. ft.)	Built-up area (sq. ft.)	Approximate age of building/ Tenure	Net book value as at 31 Dec 2019 (RM'000)	Year of acquisition/ construction/ revaluation
ECM	H.S.(D) 86293 No Lot. 178 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 21, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	Industrial land with factory and office building erected thereon	87,123	91,385	23 years/ Freehold	5,091	1996 2004#
ESI	H.S.(D) 86340 Lot No. 193 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 15, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	Industrial land with factory and office building erected thereon	82,602	69,259	22 years/ Freehold	4,663	1997*
ESI	H.S.(D) 86280 Lot. No 169 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 25, Jalan RP 2 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	Industrial land with factory buildings erected thereon	210,101	108,116 149,406	13 years/ Freehold 9 years / Freehold	29,429	2006 2010
Euroland	GM 974 Lot 2223 Mukim Cheras Daerah Hulu Langat Selangor Darul Ehsan	Development land	175,602	-	Freehold	52,280	2011

* Revalued
\# The building was constructed in 1996 whereas the land was acquired in 2004.

FORM OF PROXY

EURO HOLDINGS BERHAD
[Registration No. 200401008055 (646559-T)]

No. of shares held	
CDS Account No.	

I/We,.. I.C. or Company No ....
(Full name in block letters)

of ....
(Full address)

....

being a member/members of EURO HOLDINGS BERHAD hereby appoint (Proxy 1) ....

I.C. No. .... of ....

.... or failing him/ her (Proxy 2) ....

I.C No .... of ....

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya, Selangor on Thursday, 30 July 2020 at 10.00 a.m. or at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to the voting is given, the Proxy will vote or abstain from voting at his/her discretion.

		FOR	AGAINST
RESOLUTION 1	To re-elect Mdm Tan Poh Ling who retires in accordance with Clause 105 of the Constitution of the Company		
RESOLUTION 2	To re-elect Mr Chan Yok Peng who retires in accordance with Clause 105 of the Constitution of the Company		
RESOLUTION 3	To re-elect Dato' Sri Lim Teck Boon who retires in accordance with Clause 114 of the Constitution of the Company		
RESOLUTION 4	To re-elect Ms Lim Sze Way who retires in accordance with Clause 114 of the Constitution of the Company		
RESOLUTION 5	To approve the payment of Directors' fees totaling RM95,000 per annum to the Non-Executive Directors of the Company for the period from the 16th AGM up to the 17th AGM of the Company		
RESOLUTION 6	To approve the payment of meeting allowances of RM500 per meeting for each Director with effect from 16th AGM up to the 17th AGM of the Company.		
RESOLUTION 7	To re-appoint Messrs. Nexia SSY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
RESOLUTION 8	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
RESOLUTION 9	To approve the retention of Mdm Tan Poh Ling as Independent Director		

Signed this............. day of 2020

....
Signature of Shareholder(s)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-
First Proxy
No. of Shares: ……………………………
Percentage : ………………………..….%
Second Proxy
No. of Shares: …………………………….
Percentage : …………………………….%

NOTES:

1. *A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
2. *Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
3. *The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.*
4. *For the purpose of determining a member who shall be entitled to attend the Sixteenth AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 23 July 2020. Only a depositor whose name appears on the Record of the Depositor as at 23 July 2020 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
5. *To be valid, the proxy form duly completed and signed must be deposited at the Share Registrar's Office, at Tricor Investor & Issuing House Services Sdn. Bhd. Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

Fold this flap for sealing

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AFFIX
STAMP

THE SHARE REGISTRAR
EURO HOLDINGS BERHAD
[Registration No. 200401008055 (646559-T)]
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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EURO Holdings Berhad [200401008055 (646559-T)]
Wisma Euro, Lot 21, Jalan RP3,
Rawang Industrial Estate, 48000 Rawang,
Selangor Darul Ehsan
T : (603) 6092 6666 F : (603) 6092 3000

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