2019 Annual Report

KEJURUTERAAN ASASTERA BERHAD [199701005009 (420505-H)]

KEJURUTERAAN ASASTERA BERHAD

ANNUAL REPORT 2019

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BOARD OF DIRECTORS

From left:

Mr Goh Kok Boon (Executive Director), **Datin Alicia Chan Pey Kheng** (Executive Director), **Dato' Lai Keng Onn** (Managing Director), **Mr Yoong Kah Yin** (Independent Non-Executive Chairman), **Mr Lu Chee Leong** (Independent Non-Executive Director), **Dato' Chan Chee Hong** (Non-Independent Non-Executive Director), **Ms Tong Siut Moi** (Independent Non-Executive Director) and **Mr Choong Gaik Seng** (Executive Director).

CORPORATE INFORMATION

Directors

Yoong Kah Yin
Male, Malaysian, Company Director
(Independent Non-Executive Chairman)

Dato' Lai Keng Onn
Male, Malaysian, Company Director
(Managing Director)

Choong Gaik Seng
Male, Malaysian, Company Director
(Executive Director)

Datin Alicia Chan Pey Kheng
Female, Malaysian, Company Director
(Executive Director)

Goh Kok Boon
Male, Malaysian, Company Director
(Executive Director)

Lu Chee Leong
Male, Malaysian, Company Director
(Independent Non-Executive Director)

Tong Siut Moi
Female, Malaysian, Company Director
(Independent Non-Executive Director)

Dato' Chan Chee Hong
Male, Malaysian, Company Director
(Non-Independent Non-Executive Director)

Audit Committee

Lu Chee Leong (Chairman)
Independent Non-Executive Director

Yoong Kah Yin (Member)
Independent Non-Executive Chairman

Tong Siut Moi (Member)
Independent Non-Executive Director

Remuneration Committee

Tong Siut Moi (Chairman)
Independent Non-Executive Director

Yoong Kah Yin (Member)
Independent Non-Executive Chairman

Lu Chee Leong (Member)
Independent Non-Executive Director

Nominating Committee

Tong Siut Moi (Chairman)
Independent Non-Executive Director

Yoong Kah Yin (Member)
Independent Non-Executive Chairman

Lu Chee Leong (Member)
Independent Non-Executive Director

Risk Management Committee

Lu Chee Leong (Chairman)
Independent Non-Executive Director

Dato' Lai Keng Onn (Member)
Managing Director

Yoong Kah Yin (Member)
Independent Non-Executive Chairman

Tong Siut Moi (Member)
Independent Non-Executive Director

Company Secretaries

Joanne Toh Joo Ann [SSM PC No. 202008001119 (LS0008574)]

Sia Ee Chin [SSM PC No. 202008001676 (MAICSA7062413)]

Registered Office

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

Tel No. : +603 2783 9191
Fax No. : +603 2783 9111

Head / Management Office

No. 18, Jalan Radin Bagus 9
Bandar Baru Seri Petaling
57000 Kuala Lumpur, Malaysia

Tel No. : +603 9055 3812
Fax No. : +603 9055 3912
Email : asastera@asastera.com
Website : www.asastera.com

Auditors

Kreston John & Gan (AF: 0113)
160-2-1, Kompleks Maluri
Business Centre, Jalan Jejaka
55100 Kuala Lumpur, Malaysia

Tel No. : +603 9287 1889
Fax No. : +603 9283 0889

Principal Bankers

AmBank (M) Berhad
Level 16, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

Tel No. : +603 2026 3939
Fax No. : +603 2381 1780

Al Rajhi Banking & Investment
Corporation (Malaysia) Berhad
Level 10B, Chulan Tower
No. 3, Jalan Conlay
50450 Kuala Lumpur, Malaysia

Tel No. : +603 2301 7000
Fax No. : +603 2332 6065

United Overseas Bank
(Malaysia) Berhad
Level 14, Menara UOB
Jalan Raja Laut
50350 Kuala Lumpur, Malaysia

Tel No. : +603 2772 6550
Fax No. : +603 2691 0692

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
Wilayah Persekutuan, Malaysia

Tel No. : +603 2783 9299
Fax No. : +603 2783 9222

Stock Exchange

ACE Market of Bursa Securities

Stock Name : KAB
Stock Code : 0193

GROUP STRUCTURE

The corporate structure of the Group is set out as follows:-

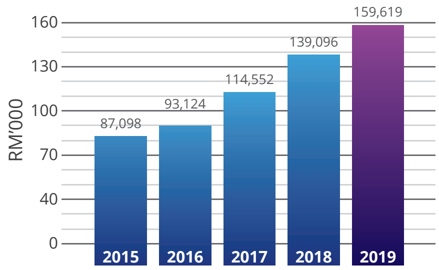
KEJURUTERAAN ASASTERA BERHAD

- KAB Construction Sdn Bhd 51%
- KAB M&E Engineering Sdn Bhd 100%
- KAB (HK) Investment Co., Limited 100%
- KAB Energy Power Sdn Bhd 90%
- KAB Technologies Sdn Bhd 100%
  - Econergy Plus Sdn Bhd 80%
  - KAB Technologies (Thai) Co., Ltd. 89%
    - Energy Optimization (Thailand) Co., Ltd. 49.997%
  - KABT Unified Engineering Solutions Sdn Bhd 80%

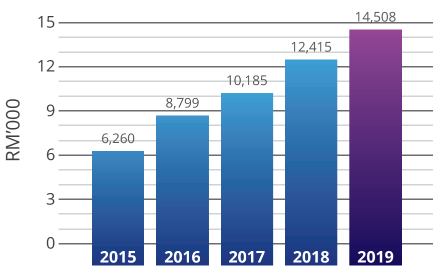
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

Financial Year Ended Dec-31	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
REVENUE	159,619	139,096	114,552	93,124	87,098
PROFIT BEFORE TAXATION	14,508	12,415	10,185	8,799	6,260
TOTAL COMPREHENSIVE INCOME	10,406	8,557	6,776	6,555	4,548
PAID UP SHARE CAPITAL	48,299	32,000	32,000	1,000	1,000
SHAREHOLDERS' FUND	71,357	48,257	42,899	16,124	10,618
DIVIDENDS	3,364	3,200	-	1,050	1,000
BASIC EARNINGS PER SHARE (SEN)	3.05	2.68	2.71	6.56	4.55

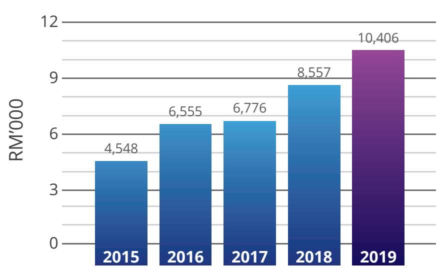
REVENUE



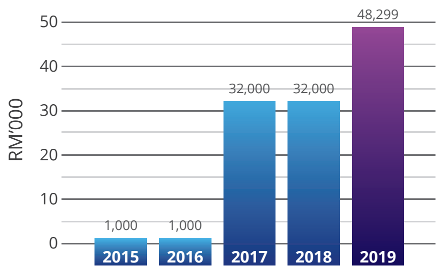
PROFIT BEFORE TAXATION



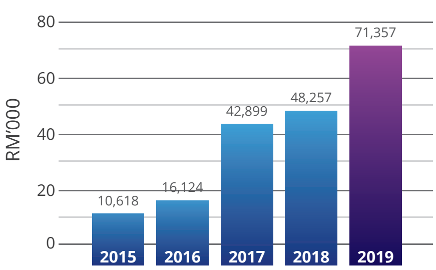
TOTAL COMPREHENSIVE INCOME



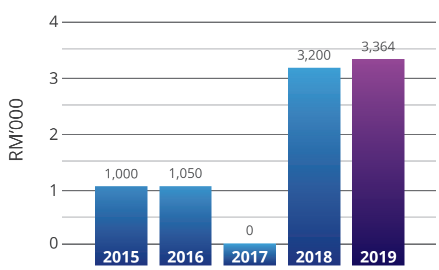
PAID UP SHARE CAPITAL



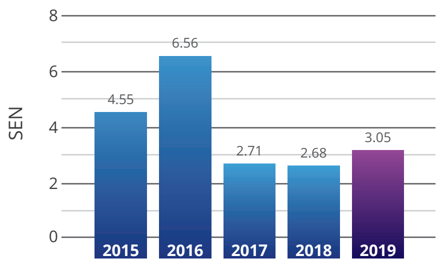
SHAREHOLDERS' FUND



DIVIDENDS



BASIC EARNINGS PER SHARE



PROFILE OF DIRECTORS

YOONG KAH YIN

Independent Non-Executive Chairman

Yoong Kah Yin, Malaysian, aged 61, is appointed as our Independent Non-Executive Chairman. He was appointed to the Board on 15 October 2019. He is a member of the Audit Committee, Nominating Committee, Remuneration Committee and Risk Management Committee.

He graduated with a Bachelor Degree of Accounting and Finance from Middlesex University, United Kingdom in 1981 and subsequently, he obtained a Master of Business Administration from the Cass Business School / City University Business School, United Kingdom, in 1983.

He has vast experience in financial and banking industries involving managerial positions in credit & marketing department as well as institutional sales in securities firms from 1984 to 1997. In July 1997, he joined Southern Bank Securities as Senior General Manager, Equities before he joined CIMB Investment Bank Berhad as Senior Vice President, Equities from December 1999 to July 2013.

He was an Independent Non-Executive Director and a member of Audit Committee & Remuneration Committee in Hiap Teck Venture Berhad from 2004 to 2006 and Success Transformer Corporation Berhad from 2014 to 2016. He also appointed as a Director in Red Sena Berhad between August 2013 to December 2018. He is currently a Director of F136 Sdn Bhd, an investment holding company, since February 2019.

DATO' LAI KENG ONN

Managing Director

Dato' Lai, Malaysian, male, aged 52, is our founder and Managing Director. Dato Lai was appointed to the Board of Kejuruteraan Asastera Berhad on 24 February 1997. He is the member of Risk Management Committee.

Dato' Lai obtained a Bachelor of Science in Construction Management from Greenwich University, Australia in 2002. He started his career as a project manager at Wira Teknik Sdn Bhd from 1990 to 1997. On 24 February 1997, he founded Kejuruteraan Asastera Sdn Bhd Dato' Lai is a substantial shareholder of Kejuruteraan Asastera Berhad.

CHOONG GAIK SENG

Executive Director

Choong Gaik Seng, Malaysian, male, aged 60, is our Executive Director. He was appointed to the Board of Kejuruteraan Asastera Berhad on 01 March 2013.

Mr Choong completed his secondary school education at Penang Free School, Malaysia, in 1976. He is a certified chargeman and wireman by profession, which is registered with the Energy Commission Malaysia. In 2002, he obtained a chargeman A0 qualification from Institut Latihan Perindustrian, Malaysia, and subsequently in 2003, he obtained a wireman PW4 qualification from Institut Kemahiran Belia Negara, Malaysia. In 2008, he obtained a chargeman A4 qualification from Pusat Latihan Teknologi Tinggi, Malaysia.

Mr Choong began his career as a purchaser for Limamas Sawmill Sdn Bhd in 1981. He joined Eden Catering Sdn Bhd in 1985 prior moving to Eden Food Industry in 1989. In 1991, Mr Choong joined Tan Choong Industrial Equipment Sdn Bhd as the sales representative. He then joined Ikhtiar Bersatu Letrik Sdn Bhd in 1992 as a site supervisor before joining Prinsip Serasi Sdn Bhd in 2004.

Mr Choong joined our Company in 2007 as project coordinator and he subsequently became an Executive Director in 2013.

DATIN ALICIA CHAN PEY KHENG

Executive Director

Datin Alicia, Malaysian, female, aged 48, is our Executive Director. She was appointed to the Board of Kejuruteraan Asastera Berhad on 01 March 2018.

Datin Alicia obtained her Sijil Pelajaran Malaysia in 1990. She began her career with Ritz Print Sdn Bhd in 1991 and her last position held in Ritz Print Sdn Bhd was the head of production department in 1995 prior to joining Kejuruteraan Asastera Berhad in August 1997.

Datin Alicia has more than 27 years of experience in overseeing the daily operations of the finance, administration and purchasing department.

GOH KOK BOON

Executive Director

Goh Kok Boon, Malaysian, male, aged 46, is our Executive Director. He was appointed to the Board of Kejuruteraan Asastera Berhad on 01 September 2018.

Mr Goh graduated with a Bachelor of Applied Science (Honours) in Electrical Engineering from the University of Windsor, Canada, in 1999. He began his career as project engineer with Selatan Johor Electrical Engineering Sdn Bhd in 2000 and subsequently joined Henikwon Corporation Sdn Bhd as a sales manager in 2001. In 2002, he joined Letrikon Engineering Sdn Bhd, which is also an electrical engineering contractor, as general manager and he was subsequently promoted to the position of executive director from 2004. Then, he joined Hoe Huat Electric Sdn Bhd in 2009 as executive director. In 2012, he set up Kitchen On Wheels Sdn Bhd which later became dormant in 2013.

Mr Goh joined Connect County Holdings Berhad as an executive director from August 2014 to August 2016 before he rejoined Kejuruteraan Asastera Berhad in October 2016 as project director.

LU CHEE LEONG

Independent Non-Executive Director

Lu Chee Leong, Malaysian, male, aged 56, is our Independent Non-Executive Director. He was appointed to the Board on 30 May 2017. He is the Chairman of the Audit Committee and Risk Management Committee. He is also a member of Nominating and Remuneration Committee.

Mr Lu obtained his Association of Chartered Certified Accountants ("ACCA") qualification in 1989. He has been a fellow member of the ACCA since 1995. He is also a Chartered Accountant of the Malaysian Institute of Accountants since 1996.

In 1990, Mr Lu joined Kassim Chan & Co., Kota Kinabalu (now known as Deloitte Malaysia) as an audit assistant. He left as an audit senior and subsequently joined Luyang Recreation Club Sdn Bhd as an accountant in 1995 and in 1997, he joined DiGi Telecommunications Sdn Bhd as an accountant. His last position in DiGi Telecommunications Sdn Bhd was the head of section (GTM), Sabah region, under the sales division of the company. Then he left DiGi Telecommunications Sdn Bhd at the end of 2014 and started his own corporate services firm named Johan Corporate Services in early 2015, where he provided book keeping and related services to customers.

Mr Lu has been the Independent Non-Executive Director of Mikro MSC Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad, since 2008.

TONG SIUT MOI

Independent Non-Executive Director

Tong Siut Moi, Malaysian, female, aged 51, is our Independent Non-Executive Director. She was appointed to the Board of Kejuruteraan Asastera Berhad on 30 May 2017. She is the Chairman of the Nominating Committee and Remuneration Committee, and also a member of the Audit Committee and Risk Management Committee.

She obtained her professional secretarial degree from the Institute of Chartered Secretaries and Administrators (United Kingdom) and was admitted as an Associate Member of the Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA) in 1996. She has subsequently become a qualified Chartered Secretary since 1998. Ms Tong has also completed the Advanced Women Directors' Programme in December 2015 and is now a member of the Institute of Corporate Directors Malaysia.

Ms Tong has more than 26 years of working experience in the corporate secretarial advisory field and senior management level, gathered from both commercial and advisory environments. She is currently an Executive Director of CKM Advisory Sdn Bhd, a company focusing on providing specialised training to the Board of Directors and senior management of public listed companies, investment bankers and company secretaries, in relation to Bursa Malaysia Securities Berhad's Main and ACE Markets Listing Requirements.

Ms Tong has been an Independent Non-Executive Director of Niche Capital Emas Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, since 2016.

DATO' CHAN CHEE HONG

Non-Independent Non-Executive Director

Dato' Chan, Malaysian, male, aged 59, is our Non-Independent Non-Executive Director. He was appointed to the Board of Kejuruteraan Asastera Berhad on 01 April 2019.

Dato' Chan obtained his Malaysian Certificate of Education (M.C.E) in 1979. He began his career as a supervisor for Dynaklen Services Sdn Bhd in 1980 which was involved in the cleaning services business. Subsequently he progressed to operate his own professional cleaning services business which was eventually sold in 2011. He joined a construction company, Falih Sdn Bhd, in 1985 as executive director and was subsequently promoted as Managing Director in 2010 until present. He is currently the Managing Director of Niaga Sari Sdn Bhd, a construction company, since 2001. He is also an executive director for MKS Development Sdn Bhd, a property developer, from 2012 until present.

OTHER INFORMATION

a. Family Relationship

Save for Datin Alicia who is the spouse of Dato' Lai, none of the other Directors have any family relationship with any Director and/or major shareholder of Kejuruteraan Asastera Berhad ("KAB" or "the Company").

b. Conflict of Interest

None of the Directors have any conflict of interest with the Company.

c. Conviction of Offences

Other than traffic offences, none of the Directors have been convicted for any offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

d. Directorship in other Public Companies

Except for Mr Lu Chee Leong and Ms Tong Siut Moi, none of the other Directors hold any directorships in other public listed companies.

e. Directors' attendance for Board Meetings for the financial year ended 31 December 2019 ("FY 2019")

The Directors' attendance for the Board Meetings for the FY 2019 is presented on page 22 of the Annual Report.

f. Directors' Shareholdings

Except for Dato' Lai Keng Onn, Datin Alicia Chan Pey Kheng, Mr Choong Gaik Seng, Mr Goh Kok Boon, Mr Yoong Kah Yin and Dato' Chan Chee Hong, none of the other Directors hold any shares, direct or indirect in the Company. Dato' Lai Keng Onn, Datin Alicia Chan Pey Kheng, Mr Choong Gaik Seng, Mr Goh Kok Boon, Mr Yoong Kah Yin and Dato' Chan Chee Hong shareholdings in the Company are disclosed in page 124 of the Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

HOON SIEW YEN

Chief Financial Officer

Hoon Siew Yen, Malaysian, female, aged 51, is our Chief Financial Officer (CFO). She was appointed as CFO on 24 March 2020.

She obtained her professional qualification as Chartered Accountant from the Malaysian Institute of Accountants in 2001 and a degree in Business Accounting from University of Southern Queensland, Australia in 1992.

She has over 27 years of experiences in audit, financial management, operational finance, corporate finance, treasury, and strategy and business planning. She started her career in 1992 as an auditor at Ong & Wong and BDO Binder. Thereafter she ventured into a consulting role at BDO Consulting Sdn Bhd in 1995.

Since 1996, she has served in various senior finance and accounting positions in both private entities and public listed companies. The roles held by Kelly over the years include group accountant, senior finance manager and financial controller, where she manages and oversees the administration and operation of the finance and accounts department. Her last position was senior finance manager at Damansara Utama Realty Sdn Bhd before she left in August 2019.

Ms Hoon does not hold any shares, direct or indirect in the Company and does not hold any directorships in other public listed companies. She also does not have any family relationship with any director and/or major shareholder of the Company and does not have any conflict of interest with the Company. Ms Hoon does not have traffic offences, convictions and/or penalty imposed by any regulatory bodies.

MANAGEMENT DISCUSSION & ANALYSIS

Corporate Overview

The Company is a Malaysia-based electrical and mechanical engineering company that is listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

Since its establishment in 1997, KAB has focused on an integral yet niche area within the electrical engineering services sector. Over the course of 22 years, KAB has built a prominent role for quality and prompt delivery while bolstering the reputation with notable accreditations and certifications issued by the relevant authorities.

KAB aims to become a leading and comprehensive service provider to meet the growing demand from the building and property industry. While providing electrical engineering services remains as our core, KAB has expanded its offerings to include a diverse range of services, namely mechanical engineering services, maintenance services, energy efficiency and energy generation via cogeneration and waste heat recovery.

As part of KAB's efforts to expand its service base, the offering through customized energy efficiency solutions, which relies on various interrelated technologies to achieve energy savings, the Group hopes to help customers maintaining their daily operations while reducing overall energy consumption. Leveraging on the Group's expertise and experience, we are confident that the new ventures will contribute positively to the Group's earnings.

Analysis of Financial Results

The Group posted a revenue of RM159.6 million for the FY 2019 comparing to RM139.1 million revenue in financial year 2018. This is caused mainly by the commencement of new projects and additional billings for on-going projects. The gross profit has increased by RM3.8 million to RM29.2 million with a stable gross profit margin maintaining at 17%.

The profit before tax has surged by 17% to RM14.5 million, due mainly to the increase in revenue after off-set with the increase in staff cost and additional operating expenses incurred by a subsidiary company who has picked-up its business activities in late 2019.

Overall, the basic earnings per share for the FY 2019 improved to 3.05 sen against 2.68 sen a year ago.

As at 31 December 2019, the Group's total assets increased by RM36.3 million to RM137.7 million with total liabilities increased by RM13.2 million from RM53.2 million as at 31 December 2018. As a result, the Group recorded an improved net asset per share from RM0.15 to RM0.21, with net assets closing at RM71.4 million.

The Group's gearing ratio improved from 0.20 times to 0.18 times mainly because shareholders' equity has grown from RM48.3 million to RM71.4 million while total borrowings only increased by RM2.8 million to RM12.6 million as at 31 December 2019.

Review of Operations

With KAB operating predominantly in the provision of electrical engineering services and the subsidiary companies remaining small or inactive, the analysis and review will focus on the core business of the Group. The customers of this business are primarily main contractors, project owners and property developers operating in Malaysia.

KAB is usually appointed as a sub-contractor for electrical engineering services either by the main contractor or project owner of a particular building or construction project. Approximately 93% of our contracts secured over the past three years were as a nominated sub-contractor, where there is an established professional working relationship and we have demonstrated a good track record of project delivery.

As at December 31 2019, KAB has a total of 31 on-going projects for electrical engineering services. Some of our notable projects include the setting-up of electrical cabling, FTTH (fibre-to-home) and telephone systems for residential developments such as M Vertica KL City Residences, Kuala Lumpur, Gravit 8 Phase 2, Klang, 3rd Avenue Ampang service residence, Kuala Lumpur and Citizen 2, Kuala Lumpur; as well as mixed development like Avia Plus, Rawang, Atwater Section 13, Petaling Jaya and Riveria City Brickfield, Kuala Lumpur.

The financial year under review also saw KAB successfully securing new contracts worth RM155 million. These contracts included the installation, testing and commissioning of electrical systems for commercial properties like Pavilion Bukit Jalil, Kuala Lumpur, and Port Klang Free Zone Warehouse, Klang. KAB also provided electrical engineering services for Pavilion Damansara Heights, Selangor and Sinaran Wangsa Maju, Kuala Lumpur.

For mechanical engineering services, among others, a notable project undertaken by the KAB, namely an air conditioning and ventilation system (ACMV) for Pembangunan Kemahiran Johor (Skills Hub Johor) at Kota Tinggi, Johor which is expected to be completed in the year 2020.

Our ventures into energy efficiency solutions and energy generation were started, in earnest towards the end of FY2019 and its impact on our current earnings are minimal. However, we are confident that the contribution from this new business segment could potentially become one of the earnings growth driver in the coming years.

As at 31 December 2019, KAB's order book stood at RM296 million.

Managing Risks

KAB is cognisant that its core business activities can be affected by adverse changes in public policies. Any unexpected and unfavourable introduction of laws and regulations that impacts electrical and mechanical engineering service providers as well as the construction industry at large will likely affect the Group's financial performance.

In order to manage this risk, the Board and senior management are ever-vigilant in monitoring relevant public policy discussions and developments constantly. We also actively engage key stakeholders, from relevant policymakers to industry non-governmental organization (NGO) to stay abreast of public policy trends.

In addition, KAB is mindful that its business is correlated to the health of Malaysia's construction sector, which is in turn reliant on the nation's economic health. A slowdown in the construction and property industry in Malaysia will have a repercussion on KAB's financial performance. In order to mitigate this risk, we intend to broaden our service offerings and customer base, while expanding our geographic reach beyond the Klang Valley area and to our neighboring countries.

The electrical and mechanical engineering services industry is highly competitive and fragmented, with numerous industry players of varying sizes and specialisations. KAB aims to stay ahead of competition by updating and enhancing our accreditations and certifications while, at the same time, continuing to build our track record and market reputation for quality and on-time delivery.

Furthermore, we have ventured into new business segments which offer value added services to our customers. Being a public listed company on the ACE Market of Bursa Securities also lends a competitive advantage, as it accords us an additional level of visibility, esteem and credibility when tendering for jobs.

As a strategy to gain market entry to energy efficiency industry, KAB will be supporting the building and financing of energy efficiency systems and taking a share of the savings in energy costs. This business model has attracted a substantial volume of enquiries and gain better acceptance from customers and prospects because it eases the financial burden of incurring high investment costs. This cooperative relationship has also cushioned the uncertainty in the desired results when both parties have played own part ensuring savings are optimised.

The unprecedented global pandemic of Covid-19 has brought significant economic uncertainty, which may affect KAB'S financial performance. Starting from 18 March 2020, the Malaysian Government has effected containment measures through the implementation of the Movement Control Order ("MCO"), as a disease containment strategy.

Due to the MCO, the Malaysian economy is currently experiencing a sharp decline in its economic activities across most sectors as movement of all persons involved in non-essential industries were restricted during this period. Given the broad effect of the containment measures, KAB is also expected to be affected in the short run mainly due to temporary suspension of project operations and supply chain disruptions.

With the announcement made by our Prime Minister on 1 May 2020, almost all businesses will be allowed to resume operations from 4 May 2020, subject to terms and conditions and standard operating procedures ("T&C and SOP") set by the Malaysian Government. KAB has resumed operations from 4 May 2020 as the Group's business falls within the permitted sector and upon certain work force subject to testing on Covid-19. Our operations comply to the T&C and SOP and create a supportive environment for necessary preventive measures to staff, among others, include record daily screening measure on staff, observe social distancing rules, provide face masks and hand sanitizers, practice face masks wearing and apply Quantum Ion Antimicrobial Coating Technology for office sanitization procedures.

The nature of our revenues relies on adhering strictly to project delivery timelines that were decided during the award of respective projects, despite the delay caused by the MCO, we expect to be able to continue to meet all of our obligations in accordance to the respective project timelines, thereby recording revenues in line with project performance milestones.

Forward Looking Statements

Despite the anticipated slowdown in the construction sector, KAB's earnings will continue to be resilient in the immediate and medium term. This confidence is supported by the current book order of RM296 million for the Group's core service in providing electrical and mechanical engineering services, which will provide strong earning visibility for the next few years.

Moving forward, we will focus our efforts on growing our market share in Malaysia by increasing tendering activities for electrical and mechanical engineering services. The Group would also target on identifying customers who are interested in deploying energy efficiency solutions in their operations. The prospects will be sourced locally and also from overseas market in the neigbouring Asean countries.

With the continuous government support for renewable energy, in terms of strategic emphasis and tax incentives, we believes that it is the right timing and direction to include energy efficiency solutions and energy generation in our expansion plan, and these businesses will contribute positively to the Group's future earnings.

The Company announced a first interim single tier dividend of RM0.0025 per share and share dividend distribution of treasury shares on the basis of three treasury shares for every one thousand existing KAB's ordinary shares on 3 March 2020 for the financial year ending 31 December 2020.

The Group will continue to adapt to market changes and respond to challenging market conditions while continuing in its efforts to enhance the operating environment and expand our earnings stream. The Board of KAB is confident that the Group will be able to deliver an encouraging performance for the financial year ending 31 December 2020.

SUSTAINABILITY STATEMENT

Embracing Sustainability in KAB

The Group is a firm believer in sustainability and is continuously reviewing, enhancing and adopting sustainable best practices throughout our value chain. We are convinced that the Group can grow in a dynamic manner while creating tangible value for our shareholders and stakeholders at large.

During the year under review, the Group continues to update as well as put in place new initiatives that are in accordance to the tenets of sustainability within our organisation. The Group has always been mindful of the way our organisation and business operations impact the lives of our own employees, external parties, our environment and the society as a whole.

When it comes to sustainability, the Group focuses on the three sustainability pillars of economic, environmental and social ("EES"). The Company's Board of Directors is responsible for reviewing and approving the Group's sustainability strategy and initiatives. As for the implementation and execution, the Board of Directors empowers the Managing Director to cascade responsibilities to the relevant Heads of Department within our organisation.

Identifying Material Sustainability Matters

The Group's continued growth and success are based on a variety of internal and external factors. Each material factor or material sustainability matter is highly integral to the Group's continued performance and comes with its own set of risks, variables and opportunities.

In order to put in place effective sustainability strategies that can ultimately drive our organisation further forward, the Group has to first identify and understand these material sustainability matters. The Group then relies on feedback, insights and information from across our stakeholder community.

The information gathering and assessment process involved various areas covering EES that are relevant and important to each stakeholder segment. Key sustainability matters were then identified and validated by the Board of Directors and Senior Management Team.

The Group has identified four Sustainability Matters, namely Employees, Compliance, Environment and Community. These four areas will continue to be reviewed periodically to ascertain material relevancy vis-a-vis the organisation.

Rock & Roll Theme 22nd Annual Dinner

1 May 2019

Employees

As a specialist in the electrical and mechanical engineering sector, the Group relies on the experience and expertise of its team of highly trained electricians and engineers to deliver our contractual obligations in a quality and timely manner. The job scope that is required to undertake the electrical and mechanical engineering services we offer can be very technical, more so with the diverse components, tools, equipment and devices utilised in our line of work. In view of this, the Group consistently keeps our technical specialists trained and updated on the techniques and technologies that can help them in performing their duties effectively. At the same time, the Group has also put in place a competitive remuneration and talent development programme across all levels within our organisation in order to attract, retain and develop talent in a more structured manner. We believe that by investing in our talent, we are able to expand our business in terms of greater market share and enhanced geographical reach.

4th Team Building

17 November 2019

List of employee training programmes conducted in FY2019 are as appended below.

Date	Training Programme	Organiser	Scope	Type of Training	Location
08.01.2019	Bossnet EA & BIK Seminar 2018	Boss Solutions Sdn Bhd	Human Resource	Seminar	Kuala Lumpur
16.01.2019	New Financial Reporting Standards : MFRS 9 & MFRS 15	Kreston John & Gan	Finance	Seminar	Kuala Lumpur
24.01.2019	Seminar on Aluminium Fire Resistant	Olympic Cable	Procurement	Seminar	Kuala Lumpur
28.01.2019	Cable CIPAA 2012 Awareness	WCW Consulting Sdn Bhd	Contractual	Seminar	Selangor
15.02.2019	e-PCB dan e-Data PCB	LHDNM	Human Resource	Seminar	Kuala Lumpur
22.02.2019	Legrand Product Solution training	Megapower Legrand	Procurement	Training	KAB HQ, KL
06.03.2019 - 07.03.2019	Bengkel Tanggungjawab Majikan Terhadap Pekerja	KWSP	Human Resource	Workshop	Selangor
21.03.2019	CTOS Credit Management Programme	CTOS	Finance	Training	Kuala Lumpur
16.04.2019	HSBC Workshop / Digitalisation Workshop	HSBC	Finance	Workshop	Kuala Lumpur
16.04.2019 & 22.04.2019	Inhouse Training - Seminar on Aluminium Fire Resistant Cable	Internal Training	Procurement	Training	KAB HQ, KL
13.05.2019 - 14.05.2019	ISO Training	SIRIM	Quality Management	Training	Selangor
15.06.2019	Key Disclosure Obligations of a Listed Company and Navigating Transaction & RPT Rules	CKM Advisory Sdn Bhd	Corporate Governance	Training	KAB HQ, KL
02.07.2019 - 03.07.2019	MAICSA Annual Conference: Next Dimension in Governance	MAICSA	Corporate Governance	Conference	Kuala Lumpur
03.07.2019 - 04.07.2019	Seminar Safety & Health In Construction Industry	CIDB Malaysia	Safety & Health	Seminar	Kuala Lumpur
20.08.2019	PAM Contract 2006 vs PAM Contract 2018	WCW Advisory	Contractual	Training	Selangor
12.09.2019	Computation of Percentage Ratio	CKM Advisory Sdn Bhd	Corporate Governance	Training	Kuala Lumpur
24.10.2019	15th Tricor Tax Seminar	Tricor	Tricor	Seminar	Kuala Lumpur

Occupational Safety & Health

The services that the Group provides come with a notable level of risks. Our engineers and electricians are constantly exposed to high voltage electricity at the job site. In addition, as our teams work in areas which are under construction, they are also exposed to the risks associated to building sites.

At KAB, the health, safety and welfare of our employees are of top priority. We have stringent guidelines in place and enforced in accordance to standards set by the Department of Occupational Safety and Health Malaysia (DOSH). Our teams also have to comply with safety procedures implemented at the building site by the project owners.

Occupational health and safety also apply across our talent pool, from our administrative staff to our sales team. As such, the Group consistently provides internal and external training to our employees in order to inculcate a safety culture within our organisation.

Compliance

The electrical and mechanical engineering solutions that KAB provides are integral to the functionality, operations and safety of a building or infrastructure project. In order to ensure our ability to deliver as per specifications, KAB has and will continue to comply with all relevant guidelines and regulations, in particular, those that are set out by the Energy Commission of Malaysia (Suruhanjaya Tenaga).

KAB also holds a Class A certification from the Energy Commission, the highest class of electrical contractor certification that allows the Company to tender for electrical projects exceeding RM1 million. The Company also holds a Grade 'G7' license, the highest grade of license, from the Construction Industry Development Board (CIDB). These certifications, which are reviewed periodically, provide our customers with the assurance of our competency and the Company with a competitive advantage in our industry.

KAB is also committed towards complying with the processes and procedures set out under our existing Quality Management System certification, ISO 9001:2015, so that we can continue to deliver quality services to our clientele.

Company Trip Sydney
17 - 21 October 2019

Musang King Durian Party
28 June 2019

CSR Pusat Kebajikan Anak-Anak Yatim & OKU Mesra PJ
28 July 2019

Donation to Mah Sing Foundation
10 October 2019

Community Enrichment

As a sustainability-conscious organisation, the Group continues to contribute positively towards enriching the lives of people within our society.

During the year under review, the Group has contributed in cash and in kind to various organisations and causes ranging from:

1) Monthly supply of sundries to Ti-Ratana Welfare Society Desa Petaling
2) Donation to Dignity for Children Foundation
3) Donation to Persatuan Penjagaan Kanak-Kanak Cacat Klang Selangor
4) Donation to Pertubuhan Kebajikan Anak-Anak Yatim dan OKU Mesra Petaling Jaya, Selangor
5) Donation to Mah Sing Foundation

Sports Day Laser Tag
29 September 2019

Raya Potluck
14 June 2019

Environment

As a total solutions provider in the electrical and mechanical engineering sector, the Group is in a unique position to promote and encourage technologies and processes that can help to safeguard our environment. By leveraging on our team's expertise and experience, we strive to provide our clients with clever ways that can help the building structure being constructed to save electricity usage in the future.

When it comes to ventilation and air-conditioning systems, we constantly focus on maximising efficiencies through smart planning and the utilisation of new technologies. This will lead to better cost savings while mitigating the impact of the building structure on environment.

The Group also produces office waste in the course of its daily operations. Currently, we are streamlining our operational processes with the aim of cutting down paper usage.

The Group's many green initiatives include:

Reduce Reuse Recycle (3R)

1) Pre-set photocopier to print on both sides by default to cut consumption of paper by half
2) Pre-set printing in grayscale/draft mode to reduce the usage of colour ink
3) Pre-set computer (desktop/laptop) settings to energy saving mode when not in use
4) Recycle old documents / paper and reuse
5) Distribute memos via emails, instead of paper
6) Sharing general information such as handbooks, SOP, forms using the network server instead of hardcopies
7) Reuse boxes when necessary
8) Reuse envelopes
9) Switch off all electrical appliances when not in use, during the lunch break and after office hours
10) Use of energy saving LED lightings throughout the organisation

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("The Board") of the Company remains committed and continues to uphold to the highest standard of corporate governance in managing the affairs of the Group, guided by the Principles and Best Practices as set out in the Malaysian Code on Corporate Governance ("MCCG" or "the Code"). Pursuant to Rule 15.25 of the ACE Market Listing Requirements of Bursa Securities, the Board is pleased to present this Corporate Governance Overview Statement which outlines how the Company applied the Code for the FY 2019.

The detailed application by the Group for each practice as set out in the MCCG during FY 2019 is disclosed in the Corporate Governance Report, announced together with this Annual Report 2019 published on Bursa Securities' website (www.bursamalaysia.com).

Principle A: Board Leadership and Effectiveness

I. BOARD RESPONSIBILITIES

Board Charter

The Board is guided by a Board Charter. KAB was listed in November 2017 and the Board has adopted its Board Charter in year 2018. The Board Charter is available on KAB's website (www.asastera.com).

The Company's Board Charter clearly identifies the respective roles and responsibilities of the Board, Board committees and individual directors including Independent Non-Executive Chairman and Managing Director. It also clearly identifies the issues and decisions reserved for the Board. The Board Charter will be periodically reviewed as and when necessary to ensure it remains relevant and consistent with the recommended best practices, and applicable rules and regulations.

Board Functions

The Board is responsible for strategic planning, oversight and overall management of the Group. The Board has also delegated specific matters to various Board Committees which operate within their respective approved Terms of Reference ("TOR"). The Board's role is to lead and control the affairs on behalf of shareholders. The Board takes into account the interests of all stakeholders when making decisions so as to ensure that the twin objectives of enhancing prosperity and creating long term shareholders' value are met. In addition, the Board monitors the performance of the Group's various areas of operations. To enhance the Board's effectiveness and performance, the Board has established the following Board Committees to perform certain of its functions and provide it with recommendations and advice:

- Nominating Committee ("NC")
- Remuneration Committee ("RC")
- Audit Committee ("AC")
- Risk Management Committee ("RMC")

There is a clear division of responsibilities between the Executive Directors and Non-Executive Directors of the Board. The Executive Directors are responsible for the implementation of the Board's decision and policies, overseeing of day to day management and coordination of business and strategic decisions. The Independent Non-Executive Directors and Non-Independent Non-Executive Director play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision making. All material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board.

The Board discharged its responsibilities in the best interests of the Group, as follows:

i. Reviewing and adopting a strategic plan for the Group

The Board provides direction and has in place a strategy planning process, where management presents its recommended strategy and business plans to the Board for review and approval before implementation. In the FY 2019, the Group continued to focus on improving market growth and strengthen KAB's financial position. The Group views the venture into mechanical engineering projects as promising and wishes to increase its involvement in mechanical engineering projects. The Group will continue to seek and secure new business opportunities and to expand its existing business in electrical and mechanical engineering services.

ii. Overseeing the conduct of the Group's business

The Managing Director and the Executive Directors are responsible to oversee the daily management of the Group's business and operations. The Managing Director and the Executive Directors are assisted by various divisional heads in monitoring daily activities and further supported by the management and other committees established within the Group's management framework. The management's performance is monitored and assessed by the Board through management reports which are tabled to the Board on a periodic basis. These reports include a brief summary of business operations and comprehensive financial performance. The Board is also kept informed of key strategic initiatives and operational issues within the Group.

iii. Identifying principal business risks and ensuring the implementation of appropriate systems to manage risks

The AC, the RMC, together with internal audit function, would oversee the Enterprise Risk Management ("ERM") of the Group. The RMC would review and identify areas of potential high risk faced by the Group and advise the management and make recommendations to the AC and the Board to establish adequate compliance and controls over the organization. The RMC would also review risk management policies and make recommendations to AC and the Board for approval.

Iv. Succession planning

The Board, with the assistance of the NC, ensures that an appropriate framework and plan for succession within the Group are in place. The Board has also entrusted the Managing Director with the responsibility to review candidates, compensation packages and oversees development for key management personnel.

v. Overseeing the development and implementation of a shareholder communication policy for the Company

The Company believes in, and emphasises, the importance of communication among shareholders, stakeholders and the Company. Adequate communication generates and builds public confidence towards the Company. The Board endeavours to ensure that pertinent information such as annual reports, quarterly reports, and announcements are released on a timely basis via:

- Bursa Securities' website
- KAB's website
- General Meetings

vi. Reviewing the adequacy and integrity of management information and internal controls system of the Group

The Board is ultimately responsible for the adequacy and integrity of the Group's internal control system. The Board ensures that there is a sound framework of reporting on internal controls and regulatory compliance. The internal audit function has been outsourced to an independent consulting firm and the AC regularly reviews and scrutinises the audit reports. Details relating to the internal control system and review of effectiveness are available in the Statement on Risk Management and Internal Control as set out in this Annual Report. The Board meets at least every quarter and more frequently as and when business or operational needs arise. There are established procedures on the agenda, content and presentation of reports for each meeting so that all pertinent information is included. All Board members are supplied with information on a timely manner. Board papers are circulated in advance prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant financial and corporate issues, the Group's performance and any management proposals which required the approval of the Board.

In order to ensure an effective overall functioning of the Board, the Chairman with the assistance of the Managing Director and Company Secretaries leads the Board in establishing and monitoring good corporate governance practices in the Company. The Chairman also chairs the Board Meetings and encourages active participation and healthy discussion to ensure that dissenting views can be freely expressed and discussed. Besides that, the Chairman ensures that decisions are taken on a sound and well-informed basis, including ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis. The positions of the Chairman and Managing Director are held by different individuals with clear and district roles which are documented in the Board Charter.

Code of Conduct and Ethics

The Board strongly believes in applying good working ethics and code of conduct in all business dealings. The Directors of the Company are guided by the Code of Conduct and Ethics. The Code of Ethics sets out the compliance with Legal and Regulatory Requirements and the Company's Policies, Observance of Board Charter, Duty to Act in the Best Interest of the Group, Competence, Integrity, Objectivity, Confidentiality and Fairness. The Code of Conduct and Ethics for Directors is published on the Company's website. The Whistleblower Policy was adopted in year 2018, which provides an avenue for raising concerns related to possible improprieties in matters of financial reporting compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation. The Whistleblower Policy lays down the communication channel available and the aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, to the extent possible, be protected from reprisal, victimisation, harassment or subsequent discrimination. Any person who wishes to report a suspected impropriety may submit his/her report to the Chairman of the AC.

The Board is mindful of the importance of business sustainability, and is committed to conduct its business in a socially responsible manner. The Board promotes good corporate governance through sustainability practices by implementing sustainable corporate strategies and practices. The Company has embraced good corporate responsibility practices in the areas of workplace, community, environment and stakeholders' engagement.

Tenure of Independent Directors

Practice 4.2 of the MCCG states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, an independent director may continue to serve the Board subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as independent after a cumulative term of 9 years, justifications from the Board and shareholders' approval at a general meeting are required. An independent director who continues to serve the Board after 12th year of appointment will acquire shareholders' approval at a general meeting through a 2-tier voting process as prescribed under the MCCG.

Currently, none of the Independent Directors of KAB has served more than nine (9) years.

Time Commitment

The Group has high expectations of the availability and commitment of its Board members. The Board meets at least quarterly to consider, inter alia all matters relating to the overall control, business performance and strategy, annual business plans and budgets, operational and financial performance reports, quarterly reports, capital expenditure of the Group. Additional meetings will be called as and when necessary.

Supply and Access to Information

All relevant reports and board papers are distributed to all Directors in advance of the Board Meeting to allow the Directors to have sufficient time to peruse for effective discussion and decision making during the meetings. The Board may obtain all information pertaining to KAB from the management. All pertinent issues discussed at the meetings in arriving at decisions and conclusions are properly recorded in the discharge of the Board's duties and responsibilities. The management is also invited to attend Board meetings to give an update of their respective functions and to discuss on issues that may be raised by the Directors.

Board Meeting

In order to ensure attendance of Board meetings, the meeting dates for the calendar year are set and the Board usually confirms their attendance for each meeting. The attendance record of the Directors for FY 2019 was satisfactory.

During the FY 2019, the Board held a total of six (6) meetings and details of the attendance record of the Board for FY 2019 are set out below:

Name	Designation	Attendance	%
Dato' Lai Keng Onn	Managing Director	6/6	100
Choong Gaik Seng	Executive Director	6/6	100
Datin Alicia Chan Pey Kheng	Executive Director	6/6	100
Goh Kok Boon	Executive Director	6/6	100
Lu Chee Leong	Independent Non-Executive Director	6/6	100
Tong Siut Moi	Independent Non-Executive Director	6/6	100
Dato' Chan Chee Hong (i)	Non-Independent Non-Executive Director	3/3	100
Yoong Kah Yin (ii)	Independent Non-Executive Chairman	1/1	100
Ferdaus Bin Mahmood (iii)	Independent Non-Executive Chairman	4/5	80

Notes:
(i) Dato' Chan Chee Hong was appointed to the Board on 1 April 2019
(ii) Yoong Kah Yin was appointed to the Board on 15 October 2019
(iii) Ferdaus Bin Mahmood resigned from the Board on 15 October 2019

In the intervals between Board Meetings, for any matters requiring Board's decision, the Board's approvals are obtained through Directors' Written Resolutions ("DWR"). The resolutions passed by way of DWR would also be tabled for notation at the subsequent Board Meeting.

Directors' Continuous Professional Development

The Company recognises the need to enhance the skills of the Board members. All existing Directors of the Company have successfully completed the Mandatory Accreditation Programme as required by Bursa Securities on all directors of listed companies.

The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and business development.

During the FY 2019, the Directors have attended various development and training programmes according to their individual needs to enhance their ability in discharging their duties and responsibilities more effectively. The details of these training programmes are as appended below.

Director	Date	Type of Training	Training Programme
Dato' Lai Keng Onn	15.06.2019	Training	Key Disclosure Obligations of a Listed Company and Navigating Transaction & RPT Rules
Datin Alicia Chan Pey Kheng	16.01.2019	Seminar	New Financial Reporting Standards : MFRS 9 & MFRS 15
	22.02.2019	Training	Legrand Product Solution training
	21.03.2019	Training	CTOS Credit Management Programme
	15.06.2019	Training	Key Disclosure Obligations of a Listed Company and Navigating Transaction & RPT Rules
Choong Gaik Seng	01.03.2019	Seminar	"Let's Get Real" on Anti-Bribery
	15.06.2019	Training	Key Disclosure Obligations of a Listed Company and Navigating Transaction & RPT Rules
Goh Kok Boon	15.06.2019	Training	Key Disclosure Obligations of a Listed Company and Navigating Transaction & RPT Rules
Tong Siut Moi	13.03.2019	Seminar	Decoding Transaction And RPT Rules
	09.05.2019	Seminar	Provision of Financial Assistance & RPT
	15.06.2019	Training	Key Disclosure Obligations of a Listed Company and Navigating Transaction & RPT Rules
	18.07.2019	Seminar	Dealings in Listed Securities, Closed Period and Insider Trading
	12.09.2019	Seminar	Computation of Percentage Ratios
	10.10.2019	Seminar	Common Pitfalls in Transaction & RPT Rules
	31.10.2019	Seminar	Executive Talk on Integrity and Governance
Lu Chee Leong	27.02.2019	Training	Overview of MFRS 15 & 9
	15.06.2019	Training	Key Disclosure Obligations of a Listed Company and Navigating Transaction & RPT Rules
	10.07.2019 - 11.07.2019	Training	Best Practices in Presentation of Financial Statements and Annual Reports
	04.11.2019	Training	KPMG Tax and Business Summit 2019
Dato' Chan Chee Hong	15.06.2019	Training	Key Disclosure Obligations of a Listed Company and Navigating Transaction & RPT Rules
Ferdaus Bin Mahmood	15.06.2019	Training	Key Disclosure Obligations of a Listed Company and Navigating Transaction & RPT Rules

II. BOARD COMPOSITION

The Group takes serious effort to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure. The Board currently comprises eight (8) members of whom three (3) members are Independent Non-Executive Directors. All three (3) Independent Non-Executive Directors fulfil the criteria of independence, as defined in the ACE Market Listing Requirements of Bursa Securities.

A brief profile of each Director is presented in the Profile of Directors section of this Annual Report. The composition of the members of the Board reflects a good mix of experience, backgrounds, skills and qualifications which are vital to the sustainability and growth.

Board Diversity

In FY 2019, the Board comprised two (2) female Directors out of eight (8) Directors, representing 25% of the total Board members in accordance with the best practices of MCCG.

Key Roles of Chairman and Managing Director

There are clear roles and responsibilities between the Chairman, Managing Director, Executive Directors and Non-Executive Directors of the Board.

The Chairman ensures that decisions are taken on a sound and well-informed basis, including ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis.

The Managing Director and Executive Directors formulate strategic vision and business directions for the Group.

All Independent Non-Executive Directors and Non-Independent Non-Executive Director do not participate in the daily operations and management of the Group and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Non-Executive Directors' judgment. They are pivotal in bringing impartiality and scrutiny to the Board's deliberation and decision making process.

Company Secretaries

In order to ensure effective functioning of the Boards, the Company Secretaries play an advisory role to the Boards in relation to KAB's Constitution, policies and procedures, and compliance with the relevant legislations, and regularly update the Board on new statutory and regulatory requirements relating to the discharge of their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretaries in furtherance of their duties. The Company Secretaries are responsible in advising the Board on regulatory requirements and corporate governance matters to ensure that the Board discharge their duties and responsibilities effectively.

The Company Secretaries also ensure that the Boards and the Board Committees function effectively based on the Board Charter and the respective TOR.

The Company Secretaries attend all Board meetings and ensure that the deliberations and decisions made by the Boards are accurately minuted, and the records of the proceedings of the Board meetings are properly kept.

During the FY 2019, the Company Secretaries have attended relevant development and trainings programmes to enhance their ability in discharging their duties and responsibilities.

Nominating Committee

The Group places high importance to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure. The NC always monitors that there is an appropriate balance of expertise and ability. In addition, the Committee also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director including Independent Non-Executive Directors and Non-Independent Non-Executive Directors.

The NC currently comprises entirely of Independent Non-Executive Directors as follows:

Chairman
Tong Siut Moi (Independent Non-Executive Director)

Members
Yoong Kah Yin (Independent Non-Executive Chairman)
Lu Chee Leong (Independent Non-Executive Director)

The NC is empowered to bring to the Board, recommendations as to the appointment of any new Executive, Independent Non-Executive Director or Non-Independent Non-Executive Director provided that the Chairman of the NC, in developing such recommendations, consults all Directors and reflects that consultation in any recommendation of the NC brought forward to the Board. In making its recommendation, the NC will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which the Directors of the Company should bring to the Board.

To ensure that the Board has an appropriate balance of expertise and ability, the NC would regularly review the profile of the required skills and attributes. This profile is used to assess the suitability as executive or non-executive directors for candidates put forward by the Directors and outside consultants. All assessments and evaluations carried out by the NC in discharging its functions have been well documented.

Recruitment Process and Annual Assessment of Directors and Independent Directors

The Board has put in place the necessary selection criteria for the appointment of Directors. Through Board Effectiveness Evaluation, the Directors are assessed annually and the findings are consolidated in a performance report which is analysed and tabled to the NC for review and endorsement by the Board.

All nominees and candidates to the Board are first considered by the NC taking into consideration the mix of skills, competencies, experience, integrity, time commitment and other qualities required to effectively discharge his or her role as a director. The NC will then endorse the nominees and candidates for approval by the Board.

On the appointment of key management personnel, candidates are first considered by the NC where focus is in their skills set, competencies, experience, integrity and other qualities, prior to recommendation for approval by the Board.

For the FY 2019, an annual evaluation of the Board, its committees and all Directors was conducted on 24 February 2020.

Re-appointment of Directors of the Company are in accordance with the Company's Constitution and good corporate governance practice. The performance of each Director of the Company was appraised by other Directors based on the characteristic of integrity, governance, participation, decision, independence and strategic perspective. Thereafter, the evaluation survey questionnaires are compiled into a summary report. The report is presented to the NC before tabling to the Board.

For the FY 2019, all the Directors met the expectations of the criteria set out in discharging their duties and responsibilities.

The performance and effectiveness of the Director and the Board were assessed individually and collectively, which include Directors' Self and Peer Evaluation, using evaluation survey questionnaires to evaluate the overall Board's performance against criteria that the Board determines are important to its success. The Board's performance and effectiveness evaluation in the FY 2019 reported that the Board continues to operate effectively.

Workforce Diversity

Our male and female employees' ratio shows a distribution of 70:30 as at 31 December 2019. Our total staff stood at 165 as at 31 December 2019.

III. REMUNERATION

Remuneration of Directors

The Board delegates to the RC the responsibility to consider and approve the remuneration arrangements of the Directors and key management personnel in the Group to ensure that the policy is fair and able to attract and maintain talent.

The RC is guided by appropriate policies and procedures when reviewing and recommending remuneration of Directors and key management personnel. The RC ensures that the levels of remuneration for Executive Directors and key management personnel commensurate with their level of responsibilities undertaken and contributions to the effective functioning of their roles.

The remuneration of Non-Executive Directors is proposed by the RC before tabling to the Board for further recommendation to the Shareholders' for approval.

The fees proposed for Non-Executive Directors will be tabled for the shareholders' approval at the Company's Annual General Meeting scheduled on 22 June 2020.

The RC comprises exclusively of Independent Non-Executive Directors as follows:

Chairman
Tong Siut Moi (Independent Non-Executive Director)

Members
Lu Chee Leong (Independent Non-Executive Director)
Yoong Kah Yin (Independent Non-Executive Chairman)

The amounts of remuneration paid to Directors are disclosed in the notes to the audited financial statements. The details of the nature and amount of each major element of the Directors' remuneration for the FY 2019 are as follows:

	EXECUTIVE				NON-EXECUTIVE					
Name of Directors	Dato' Lai Keng Onn	Choong Gaik Seng	Goh Kok Boon	Datin Alicia Chan Pey Kheng	Tong Siut Moi	Lu Chee Leong	Dato' Chan Chee Hong	Yoong Kah (3) Yin	Ferdaus Bin (2) Mahmood	2019
Directors' Fee	-	-	-	-	72,000	78,000	45,000	17,839	66,161	279,000
Directors' Remuneration	-	-	-	-	-	-	-	-	-	-
Salary	1,033,815	300,883	372,630	523,628	-	-	-	-	-	2,230,956
Bonus	401,786	103,572	133,928	200,892	-	-	-	-	-	840,178
Benefits In Kind	25,000	21,250	21,250	-	-	-	-	-	-	67,500
Others	180,000	36,000	60,000	-	-	-	-	-	-	276,000
Grand Total (RM)	1,640,601	461,705	587,808	724,520	72,000	78,000	45,000	17,839	66,161	3,693,634

Remarks:
(1) Employer's SOCSO and EIS are not included in the above figures
(2) Ferdaus Bin Mahmood – Remuneration period from 01.01.2019 to 14.10.2019
(3) Yoong Kah Yin – Remuneration period from 15.10.2019 to 31.12.2019

Principle B: Effective Audit and Risk Management

I. AUDIT COMMITTEE

Financial Reporting

The Board has always endeavour to provide true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts. The AC assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and ACE Market Listing Requirements of Bursa Securities.

In presenting the annual audited financial statements and quarterly financial reports to shareholders, the Board aims to present a balance and fair assessment of the Group's financial position and prospects. The AC reviews the Group's quarterly financial results and annual audited financial statements to ensure accuracy, adequacy and completeness prior to presentation to the Board for its approval.

Compliance with Applicable Financial Reporting Standards

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance of the Group via all relevant disclosures and announcements made.

The AC assists the Board to oversee and scrutinise the process and quality of financial reporting, which includes monitoring and reviewing the integrity of the financial statements and appropriateness of the Group's accounting policies to ensure accuracy, adequacy and completeness of the report, as well as compliance with the relevant accounting standards.

Assessment of Suitability and Independence of External Auditors

The AC performs an annual assessment on the performance, suitability and independence of the external auditors as well as reviewing the non-audit services provided by the external auditors, if any, based on the 4 key areas:

- Quality of service;
- Sufficiency of resources;
- Communication and interaction; and
- Independence and objectivity

KAB has established transparent and appropriate relationship with the External Auditors through AC. The AC has obtained an assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC is satisfied with the competence and independence of the external auditors.

The AC currently comprises entirely of Independent Non-Executive Directors as follows:

Chairman
Lu Chee Leong (Independent Non-Executive Director)

Members
Tong Siut Moi (Independent Non-Executive Director)
Yoong Kah Yin (Independent Non-Executive Chairman)

It is an existing practice for the AC to require former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC and such practice was formalised and incorporated in the TOR of the AC.

The AC had met with the External Auditors three (3) times in FY 2019.

The AC's TOR include the review of and deliberation on the Group's financial statements, the audit findings of the external auditors arising from their audit of the Group's financial statements and the audit findings and issues raised by internal auditors together with the management's responses thereon.

External auditors, internal auditors, Executive Directors and members of senior management attend the meetings at the invitation of the AC.

For details on the functions, composition, membership and summary of works of the AC in the FY 2019, please refer to the Audit Committee Report in this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to maintain a good risk management framework and sound system of internal control within the Group. The Group has an embedded risk management framework process for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks within the Group.

Both AC and RMC assist the Board in discharging these responsibilities by overseeing the risk management framework and advise the Board on areas of high risk encountered by the Group as well as the adequacy of compliance and controls. The AC also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks.

The internal audit function of the Group is outsourced to an independent professional services firm to provide the AC and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control.

The details of the internal control system are set out in the Statement of Risk Management and Internal Control in this Annual Report.

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

I. COMMUNICATION WITH STAKEHOLDERS

TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Board has set up pertinent corporate disclosure policies and exercises close monitoring of all price sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner.

Dissemination of Information

The Company exercises close monitoring of all price sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner. In accordance with best practices, the Board would strive to disclose price sensitive information to the public as soon as practicable through Bursa Securities, the media and the Company's website. Price sensitive information refers to any information that, on becoming generally available, would tend to have a material effect on the market price of the Company's listed shares.

Members of the Board and key management personnel privy to price sensitive information are prohibited from dealing in the shares of the Company until such information is publicly available. This is in addition to the provisions relating to the "closed period" for dealing in the Company's shares.

In addition, the Company's website incorporates an Investor Relations section where the annual report and quarterly financial report would be captured. Directors' Report and Audited Financial Statements, Annual Reports, Quarterly Report together with the Company's announcements and other information about the Company are available on our website (www.asastera.com).

Communication and Engagement with Shareholders

The Company communicates with its shareholders through the timely release of financial results on a quarterly basis, annual report, press releases and announcements to Bursa Securities. Financial results and press releases are also placed on the corporate website to keep shareholders and investors informed of the Company's performance.

Shareholders, investors and members of the public who wish to contact the Company on any enquiry, comment or proposal can channel them through e-mail at asastera@asastera.com.

Shareholders and investors can obtain the Company's latest announcements such as quarterly financial report at Bursa Securities' website (www.bursamalaysia.com) and the Company's website (www.asastera.com).

II. CONDUCT OF GENERAL MEETING

Shareholders' Participation at General Meeting

In addition to communicating and engaging shareholders through annual reports, general meetings, continuing and timely disclosures of information, the Company welcomes dialogues with shareholders and investors to discuss issues and obtain feedback.

The Notice of Annual General Meeting is issued to the shareholders together with this 2019 Annual Report 28 days before the Annual General Meeting. This would accord sufficient time for the shareholders to make the necessary arrangements to attend and participate in person or by proxy. In conjunction with this, Annual Reports are dispatched together with all relevant information supporting each proposed resolution to enable the shareholders to evaluate and vote accordingly. All Directors of the Company will be present at the Company's General Meetings to answer any questions that the shareholders may ask. The Chairman of the meeting provides time for the shareholders to ask questions for each agenda in the notice of the annual general meeting. The external auditors will also be present at the annual general meeting to answer any questions that the shareholders may ask. The shareholders will also be able to meet with the Directors and key management personnel after the meeting while they mingle with the shareholders, proxies and corporate representatives.

Poll Voting

In line with the ACE Market Listing Requirements of Bursa Securities, all resolutions put to general meetings will be voted by poll. An independent scrutineer will be appointed to validate the votes cast at general meetings.

STATEMENT OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE CODE

The Board is committed to adopt the Practices of the MCCG throughout the Group by applying the highest level of integrity and ethical standards in all its business dealings.

The Board is of the opinion that for FY 2019, the Group has substantially complied with the Principles and Best Practices as set out in the Code.

This Statement is issued in accordance with a resolution of the Directors dated 4 May 2020.

AUDIT COMMITTEE REPORT

The Board presents the AC Report to provide insights on the discharge of the AC's functions during the financial year ended 31 December 2019.

Composition

The current composition of the AC is as follows:

Chairman
Lu Chee Leong (Independent Non-Executive Director)

Members
Yoong Kah Yin (Independent Non-Executive Chairman)
Tong Siut Moi (Independent Non-Executive Director)

All of the members of the AC are Independent Non-Executive Directors and satisfy the test of independence and meet the requirements of the MCCG.

The performance of the AC and each of its members were reviewed by the NC on 24 February 2020 and the NC was satisfied that the AC and each of its member is able to discharge its functions, duties and responsibilities in accordance with the TOR of the AC, thereby supporting the Board in ensuring appropriate corporate governance standards within the Group.

Terms of Reference

The TOR for the AC is available for reference on the Company's website (www.asastera.com).

Meetings

The AC met five (5) times during the FY 2019. The attendance of the AC members during the financial year is as follows:-

Audit Committee Members	Attendance at the Audit Committee Meeting
Lu Chee Leong (Chairman)	5/5
Tong Siut Moi	5/5
Yoong Kah Yin [(i)]	1/1
Ferdaus Bin Mahmood [(ii)]	3/4

Notes:
(i) Yoong Kah Yin was appointed to the AC on 15 October 2019
(ii) Ferdaus Bin Mahmood resigned from the AC on 15 October 2019

The external auditors were present in three (3) of the total meetings held in the FY 2019. The external auditors were encouraged to raise with the AC any matters they considered important to bring to the AC's attention. For FY 2019, three (3) private sessions were held between the AC and the external auditors without the presence of the Executive Board members and management staff.

The Chairman of AC also sought information on the communication flow between the external auditors and the Management which was necessary to allow unrestricted access to information for the external auditors to effectively perform their duties.

Notices of the AC Meeting had been sent to the AC Members at least one (1) week in advance. The relevant meeting papers would be compiled for dissemination to the AC by email and/or by hand.

All deliberations during the AC Meeting were duly minuted and tabled for confirmation at the next Meeting and subsequently presented to the Board for notation.

The Chairman of AC presented AC's recommendations together with the respective rationale to the Board for approval of the unaudited quarterly financial results. As and when necessary, the Chairman of AC would convey to the Board matters of significant concern raised by the internal or external auditors.

Summary of Works

The summary of works undertaken by the AC during the preceding financial year comprised the following:-

1. Overview of Financial Performance and Reporting

- The financial statement of the Group for the financial year ended 31 December 2018, unaudited quarterly financial reports and unaudited financial statements of the Group were reviewed by the AC at their meetings held on 25 February 2019, 20 March 2019, 16 May 2019, 20 August 2019 and 18 November 2019 respectively and recommended the same for the Board's approval; and
- Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

2. Oversight of External Auditors

- Reviewed Audit Planning Memorandum prepared by the external auditors for the FY 2019, entailing mainly the overview of audit approach, scope of work, auditing developments, significant risks and areas of audit focus of the Group and Company;
- Met with the external auditors three (3) times without the presence of the Executive Directors and the management;
- Received and discussed with the external auditors on the Auditors' Report as presented by the external auditors;
- Reviewed the proposed audit fees;
- Reviewed and confirmed the authority empowered to management to approve fee for non-audit services; and
- Assessed and evaluated the suitability and independence of external auditors.

3. Oversight of Internal Auditors

- Reviewed and approved the annual internal audit plan as proposed by the internal auditors to ensure the adequacy of the scope and coverage of work;
- Reviewed the internal audit reports presented by the internal auditors on their findings and identifying key areas of concerns as well as highlighting recommendations for improvements and carried out follow-up audits; and
- Reviewed the suitability, experience and resources of an independent firm and the experience of the supervisory and professional staff assigned, recommended the appointment of the independent firm for outsourcing for the internal audit function of the Company for the Board's approval.

4. Oversight of Risk Management and Internal Control Matters / Other Matters

- Reviewed the adequacy and effectiveness of the risk management framework, risk register and the appropriateness of management's responses to key risk areas and proposed recommendations for improvements to be implemented;
- Reviewed and discussed the collection of the trade receivables;
- Reviewed the Company's performance against the budget for the year 2019;
- Reviewed the solvency of the Company for recommendation of distribution of interim dividend; and
- Reviewed Corporate Governance Overview Statement and AC Report.

Internal Audit Function

1. Appointment

The Group has appointed an outsourced independent consulting firm to carry out the internal audit function, namely Talent League Sdn. Bhd., providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the AC, assurance of the effectiveness of the system of internal control in the Group.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

2. Summary of Internal Audit Works for the FY 2019

Reviewed the adequacy and integrity of the system of internal controls of the processes within KAB for the review period of 1 January 2019 to 31 December 2019 for HR Management, Quality, Site Audit & Safety, and Contract & Procurement.

The internal auditor is guided by the Professional Practices Framework of the Institute of Internal Auditors. Observations and findings from the audit reviews, including the recommended corrective actions were discussed with the management. The internal audit report together with the management's response and proposed corrective action plans were then presented to the AC for its review during the quarterly meetings. Follow up review was also conducted to ensure corrective actions have been implemented.

Further details of the activities of internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

3. Total Costs Incurred for the FY 2019

The fees incurred for the outsourcing of the internal audit function for FY 2019 were RM26,600.

STATEMENT OF RISK MANAGEMENT & INTERNAL CONTROL

1. Introduction

The Board is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal control of the Group for the FY 2019. This Statement on Risk Management and Internal Control is issued in line with the ACE Market Listing Requirements of Bursa Securities on the status of the Group's compliance with the principles and best practices relating to risk management and internal control as stipulated in the MCCG. The Board is committed to maintaining a sound system of internal control of the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the current financial year.

2. Board Responsibilities

The Board recognizes the importance of sound systems on risk management and internal control in safeguarding the assets of the Group. However, the systems are designed to manage rather than eliminate the business risk totally. It should be noted that systems could provide only reasonable and not absolute assurance against material misstatement or fraud.

The Group has in place an on-going process to identify, evaluate, monitor and manage significant risks through the internal controls set out in order to attain a reasonable assurance that business objectives have been met. These controls are regularly reviewed by the Board and subject to continuous improvement.

3. Risk Management Framework

The Board has established and developed an ERM framework to achieve the following objectives:

- communicate and disseminate across the organisation the vision, role and direction of the Group;
- identify, assess, evaluate and manage the various principal risks which affect the Group's business;
- create a risk-awareness culture and risk ownership for more effective management of risks; and
- formulate a systematic process of review, tracking and reporting on keys risks identified and corresponding mitigation procedures.

A risk analysis of the Group is conducted on a regular basis including constantly reviewing the process in identifying, evaluating and putting up necessary action to assess and monitor the impacts of the risk on the operation and business. The process requires management to comprehensively identify and assess all types of risks in terms of likelihood and magnitude of impact as well as to address the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks. Significant risks identified are subsequently brought to the attention of the Board at the scheduled board meetings. This serves as the on-going process of identifying, assessing and managing risks faced by the Group and has been in place for the financial year under review and up to the date of approval of this statement for inclusion in the Annual report.

The Group's risk management continues to be driven by the Executive Directors and assisted by the management. The Executive Directors and the management are responsible for identifying, evaluating and monitoring of risks and taking appropriate and timely actions to manage the risks. These processes are embedded and carried out as part of the Group's operating and business management processes. External and relevant professionals would be drawn on to assist and provide advices to the management when necessary. In order to ensure the objectivity of the review on the risk management processes and internal control procedures in the Group, the AC is instituted by the Board to undertake this role.

In conducting its review, the processes are regularly reviewed by the Board via the AC at the quarterly Board meeting with the assistance from an outsourced independent consulting firm (Talent League Sdn Bhd) to further review and improve the existing internal control procedures within the Group. The Group will continue to focus on the key risks and corresponding controls to ensure that they are able to respond effectively to the fast changing business and competitive environment.

The management further supplements AC's review on control and risk assessment when presenting the quarterly financial reports on performance and results to the AC and the Board including pertinent explanations on the performance of the Group. With management consultation, the AC reviews and analyses the interim financial results in corroboration with management representations on operations as well as deliberates the annual report and audited financial statements before recommending these documents to the Board for approval.

4. Internal Control Framework

The other key elements of the Company's internal control procedures are described below:

- Quarterly monitoring of operational results against the budget by the management and to be tabled for the Board's review and discussion on a quarterly basis;
- Regular and comprehensive information provided to the Board, covering financial performance and key performance business indicators;
- Regular updates of internal policies and procedures, to reflect changing risks or resolve operational efficiencies; and
- Regular management meeting with all key personnel of respective department to address weaknesses and improve efficiency.

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group that may have material impact against the operations of the Group for the FY 2019.

5. Management with Responsibilities and Assurance

In accordance to the Bursa Securities' Guidelines, the management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group's achievement of its objective and performance.

In producing this Statement, the Board has received assurance from the Managing Director and the management that, to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

6. Board Assurance And Limitation

The Board confirms that the process for identifying, evaluating and managing significant risks in the Group is on-going. For the financial year under review, there was no material losses resulting from significant internal control weaknesses. The Board is satisfied that the existing systems of risk management and internal control are effective and efficient to enable the Group to achieve its business objectives.

While, the Board wishes to reiterate that risk management processes and internal control procedures would be continuously improved in line with the evolving business development, it should be noted that the risk management processes and internal control procedures could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these processes and procedures within the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

This Statement is issued in accordance with a resolution of the Directors dated 4 May 2020.

7. Conclusion

The Board recognizes the necessity to monitor closely the adequacy, integrity and effectiveness of the Group's risk management processes and internal control procedures, taking into consideration the fast-changing business environment. Although the Board is of the view that the present processes and procedures are adequately in place to safeguard the Group's assets and sufficient to detect any fraud or irregularities, the Board is on a constant watch for any improvement that may strengthen its current system from time to time.

8. Review of the Statement by the External Auditors

The external auditors have reviewed this Statement of Risk Management and Internal Control. Their review has been conducted to assess whether the Statement of Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process which the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is inconsistent with their understanding of the reviewing process adopted by the Board for the adequacy and integrity of internal control of the Group.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

(i) Special Issue

The Special Issue to Bumiputera investors of 15,000,000 and 19,000,000 shares were completed on 8 May 2019 and 17 June 2019 respectively with total proceeds received at RM6,800,000.

The utilisation of the gross proceeds as at 31 December 2019 is as follows:-

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation
Acquisition and/or investment in other complementary business and/or assets	6,630	-	6,630	Within 24 months
Estimated expenses for the proposed Special Issue	170	(170)	-	Immediate
Total	**6,800**	**(170)**	**6,630**	

(ii) Private Placement

The Company proposed to undertake a private placement of up to 70,574,600 new ordinary shares in KAB ("Placement Shares") representing up to 20% of the total number of issued shares of KAB, to independent third-party investors to be identified later, at an issue price to be determined later ("Proposed Private Placement").

Bursa Securities had on 17 October 2019 approved the listing and quotation of up to 70,574,600 Placement Shares to be issued pursuant to the proposed Private Placement upon application.

The shareholders of the Company had approved the Proposed Private Placement at an Extraordinary General Meeting ("EGM") of the Company held on 8 November 2019.

On 29 November 2019, 16,230,000 Placement Shares had been issued at RM0.5853 per Placement Share to the identified investors and there are up to 54,344,600 remaining Placement Shares to be allotted and issued under the Private Placement. Pursuant to the completion of the Company's Share Split exercised on 27 February 2020, the remaining 53,344,600 Placement Shares is consequentially subdivided to 135,864,500 remaining placement shares to be alloted and issued under the Private Placement upon application.

The proposed utilisation of the gross proceeds from the Proposed Private Placement amounting to RM27.1 million is as follows:

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation
Expansion of customised energy efficiency solutions business	17,000	-	17,000	Within 24 months
Project costs and expenses	4,500	-	4,500	Within 24 months
Acquisition and/or investment in other complementary businesses and/or assets	4,694	-	4,694	Within 24 months
Estimated expenses for the proposed Private Placement	900	-	900	Immediate
Total	**27,094**	**-**	**27,094**	

2. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees incurred for services rendered to the Company and the Group by the external auditors for the FY 2019 are as follows:-

	Group RM'000	Company RM'000
Audit Fees	107	90
Non-Audit Fees	23	23
Total	**130**	**113**

3. Material Contracts

There is no material contract that the Group entered into during the financial year which involves the interest of the Director and major shareholders.

4. Contracts Relating to Loans

There is no contract relating to loan made by the Group involving interests of Directors and major shareholders during the financial year.

5. Recurrent Related Party Transactions ("RRPT)

The information of RRPT for the FY 2019 is set out in the audited financial statements, if any.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 2016 to ensure that financial statements for each financial year give a true and fair view of the financial position of the Group as at the end of the financial year and the financial performance of the Group for the financial year.

In preparing the financial statements, the Directors are responsible for the adoption of suitable accounting policies that comply with the provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible to ensure that the appropriate accounting policies are consistently applied in the financial statements, and that reasonable and prudent judgements were made.

The Directors hereby confirm that suitable accounting policies have been consistently applied in the preparation of the financial statements. The Directors also confirm that there have been adequate accounting records maintained to safeguard the assets of the Group.

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31 DECEMBER 2019

DIRECTORS' REPORT

for the financial year ended 31 December 2019

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal Activities

The Company is principally engaged in the business of provision of electrical and mechanical engineering services. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the financial year attributable to : -		
Owners of the Company	10,436,914	11,007,327
Non-controlling interest	(31,340)	-
	10,405,574	**11,007,327**

Dividends

The dividends declared or paid by the Company since the end of previous financial year were as follows : -

	RM
In respect of the financial year ended 31 December 2019 : -	
1st interim single-tier dividend of RM0.005 per share, payable on 4 April 2019	1,600,000
2nd interim single-tier dividend of RM0.005 per share, payable on 7 October 2019	1,764,365
	3,364,365

The directors do not recommend any final dividend for the financial year ended 31 December 2019.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the financial statements.

Bad and Doubtful Debts

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and were of the opinion that it was not necessary to write off any debts nor make any allowance for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would alter their opinion that it was not necessary to write off any debts nor make any allowance for doubtful debts.

Current Assets

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

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

Valuation Methods

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

Contingent and Other Liabilities

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

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

II. any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

Change of Circumstances

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

Items of an Unusual Nature

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

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

Shares and Debentures

During the financial year, the issued and paid up share capital of the Company was increased from 320,000,000 ordinary shares to 370,230,000 ordinary shares by way of an issue of : -

a. 34,000,000 new ordinary shares for cash pursuant to the special issuance shares based on an exercise price of RM0.20 per ordinary shares; and

b. 16,230,000 new ordinary shares for cash pursuant to the private placement at fair value of RM0.5853 per ordinary shares.

The new ordinary shares issued during the period rank pari-passu in all respects with the existing ordinary shares of the Company.

Treasury Shares

During the financial year, the Company repurchased 1,126,900 of its issued share capital from the open market at an average price of RM0.214 per share including transaction costs. The total consideration paid was RM241,347. The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

At 31 December 2019, the Company held 1,126,900 of its own shares.

Directors of the Company

The directors of the Company in office at any time during the financial year and since the end of the financial year are : -

Dato' Lai Keng Onn - Managing Director
Choong Gaik Seng
Lu Chee Leong
Tong Siut Moi
Datin Chan Pey Kheng
Goh Kok Boon
Dato' Chan Chee Hong – appointed on 1 April 2019
Yoong Kah Yin – appointed on 15 October 2019
Ferdaus Bin Mahmood – resigned on 15 October 2019

Directors' Interests

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows : -

Share Capital of the Company	As at 1/1/2019	Bought	Sold	As at 31/12/2019
Shareholdings in which directors have direct interest in the Company : -				
Dato' Lai Keng Onn	144,000,000	-	-	144,000,000
Choong Gaik Seng	12,000,000	-	-	12,000,000
Lu Chee Leong	100,000	-	(100,000)	-
Goh Kok Boon	300,000	-	-	300,000
Datin Chan Pey Kheng	-	2,085,900	-	2,085,900
Dato' Chan Chee Hong	-	123,600	-	123,600
Yoong Kah Yin[1]	-	6,380,000	-	6,380,000
Shareholdings in which directors have indirect interest in the Company : -				
Yoong Kah Yin	-	230,000	-	230,000

Deemed interest in the shares held by his daughter pursuant to Section 8 of the Company Act, 2016.

By virtue of Section 8 of the Companies Act, 2016, Dato' Lai Keng Onn is deemed to be interested in the shares of the subsidiary companies during the financial year to the extent the Company has interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

Directors' Remuneration

The amounts of the remuneration of the directors or past directors of the Company comprising remunerations received or receivable from the Company or any of its subsidiary companies during the financial year are disclosed in Note 30 to the financial statements.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company or any of its subsidiary companies during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company or any of its subsidiary companies by the directors or past directors of the Company during the financial year.

Indemnifying Directors, Officers or Auditors

The total amount of indemnity given to or insurance premium paid for the director, officer or auditor of the Group and of the Company is as follow : -

	RM
DIrectors	11,670

Directors' Benefits

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in Note 30 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company or its subsidiary companies is a party, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Events After The Reporting Period

Details of events after the reporting period are disclosed in Note 45 to the financial statements.

Auditors

a. Detail of the auditors' remuneration for the Group and the Company is disclosed in Note 28 to the financial statements.

b. The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

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

Dato' Lai Keng Onn **Choong Gaik Seng**

Kuala Lumpur,
Date: 4 May 2020

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kejuruteraan Asastera Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 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 financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Revenue recognition

Refer to Note 3(l) – Significant Accounting Policies and Note 25 – Revenue.

The Key Audit Matters

The Group and the Company recognise revenue from contract customers using the stage of completion method. The stage of completion is measured using the input method, which is based on the proportion that the actual contract costs incurred for the work performed to-date to the estimated total contract costs, which includes estimates and judgements by directors on costs to be incurred on the contracts.

The Group and the Company recognised revenue from contract customers of RM147,428,143 and RM147,417,123 respectively for the financial year ended 31 December 2019.

We focused on this area because there is key judgement involved in determining the following : -

- Stage of completion;
- Extent of contract costs incurred to date; and
- Estimated total contract costs.

How our audit addresses this matter

Our procedures included, amongst others : -

- Evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15, Revenue from Contracts with Customers;
- Read key contracts to obtain understanding of the specific terms and conditions;
- Identified and assessed key judgements inherent in the recognition of revenue and costs arising from contracts;
- Tested the operating effectiveness of the key controls in determination of the extent of costs incurred to-date;
- Corroborated the stage of completion with the level of completion based on actual costs incurred to-date over the estimated total costs;
- Agreed, on a sample basis, costs incurred to supporting documentation; i.e. invoices from vendors;
- Agreed total budgeted revenue, on a sample basis, of material projects to supporting documentation i.e. sales contracts; and
- Assessed the related disclosures in Note 3(l) and 25 to the financial statements.

Trade Receivables

Refer to Note 8 – Trade Receivables.

The Key Audit Matters

As at 31 December 2019, the Group and the Company has outstanding trade receivables of RM48,314,402 and RM48,349,157 respectively. As the trade receivables represents approximately 35% of the total assets of the Group and of the Company and is material, we consider this as a key audit matter.

How our audit addresses this matter

Our procedures included, amongst others : -

- Obtained an understanding of the Group and of the Company's control over the trade receivables collection processes and made inquiries regarding the action plans to recover the overdue amounts;
- Reviewed the ageing analysis of trade receivables and test the reliability thereof;
- Reviewed subsequent collections from trade receivables; and
- Evaluated the reasonableness on the assessment of impairment loss to be provided on the trade receivables performed by the management.

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 Directors' Report, Management Discussion and Analysis, Corporate Governance Overview Statement, Audit Committee Report and Statement of Risk Management and Internal Control 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.

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 going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

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 contents of this report.

Kreston John & Gan
(AF 0113)
Chartered Accountants

Yong Chung Sin
Approval No: 02892/04/2022 J
Chartered Accountant

Kuala Lumpur,
Date: 4 May 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the financial year ended 31 December 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**7,800,954**	7,228,966
Investment properties	5	**6,607,062**	2,855,765
Deferred tax assets	7	**119,026**	-
Trade receivables	8	**7,868,898**	7,403,660
Total Non-Current Assets		**22,395,940**	17,488,391
Current Assets			
Trade receivables	8	**40,445,504**	33,403,769
Contract assets	9	**35,020,728**	27,349,530
Other receivables, deposits and prepayments	10	**4,702,629**	3,500,775
Deposits with licensed banks	12	**20,088,059**	9,194,209
Cash and bank balances		**15,132,476**	10,510,914
Total Current Assets		**115,389,396**	83,959,197
Total Assets		**137,785,336**	101,447,588
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	**48,299,419**	32,000,000
Foreign currency translation reserves		**295**	62
Treasury shares	14	**(241,347)**	-
Retained profits	15	**23,334,715**	16,262,166
		71,393,082	48,262,228
Non-controlling interest	16	**(36,320)**	(5,480)
Total Equity		**71,356,762**	48,256,748
Non-Current Liabilities			
Borrowings	17	**6,546,334**	5,282,829
Deferred tax liabilities	7	**-**	77,795
Trade payables	23	**2,774,043**	2,465,690
Total Non-Current Liabilities		**9,320,377**	7,826,314
Current Liabilities			
Trade payables	23	**41,428,317**	30,830,648
Contract liabilities	9	**7,296,886**	7,057,984
Other payables and accruals	24	**1,301,341**	2,468,590
Borrowings	17	**6,049,573**	4,528,017
Current tax liabilities		**1,032,080**	479,287
Total Current Liabilities		**57,108,197**	45,364,526
Total Liabilitities		**66,428,574**	53,190,840
Total Equity and Liabilities		**137,785,336**	101,447,588

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2019

	Note	2019 RM	2018 RM
Revenue	**25**	**159,618,876**	139,095,967
Cost of sales		**(130,401,034)**	(113,718,002)
Gross profit		**29,217,842**	25,377,965
Other income	**26**	**380,305**	776,355
Administrative expenses		**(13,884,361)**	(12,258,993)
Profit from operations		**15,713,786**	13,895,327
Finance costs	**27**	**(1,205,912)**	(1,480,670)
Profit before taxation	**28**	**14,507,874**	12,414,657
Income tax expense	**31**	**(4,102,300)**	(3,857,912)
Profit for the financial year		**10,405,574**	8,556,745
Other comprehensive income : -			
- foreign currency translation differences for foreign operation		**233**	62
Total comprehensive income for the financial year		**10,405,807**	8,556,807
Profit for the financial year attributable to : -			8,562,715
Owners of the Company		**10,436,914**	(5,970)
Non-controlling interest		**(31,340)**	8,556,745
		10,405,574	
Total comprehensive income for the financial year attributable to : -			8,562,777
Owners of the Company		**10,437,147**	(5,970)
Non-controlling interest		**(31,340)**	8,556,807
		10,405,807	
			2.68
Basis earnings per share (sen)	**32**	**3.05**	
			2.68
Diluted earnings per share (sen)	**32**	**2.64**	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2019

	Non-Distributable			Distributable			
	Share Capital RM	Foreign currency translation reserves RM	Treasury Shares RM	Retained profits RM	Total RM	Non-controlling interest RM	Total equity RM
Balance as at 1 January 2018	32,000,000	-	-	10,899,451	42,899,451	-	42,899,451
Transactions with owners : -							
Dividend paid (Note 33)	-	-	-	(3,200,000)	(3,200,000)	-	(3,200,000)
Issue of shares to non-controlling interest	-	-	-	-	-	490	490
Total transactions with owners	-	-	-	(3,200,000)	(3,200,000)	490	(3,199,510)
Profit for the financial year	-	-	-	8,562,715	8,562,715	(5,970)	8,556,745
Other comprehensive income : -							
Foreign currency translation differences for foreign operatings	-	62	-	-	62	-	62
Total comprehensive income for the financial year	-	62	-	8,562,715	8,562,777	(5,970)	8,556,807
Balance as at 31 December 2018	32,000,000	62	-	16,262,166	48,262,228	(5,480)	48,256,748
Transactions with owners : -							
Issuance of shares (Note 13)	**16,299,419**	**-**	**-**	**-**	**16,299,419**	**-**	**16,299,419**
Purchase of treasury shares (Note 14)	**-**	**-**	**(241,347)**	**-**	**(241,347)**	**-**	**(241,347)**
Dividend paid (Note 33)	**-**	**-**	**-**	**(3,364,365)**	**(3,364,365)**	**-**	**(3,364,365)**
Issue of shares to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**500**	**500**
Total transactions with owners	**16,299,419**	**-**	**(241,347)**	**(3,364,365)**	**12,693,707**	**500**	**12,694,207**
Profit for the financial year	**-**	**-**	**-**	**10,436,914**	**10,436,914**	**(31,340)**	**10,405,574**
Other comprehensive income : -							
Foreign currency translation differences for foreign operatings	**-**	**233**	**-**	**-**	**233**	**-**	**233**
Total comprehensive income for the financial year	**-**	**233**	**-**	**10,436,914**	**10,437,147**	**(31,340)**	**10,405,807**
Balance as at 31 December 2019	**48,299,419**	**295**	**(241,347)**	**23,334,715**	**71,393,082**	**(36,320)**	**71,356,762**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2019

	Note	2019 RM	2018 RM
Cash flows from operating activities			
Profit before taxation		**14,507,874**	12,414,657
Adjustment for : -			
Depreciation of property, plant and equipment		**932,611**	1,135,548
Depreciation of investment properties		**65,790**	55,517
Fair value discounts on payables		**(124,000)**	(225,000)
Fair value discounts on receivables		**269,000**	725,000
Gain on disposal of property, plant and equipment		**-**	(35,000)
Interest expenses		**936,912**	755,670
Interest income		**(135,597)**	(410,705)
Operating profit before working capital changes		**16,452,590**	14,415,687
Changes in working capital : -			
Trade receivables		**(11,249,883)**	(4,762,212)
Other receivables, deposits and prepayments		**(1,201,854)**	(1,857,513)
Contract assets / liabilities		**(7,432,296)**	(14,977,266)
Trade payables		**11,030,022**	12,041,367
Other payables and accruals		**(1,167,249)**	1,539,121
Cash generated from operations		**6,431,330**	6,399,184
Interest paid		**(936,912)**	(755,670)
Interest received		**135,597**	410,705
Tax paid		**(3,790,780)**	(4,609,368)
Tax refund		**44,452**	-
Net cash from operating activities		**1,883,687**	1,444,851
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**-**	35,000
Purchase of property, plant and equipment	**34**	**(890,599)**	(905,194)
Purchase of investment properties	**35**	**(343,177)**	-
Net cash used in investing activities		**(1,233,776)**	(870,194)
Cash flow from financing activities			
Dividends paid		**(3,364,365)**	(3,200,000)
Drawndown of trade finance	**36**	**5,014,988**	627,357
Drawndown of term loans	**36**	**1,367,732**	-
Fixed deposits			
- pledged as securities		**(3,893,850)**	(5,051,231)
- uplift of deposits pledged as securities		**-**	12,100,812
Issue of shares to non-controlling interest		**500**	490
Repayment of bank's factoring	**36**	**-**	(2,513,237)
Repayment of finance lease liabilities	**36**	**-**	(375,691)
Repayment of lease liabilities	**36**	**(413,836)**	-
Repayment of term loans	**36**	**(346,247)**	(1,855,324)
Repayment of trade finance	**36**	**(2,321,739)**	-
Proceeds from issuance of new shares		**16,299,419**	-
Purchase of treasury shares		**(241,347)**	-
Net cash from / (used in) financing activities		**12,101,255**	(266,824)
Net increase in cash and cash equivalents		**12,751,166**	307,833
Cash and cash equivalents at the beginning of the financial year		**9,381,077**	9,073,182
Effect of foreign exchange rate changes		**233**	62
Cash and cash equivalents at the end of the financial year	**37**	**22,132,476**	9,381,077

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

for the financial year ended 31 December 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**6,958,551**	7,225,254
Investment properties	5	**6,607,062**	2,855,765
Investment in subsidiary companies	6	**101,951**	1,052
Deferred tax assets	7	**119,026**	-
Trade receivables	8	**7,868,898**	7,403,660
Total Non-Current Assets		**21,655,488**	17,485,731
Current Assets			
Trade receivables	8	**40,480,259**	33,403,769
Contract assets	9	**35,020,728**	27,349,530
Other receivables, deposits and prepayments	10	**4,599,529**	3,500,775
Amount due from subsidiary companies	11	**1,087,508**	156,335
Deposits with licensed banks	12	**20,088,059**	9,194,209
Cash and bank balances		**15,059,535**	10,468,343
Total Current Assets		**116,335,618**	84,072,961
Total Assets		**137,991,106**	101,558,692
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	**48,299,419**	32,000,000
Treasury shares	14	**(241,347)**	-
Retained profits	15	**24,037,796**	16,394,834
Total Equity		**72,095,868**	48,394,834
Non-Current Liabilities			
Borrowings	17	**6,392,060**	5,282,829
Deferred tax liabilities	7	**-**	77,795
Trade payables	23	**2,774,043**	2,465,690
Total Non-Current Liabilities		**9,166,103**	7,826,314
Current Liabilities			
Trade payables	23	**41,114,362**	30,830,648
Contract liabilities	9	**7,296,886**	7,057,984
Other payables and accruals	24	**1,255,676**	2,441,608
Borrowings	17	**6,025,847**	4,528,017
Current tax liabilities		**1,036,364**	479,287
Total Current Liabilities		**56,729,135**	45,337,544
Total Liabilitites		**65,895,238**	53,163,858
Total Equity and Liabilities		**137,991,106**	101,558,692

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2019

	Note	2019 RM	2018 RM
Revenue	**25**	**159,436,074**	139,095,967
Cost of sales		**(130,045,182)**	(113,718,002)
Gross profit		**29,390,892**	25,377,965
Other income	**26**	**378,874**	776,355
Administrative expenses		**(13,454,227)**	(12,120,355)
Profit from operations		**16,315,539**	14,033,965
Finance costs	**27**	**(1,205,912)**	(1,480,670)
Profit before taxation	**28**	**15,109,627**	12,553,295
Income tax expense	**31**	**(4,102,300)**	(3,857,912)
Profit for the financial year, representing total comprehensive income for the financial year		**11,007,327**	8,695,383

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2019

	Non-Distributable		*Distributable*	
	Share Capital RM	**Treasury Shares RM**	**Retained Profits RM**	**Total RM**
Balance as at 1 January 2018	32,000,000	-	10,899,451	42,899,451
Transactions with owner : -				
Dividend paid (Note 33)	-	-	(3,200,000)	(3,200,000)
Total comprehensive income for the financial year	-	-	8,695,383	8,695,383
Balance as at 31 December 2018	32,000,000	-	16,394,834	48,394,834
Transactions with owner : -				
Issuance of share (Note 13)	**16,299,419**	**-**	**-**	**16,299,419**
Purchase of treasury shares (Note 14)	**-**	**(241,347)**	**-**	**(241,347)**
Dividend paid (Note 33)	**-**	**-**	**(3,364,365)**	**(3,364,365)**
Total comprehensive income for the financial year	**-**	**-**	**11,007,327**	**11,007,327**
Balance as at 31 December 2019	**48,299,419**	**(241,347)**	**24,037,796**	**72,095,868**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2019

	Note	2019 RM	2018 RM
Cash flows from operating activities			
Profit before taxation		**15,109,627**	12,553,295
Adjustment for : -			
Depreciation of property, plant and equipment		**917,936**	1,135,210
Depreciation of investment properties		**65,790**	55,517
Fair value discounts on payables		**(124,000)**	(225,000)
Fair value discounts on receivables		**269,000**	725,000
Gain on disposal of property, plant and equipment		**-**	(35,000)
Interest expenses		**936,912**	755,670
Interest income		**(135,016)**	(410,705)
Operating profit before working capital changes		**17,040,249**	14,553,987
Changes in working capital : -			
Trade receivables		**(11,284,638)**	(4,567,848)
Other receivables, deposits and prepayments		**(1,098,754)**	(2,051,877)
Amount due from subsidiary companies		**(931,173)**	(156,335)
Contract assets / liabilities		**(7,432,296)**	(14,977,266)
Trade payables		**10,716,067**	12,041,367
Other payables and accruals		**(1,185,932)**	1,512,139
Cash generated from operations		**5,823,523**	6,354,167
Interest paid		**(936,912)**	(755,670)
Interest received		**135,016**	410,705
Tax paid		**(3,786,496)**	(4,609,368)
Tax refund		**44,452**	-
Net cash from operating activities		**1,279,583**	1,399,834
Cash flows from investing activities			
Investment in subsidiary companies	**6**	**(100,899)**	(1,052)
Proceeds from disposal of property, plant and equipment		**-**	35,000
Purchase of property, plant and equipment	**34**	**(215,233)**	(901,144)
Purchase of investment properties	**35**	**(343,177)**	-
Net cash used in investing activities		**(659,309)**	(867,196)
Cash flow from financing activities			
Dividend paids		**(3,364,365)**	(3,200,000)
Drawndown of term loan	**36**	**1,367,732**	-
Drawndown of trade finance	**36**	**5,014,988**	627,357
Fixed deposits			
- pledged as securities		**(3,893,850)**	(5,051,231)
- uplift of deposits pledged as securities		**-**	12,100,812
Repayment of bank's factoring	**36**	**-**	(2,513,237)
Repayment of finance lease liabilities	**36**	**-**	(375,691)
Repayment of lease liabilities	**36**	**(413,836)**	-
Repayment of term loans	**36**	**(346,247)**	(1,855,324)
Repayment of trade finance	**36**	**(2,321,739)**	-
Proceeds from issuance of new shares		**16,299,419**	-
Purchase of treasury shares		**(241,347)**	-
Net cash from / (used in) financing activities		**12,100,755**	(267,314)
Net increase in cash and cash equivalents		**12,721,029**	265,324
Cash and cash equivalents at the beginning of the financial year		**9,338,506**	9,073,182
Cash and cash equivalents at the end of the financial year	**37**	**22,059,535**	9,338,506

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENT

for the financial year ended 31 December 2019

1. General Information

Kejuruteraan Asastera Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The addresses of the principal place of business and registered office of the Company are as follows : -

Principal place of business	:	No. 18, Jalan Radin Bagus 9 Bandar Baru Seri Petaling 57000 Kuala Lumpur
Registered office	:	Unit 30-01, Level 30, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2019 comprise the Company and its subsidiary companies (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2019 do not include other entities.

The Company is principally engaged in the business of provision of electrical and mechanical engineering services. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 04 May 2020.

2. Basis of Preparation

a. Statement of compliance

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

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform

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

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations : -

- from the annual period beginning on 1 January 2020 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1 January 2020; and
- from the annual period beginning on 1 January 2021 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1 January 2021.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below : -

MFRS 17, Insurance Contracts

MFRS 17 replaces the existing standard on Insurance Contracts, MFRS 4. Earlier application is permitted provided the entities have applied MFRS 9, Financial Instruments and MFRS 15, Revenue from Contracts with Customers on or before the date of initial application of MFRS 17.

Amendments to MFRS 3, Business Combinations and MFRS 11, Joint Arrangements

The amendments clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to MFRS 11, Joint Arrangement clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interest in that business.

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

The amendments clarify that : -

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group and the Company.

Amendments to MFRS 112, Income Taxes

The amendments clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 123, Borrowing Costs

The amendments clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

The Group and the Company are assessing the financial impact that may arise from the adoption of MFRS 17, amendments to MFRS 3 and MFRS 11, amendments to MFRS 10 and MFRS 128, amendments to MFRS 112 and amendments to MFRS 123.

b. Basis of Measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

c. Functional and Presentation Currency

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

d. Use of Estimates and Judgements

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

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

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

i. Classification Between Investment Property and Property, Plant and Equipment

The Group and the Company have developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

ii. Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated that useful life of these assets to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

iii. Loss Allowances Of Financial Assets

The Group and the Company recognise impairment losses for trade 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 and the Company's past experience of loss statistics, 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 and the Company's financial positions and results.

iv. Classification of Financial Assets

The Group and the Company use their business model objectives as a basis to classify financial assets for subsequent measurements. The objectives of the Group and of the Company in managing investments in equity and debt instruments include those held for trading, managing for fair value changes and managing to collect contractual cash flows that are solely payments of principal and interest on principal. Management uses its judgement to determine the classification of each investment at the date of purchase on the basis of the Group's and of the Company's business model objectives. Investment in the same debt or equity instruments need not necessarily be classified in the same category for subsequent measurement.

v. Revenue Recognition From Construction Contracts

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

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 based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the contract based on actual costs incurred to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

vi. Income Tax Expense

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

vii. Provision For Liabilities and Charges

Provisions can be distinguished from other liabilities because there is uncertainty about the timing or amount of settlement. The more common provisions recorded by the Group and the Company arise from obligations in relation to refunds, guarantees, onerous contracts and outstanding litigation.

The recognition and measurement of provisions require the Group and the Company to make significant estimates with regard to the probability (if the event is more likely than not to occur) that an outflow of resources will be required to settle the obligation and make assumptions whether a reliable estimate can be made of the amount of the obligation.

Moreover, the Group's and the Company's accounting policy require recognition of the best estimate of the amount that would be required to settle an obligation and the estimate may be based on information that produces a range of amounts. Since the measurement is based on present value, it involves making estimates around the appropriate discount rate in order to reflect the risks specific to the liability.

viii. Contingencies

Contingent liabilities of the Group and of the Company are not recognised but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. They are not recognised because it is not probable that an outflow of resources will be required to settle the obligation and the amount of the obligation cannot be measured with sufficient reliability.

Inevitably, the determination that the possibility that an outflow of resources embodying economic benefits is remote and that the occurrence or non-occurrence of one or more uncertain future events is not wholly within the control of the Group and of the Company requires significant judgement.

3. Significant Accounting Policies

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

a. Basis of Consolidation

i. Subsidiaries

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

ii. Business Combinations

Business combinations are accounted for by applying the purchase method from the acquisition date, which is the date on which the group obtains control of acquiree. The cost of a business combination is the aggregate of : -

- the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus
- any costs directly attributable to the business combination.

If an associate or a jointly controlled entity becomes a subsidiary, the Group remeasures its previously held entity interest to fair value and recognises the resulting gain or loss, if any, in profit or loss. The remeasured carrying amount forms part of the cost of business combination.

When the cost of the business combination is in excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised, the excess is recognised as goodwill. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The non-controlling interest in the acquiree is measured at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

iii. Acquisitions of Non-Controlling Interests

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

iv. Loss of Control

Upon the loss of control of a subsidiary, the Group recognises the difference between the proceeds from the disposal of the subsidiary and its carrying amount as of the date of disposal. If the Group retains any interest in the former subsidiary, that investment is accounted for as a financial asset from the date the entity ceases to be a subsidiary, provided that it does not become an associate or a jointly controlled entity. The carrying amount of the investment at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

Intra-group balances and transactions, including income, expenses and dividends are eliminated in full in preparing the consolidated financial statements.

Unrealised profits and losses arising from transactions with equity-accounted associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated only to the extent that there is evidence of an impairment of the asset transferred.

v. Transactions Eliminated On Consolidation

Intra-group balances and transactions, including income, expenses and dividends are eliminated in full in preparing the consolidated financial statements.

Unrealised profits and losses arising from transactions with equity-accounted associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated only to the extent that there is evidence of an impairment of the asset transferred.

b. Financial Instruments

i. Initial Recognition and Measurement

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

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

ii. Financial Instrument Categories and Subsequent Measurement

Financial Assets

The Group and the Company categorise financial instruments as follows : -

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

A. Amortised Cost

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

B. Fair Value Through Other Comprehensive Income

B1. Debt Investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

B2. Equity Investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

C. Fair Value Through Profit or Loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 3(g)(i)).

Financial Liabilities

At initial recognition, all financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost.

A. Fair Value Through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognised the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch, and remaining amount of the change in fair value in the profit or loss.

B. Amortised Cost

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

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

iii. Financial Guarantee Contracts

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

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

iv. Regular Way Purchase or Sales of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to : -

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

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

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

c. Property, Plant and Equipment

i. Recognition and Measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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

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

ii. Subsequent costs

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

iii. Depreciation

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

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

	Rate (%)
Buildings	2
Electrical equipment	20
Furniture, fittings and equipment	10 - 20
Motor vehicles	20
Renovation	20

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

d. Lease

i. Accounting by Lessee – Accounting Policies Applied from 1 January 2019

From 1 January 2019, leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and of the Company and effects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of these liabilities.

ROU Assets

ROU assets are initially measured at cost comprising the following : -

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the ROU assets are adjusted for certain remeasurement of lease liabilities.

The Group and the Company presents ROU asset that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented within property, plant and equipment in the statement of financial position.

Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following :-

- Fixed payments (including in substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset or similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company presents the lease liabilities within borrowings in the statement of financial position. Interest expense on the lease liability is presented within the finance costs in profit or loss in the statement of profit or loss.

Short Term Leases And Leases of Low Value Assets

Short term leases are leases with a lease term of 12 months or less. Payments associated with short term leases of equipment and all leases of low-value assets are recognised on a straight line basis as an expense in profit or loss.

ii. Accounting by Lessee – Accounting Policies Applied Until 31 December 2018

Finance Lease

Leases in terms of which the Group and the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

Operating Lease

Leases where the Group and the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged out to profit or loss in the reporting period in which they are incurred.

e. Investment Property

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

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. Freehold land is not depreciated as it has indefinite life. The principal annual rate of depreciation for other investment properties are as follows : -

	Rate (%)
Buildings	2
Leasehold land	2

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, annually.

f. Cash and Cash Equivalents

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

g. Impairment of Assets

i. Financial Assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets and financial guarantees measured at amortised cost or fair value through comprehensive income, except for investments in equity instruments, and interest in subsidiaries and associates.

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

Loss allowances for trade receivable are always measured at an amount equal to lifetime expected credit loss.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12 months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

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

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

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

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

ii. Other Assets

The carrying amounts of other assets (except for contract assets, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

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

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

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

h. Foreign Currencies Transactions and Balances

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are retranslated into the functional currency using the exchange rates at the reporting date (i.e. the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction (i.e. historical rate). Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except for loans and advances that form part of the net investment in a foreign operation and transactions entered into in order to hedge foreign currency risks of net investments in foreign operations).

For loans and advances that form part of the net investment in a foreign operations, exchange differences are recognised in profit or loss in the separate financial statements of the parent Company and/or the individual financial statements of the foreign operation. In the consolidated financial statements that include the foreign operation, the gain or loss recognised in profit or loss in the separate and/or individual financial statements is reversed and recognised in the consolidated other comprehensive income and accumulated in an exchange translation reserve.

i. Equity Instruments

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

A. Issue Expenses

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

B. Ordinary Shares

Ordinary shares are classified as equity.

j. Employee Benefits

A. Short-Term Employee Benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation can be estimated reliably.

B. State Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the profit or loss as incurred.

k. Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

l. Revenue and Other Income

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

A. Construction Contracts

Revenue from contract works is recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to-date against total estimated costs where the outcome of the project can be estimated reliably.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

B. Services Rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

C. Interest Income

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

D. Rental Income

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

m. Borrowing Costs

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

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

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

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

n. Income tax

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

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

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

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

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

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

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

o. Operating Segments

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

p. Contingencies

A. Contingent Liabilities

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

B. Contingent Assets

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

q. Fair Value Measurements

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

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

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

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

Level 3 : unobservable inputs for the asset or liability.

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

4. Property, Plant and Equipment

Group	Balance as at 1.1.2019 (As previously stated) RM	Reclassification upon initial adoption of MFRS 16 RM	Balance as at 1.1.2019 (As restated) RM	Additions / Charge for the financial year RM	Reclassification RM	Balance as at 31.12.2019 RM
At costs						
Freehold land	260,000	-	260,000	-	-	260,000
Leasehold land	760,000	(760,000)	-	-	-	-
Buildings	4,215,913	-	4,215,913	-	-	4,215,913
Furniture, fittings and equipment	1,088,895	-	1,088,895	108,761	-	1,197,656
Electrical equipment	-	-	-	652,435	-	652,435
Motor vehicles	3,242,262	(2,531,707)	710,555	-	819,660	1,530,215
Renovation	717,722	-	717,722	-	-	717,722
Right-of-use assets						
Land	-	760,000	760,000	-	-	760,000
Motor vehicles	-	2,531,707	2,531,707	743,403	(819,660)	2,455,450
Total	10,284,792	-	10,284,792	1,504,599	-	11,789,391
Accumulated depreciation						
Freehold land	-	-	-	-	-	-
Leasehold land	54,700	(54,700)	-	-	-	-
Buildings	268,053	-	268,053	89,518	-	357,571
Furniture, fittings and equipment	456,880	-	456,880	153,174	-	610,054
Electrical equipment	-	-	-	10,107	-	10,107
Motor vehicles	1,770,323	(1,503,980)	266,343	129,572	814,910	1,210,825
Renovation	505,870		505,870	116,610	-	622,480
Right-of-use assets						
Land	-	54,700	54,700	15,200	-	69,900
Motor vehicles	-	1,503,980	1,503,980	418,430	(814,910)	1,107,500
Total	3,055,826	-	3,055,826	932,611	-	3,988,437

Group	Balance as at 1.1.2018 RM	Additions / Charge for the financial year RM	Disposal RM	Reclassification RM	Transfer to investment properties (Note 5) RM	Balance as at 31.12.2018 RM
At costs						
Freehold land	697,870	-	-	-	(437,870)	260,000
Leasehold land	760,000	-	-	-	-	760,000
Buildings	6,403,385	-	-	(435,992)	(1,751,480)	4,215,913
Furniture, fittings and equipment	730,927	357,968	-	-	-	1,088,895
Motor vehicles	2,571,488	767,226	(96,452)	-	-	3,242,262
Renovation	281,730	-	-	435,992	-	717,722
Total	11,445,400	1,125,194	(96,452)	-	(2,189,350)	10,284,792
Accumulated depreciation						
Freehold land	-	-	-	-	-	-
Leasehold land	39,500	15,200	-	-	-	54,700
Buildings	291,460	89,518	-	(52,823)	(60,102)	268,053
Furniture, fittings and equipment	335,844	121,036	-	-	-	456,880
Motor vehicles	1,298,063	568,712	(96,452)	-	-	1,770,323
Renovation	111,965	341,082	-	52,823	-	505,870
Total	2,076,832	1,135,548	(96,452)	-	(60,102)	3,055,826

Group	*Carrying Amount* Balance as at 31.12.2019 RM	Balance as at 31.12.2018 RM
Freehold land	**260,000**	260,000
Leasehold land	**-**	705,300
Buildings	**3,858,342**	3,947,860
Furniture, fittings and equipment	**587,602**	632,015
Electrical equipment	**642,328**	-
Motor vehicles	**319,390**	1,471,939
Renovation	**95,242**	211,852
Right-of-use assets		
Land	**690,100**	-
Motor vehicles	**1,347,950**	-
Total	**7,800,954**	7,228,966

Company	Balance as at 1.1.2019 (As previously stated) RM	Reclassification upon initial adoption of MFRS 16 RM	Balance as at 1.1.2019 (As restated) RM	Additions / Charge for the financial year RM	Reclassification RM	Balance as at 31.12.2019 RM
At costs						
Freehold land	260,000	-	260,000	-	-	260,000
Leasehold land	760,000	(760,000)	-	-	-	-
Buildings	4,215,913	-	4,215,913	-	-	4,215,913
Furniture, fittings and equipment	1,084,845	-	1,084,845	105,830	-	1,190,675
Motor vehicles	3,242,262	(2,531,707)	710,555	-	819,660	1,530,215
Renovation	717,722	-	717,722	-	-	717,722
Right-of-use assets						
Land	-	760,000	760,000	-	-	760,000
Motor vehicles	-	2,531,707	2,531,707	545,403	(819,660)	2,257,450
Total	10,280,742	-	10,280,742	651,233	-	10,931,975
Accumulated depreciation						
Freehold land	-	-	-	-	-	-
Leasehold land	54,700	(54,700)	-	-	-	-
Buildings	268,053	-	268,053	89,518	-	357,571
Furniture, fittings and equipment	456,542	-	456,542	151,906	-	608,448
Motor vehicles	1,770,323	(1,503,980)	266,343	129,572	814,910	1,210,825
Renovation	505,870		505,870	116,610	-	622,480
Right-of-use assets						
Land	-	54,700	54,700	15,200	-	69,900
Motor vehicles	-	1,503,980	1,503,980	415,130	(814,910)	1,104,200
Total	3,055,488	-	3,055,488	917,936	-	3,973,424

Company	Balance as at 1.1.2018 RM	Additions / Charge for the financial year RM	Disposal RM	Reclassification RM	Transfer to investment properties (Note 5) RM	Balance as at 31.12.2018 RM
At costs						
Freehold land	697,870	-	-	-	(437,870)	260,000
Leasehold land	760,000	-	-	-	-	760,000
Buildings	6,403,385	-	-	(435,992)	(1,751,480)	4,215,913
Furniture, fittings and equipment	730,927	353,918	-	-	-	1,084,845
Motor vehicles	2,571,488	767,226	(96,452)	-	-	3,242,262
Renovation	281,730	-	-	435,992	-	717,722
Total	11,445,400	1,121,144	(96,452)	-	(2,189,350)	10,280,742
Accumulated depreciation						
Freehold land	-	-	-	-	-	-
Leasehold land	39,500	15,200	-	-	-	54,700
Buildings	291,460	89,518	-	(52,823)	(60,102)	268,053
Furniture, fittings and equipment	335,844	120,698	-	-	-	456,542
Motor vehicles	1,298,063	568,712	(96,452)	-	-	1,770,323
Renovation	111,965	341,082	-	52,823	-	505,870
Total	2,076,832	1,135,210	(96,452)	-	(60,102)	3,055,488

Company	Carrying Amount Balance as at 31.12.2019 RM	Balance as at 31.12.2018 RM
Freehold land	**260,000**	260,000
Leasehold land	**-**	705,300
Buildings	**3,858,342**	4,975,587
Furniture, fittings and equipment	**582,227**	628,303
Motor vehicles	**319,390**	444,212
Renovation	**95,242**	211,852
Right-of-use assets		
Land	**690,100**	-
Motor vehicles	**1,153,250**	-
Total	**6,958,551**	7,225,254

i. The title of the freehold land is in the process of being registered in the name of the Company.

ii. The freehold land, leasehold land and buildings at carrying amount of RM260,000 (2018 – RM260,000), RM690,100 (2018 – RM705,300) and RM3,858,342 (2018 – RM3,947,860) respectively have been pledged to licensed banks as securities for credit facilities granted to the Group and the Company.

iii. The gross carrying amounts of fully depreciated property, plant and equipment of the Group and of the Company are as follows : -

	Group and Company 2019 RM	 2018 RM
Furniture, fittings and equipment	**218,039**	218,039
Motor vehicles	**781,588**	685,136
Renovation	**99,780**	99,835
	1,099,407	1,003,010

iv. The right-of-use assets refer to leasehold land leased from third parties and motor vehicles under lease liabilities.

5. Investment Properties

Group and Company	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
2019				
At costs				
Balance as at 1 January 2019	**594,277**	**-**	**2,377,107**	**2,971,384**
Additions	**-**	**3,473,910**	**343,177**	**3,817,087**
Balance as at 31 December 2019	**594,277**	**3,473,910**	**2,720,284**	**6,788,471**
Accumulated depreciation				
Balance as at 1 January 2019	**-**	**-**	**115,619**	**115,619**
Charge for the financial year	**-**	**5,790**	**60,000**	**65,790**
Balance as at 31 December 2019	**-**	**5,790**	**175,619**	**181,409**
Carrying amount				
As at 31 December 2019	**594,277**	**3,468,120**	**2,544,665**	**6,607,062**
2018				
At costs				
Balance as at 1 January 2018	-	-	-	-
Additions	156,407	-	625,627	782,034
Transfer from property, plant and equipment	437,870	-	1,751,480	2,189,350
Balance as at 31 December 2018	594,277	-	2,377,107	2,971,384
Accumulated depreciation				
Balance as at 1 January 2018	-	-	-	-
Charge for the financial year	-	-	55,517	55,517
Transfer from property, plant and equipment	-	-	60,102	60,102
Balance as at 31 December 2018	-	-	115,619	115,619
Carrying amount				
As at 31 December 2018	594,277	-	2,261,488	2,855,765

Investment properties of the Group and the Company comprise commercial and residential properties that are intended to be leased to third parties. No contingent rents are charged. During the previous financial year, two properties has been transferred from property, plant and equipment (see note 4) to investment property, since the building was no longer used by the Group and the Company and would be leased to third party.

The freehold land and building at carrying amount of RM300,120 (2018 – RM300,120) and RM1,135,454 (2018 – RM1,165,466) respectively have been pledged to licensed bank as securities for credit facilities granted to the Group and the Company.

The total fair value of investment properties of the Group and of the Company as at financial year end was RM7,451,797 (2018 – RM3,634,710). The fair value in total was arrived from Directors' estimation by reference to the actual transactions transacted for properties around the same vicinity.

Rental income of RM19,200 (2018 – RM8,000) is recognised in profit or loss in respect of the investment properties.

Fair value information

The fair value of investment properties of the Group and Company is categorised as follows : -

Group and Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Investment properties	-	-	**7,451,797**	**7,451,797**
2018				
Investment properties	-	-	3,634,710	3,634,710

6. Investment In Subsidiary Companies

The details of the subsidiary companies are as follow : -

	Company 2019 RM	*Company* 2018 RM
Unquoted shares, at costs : -		
Within Malaysia	**101,410**	511
Outside Malaysia	**541**	541
	101,951	1,052

Name of subsidiary companies	Place of incorporation	Principal activity	Effective Ownership interest 2019 %	Effective Ownership interest 2018 %
KAB Construction Sdn. Bhd. #	Malaysia	Dormant since incorporation. Intended principal activities are general construction and property development	**51**	51
KAB Technologies Sdn. Bhd. #	Malaysia	Design, installation and commissioning of energy monitoring and saving software	**100**	100
KAB M&E Engineering Sdn. Bhd.#	Malaysia	Dormant since incorporation. Intended principal activities are provision of electrical and mechanical engineering services	**100**	100
KAB (HK) Investment Co., Ltd.*#	Hong Kong	Dormant since incorporation. Intended principal activity is Investment holding of shares	**100**	100
KAB Energy Power Sdn. Bhd. #	Malaysia	Dormant since incorporation. Intended principal activities are design, supply and installation of power generation systems with natural resources or with the recovery or utilisation of heat	**90**	-
Subsidiary companies of KAB Technologies Sdn. Bhd.				
KABT Unified Engineering Solutions Sdn. Bhd. #	Malaysia	Dormant since incorporation. Intended principal activities are provision of energy control service and solution using proprietary building management automation system	**80**	-
Econergy Plus Sdn. Bhd.#	Malaysia	Dormant since incorporation. Intended principal activities are provision of energy solution and service using own proprietary internet of things-based hardware and software	**80**	-

The auditors' report of the subsidiary companies contains an emphasis of material uncertainty related to going concern.

* Audited by a firm other than Kreston John & Gan.

The Group's subsidiary companies that have material non-controlling interest ("NCI") are as follows:

	KAB Construction Sdn. Bhd.	KAB Energy Power Sdn. Bhd.	KAB Unified Engineering Malaysia Solutions Sdn. Bhd.	Econergy Plus Sdn. Bhd.	Total
2019					
NCI percentage of ownership interest and voting interest (%)	**51**	**90**	**80**	**80**	
Carrying amount of NCI (RM)	**(9,946)**	**(2,420)**	**(2,500)**	**(21,454)**	**(36,320)**
Loss allocated to NCI (RM)	**(4,466)**	**(2,520)**	**(2,700)**	**(21,654)**	**(31,340)**
2018					
NCI percentage of ownership interest and voting interest (%)	51	-	-	-	
Carrying amount of NCI (RM)	(5,480)	-	-	-	(5,480)
Loss allocated to NCI (RM)	(5,970)	-	-	-	(5,970)

Summarised financial information before intra-group elimination : -

	KAB Construction Sdn. Bhd.	KAB Energy Power Sdn. Bhd.	KAB Unified Engineering Malaysia Solutions Sdn. Bhd.	Econergy Plus Sdn. Bhd.
2019				
Current assets	**1,325**	**1,000**	**1,000**	**101,990**
Current liabilities	**(21,623)**	**(2,800)**	**(3,376)**	**(128,057)**
Net liabilities	**(20,298)**	**(1,800)**	**(2,376)**	**(26,067)**
Revenue	**-**	**-**	**-**	**-**
Total comprehensive loss for the financial year	**(9,114)**	**(2,800)**	**(3,376)**	**(27,067)**
Cash flow used in operating activities	**50**	**-**	**-**	**-**
Net increase in cash and cash equivalents	**50**	**-**	**-**	**-**
Dividends paid to NCI	**-**	**-**	**-**	**-**
2018				
Current assets	1,375	-	-	-
Current liabilities	(12,559)	-	-	-
Net liabilities	(11,184)	-	-	-
Revenue	-	-	-	-
Total comprehensive loss for the financial year	(12,184)	-	-	-
Cash flow used in operating activities	375	-	-	-
Net increase in cash and cash equivalents	375	-	-	-
Dividends paid to NCI	-	**-**	**-**	**-**

7. Deferred Tax Assets / (Liabilities)

The analysis of deferred tax assets and deferred tax liabilities is as follows : -

	Group and Company	
	2019 RM	**2018 RM**
Deferred tax assets	**119,026**	-
Deferred tax liabilities	**-**	(77,795)

The movement on the net deferred tax assets / (liabilities) is as follows : -

	Group and Company	
	2019 RM	**2018 RM**
Balance as at 1 January	**(77,795)**	(77,795)
Transferred from profit or loss (Note 31)	**196,821**	-
Balance as at 31 December	**119,026**	(77,795)

The components and movements of deferred tax assets and liabilities during the financial year the following show after offsetting are as follows : -

	Group and Company	
	2019 RM	**2018 RM**
Deferred tax assets		
Fair value gain on receivables	**238,560**	-
Offsetting	**(119,534)**	-
	119,026	-
Deferred tax liabilities		
Property, plant and equipment	**(35,774)**	(77,795)
Fair value gain on payables	**(83,760)**	-
	(119,534)	(77,795)
Offsetting	**119,534**	-
	-	(77,795)

8. Trade Receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-Current Assets				
Third parties	**7,868,898**	7,403,660	**7,868,898**	7,403,660
Current Assets				
Due from subsidiary company	**-**	-	**80,000**	-
Third parties	**40,445,504**	33,403,769	**40,400,259**	33,403,769
	40,445,504	33,403,769	**40,480,259**	33,403,769

The normal credit terms of trade receivables range from 30 to 90 days (2018 – 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables as at financial year end are retentions sum of RM19,447,263 (2018 – RM15,112,047) relating to construction contracts. Retentions sum are unsecured, interest-free and are expected to be collected as follows : -

	Group and Company	
	2019 RM	2018 RM
Within 1 year	**11,994,451**	7,708,387
More than 1 year and less than 2 years	**6,409,792**	3,642,742
More than 2 years and less than 5 years	**1,043,020**	3,760,918
	19,447,263	15,112,047

Analysis of retentions sum on deferred payment terms with discount rate of 8.0% (2018 – 6.2%) per annum, being the weighted average cost of capital of the Company as at financial year end, are as follows : -

	Group and Company	
	2019 RM	2018 RM
Nominal value	**20,441,263**	15,837,047
Discount	**(994,000)**	(725,000)
	19,447,263	15,112,047

9. Contract Assets / (Liabilities)

	Group and Company	
	2019 RM	**2018 RM**
Contract assets	**35,020,728**	27,349,530
Contract liabilities	**(7,296,886)**	(7,057,984)
Represented by : -		
Contract assets		
Aggregate cost recognised to date	**276,502,029**	192,358,298
Add: Attributable profits	**82,927,378**	51,373,922
	359,429,407	243,732,220
Less: Progress billings	**(324,408,679)**	(216,382,690)
	35,020,728	27,349,530
Contract liabilities		
Aggregate cost recognised to date	**113,282,641**	110,331,387
Add: Attributable profits	**29,186,228**	33,680,544
	142,468,869	144,011,931
Less: Progress billings	**(149,765,755)**	(151,069,915)
	(7,296,886)	(7,057,984)

Included in progress billings are retentions sum of RM19,447,263 (2018 – RM15,112,047).

10. Other Receivables, Deposits and Prepayments

	Group		*Company*	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Other receivables	**2,454,067**	2,710,565	**2,350,967**	2,710,565
Deposits	**2,246,901**	784,625	**2,246,901**	784,625
Prepayments	**1,661**	5,585	**1,661**	5,585
	4,702,629	3,500,775	**4,599,529**	3,500,775

11. Amount Due From Subsidiary Companies

The amount due from subsidiary companies are unsecured, interest free and repayable on demand on cash and cash equivalents.

12. Deposits With Licensed Banks

Included in deposits with licensed banks of the Group and of the Company are amounts of RM13,088,059 (2018: RM9,194,209) and RM13,088,059 (2018: RM9,194,209) which have been pledged to licensed banks as security for bank credit facilities granted to the Group and the Company.

The effective interest rate of fixed deposits with licensed banks during the financial year are range from 2.55% to 3.25% (2018 – 2.80% to 3.25%%) per annum.

13. Share Capital

	Group and Company			
	2019	**2018**	**2019**	**2018**
	Number of Shares		**RM**	**RM**
Issued and fully paid				
Ordinary shares with no par value : -				
Balance as at 1 January	**320,000,000**	320,000,000	**32,000,000**	32,000,000
Issuance of shares	**50,230,000**	-	**16,299,419**	-
Balance as at 31 December	**370,230,000**	320,000,000	**48,299,419**	32,000,000

During the financial year, the issued and paid up share capital of the Company was increased from 320,000,000 ordinary shares to 370,230,000 ordinary shares by way of an issue of : -

i. 34,000,000 new ordinary shares for cash pursuant to the special issuance shares based on an exercise price of RM0.20 per ordinary shares; and

ii. 16,230,000 new ordinary shares for cash pursuant to the private placement at fair value of RM0.5853 per ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

14. Treasury Shares

At the end of the reporting period, 1,126,900 (2018: Nil) issued and fully paid ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

15. Retained Profits

Under the single tier income tax system, the Company is not required to have tax credit under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholder.

16. Non-Controlling Interest

	Group	
	2019 RM	**2018 RM**
Balance as at 1 January	**(5,480)**	-
Share of non-controlling interest for subsidiary company incorporated during the financial year	**500**	490
Transferred from profit or loss	**(31,340)**	(5,970)
Balance as at 31 December	**(36,320)**	(5,480)

17. Borrowings

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Non-current liabilities				
Secured				
Term loans	**5,767,067**	4,750,787	**5,767,067**	4,750,787
Finance lease liabilities	**-**	532,042	**-**	532,042
Lease liabilities	**779,267**	-	**624,993**	-
	6,546,334	5,282,829	**6,392,060**	5,282,829
Current liabilities				
Secured				
Trade finance	**5,371,796**	2,678,547	**5,371,796**	2,678,547
Bank overdrafts	**-**	1,129,837	**-**	1,129,837
Term loans	**348,846**	343,641	**348,846**	343,641
Finance lease liabilities	**-**	375,992	**-**	375,992
Lease liabilities	**328,931**	-	**305,205**	-
	6,049,573	4,528,017	**6,025,847**	4,528,017
Total borrowings				
Secured				
Trade finance (Note 18)	**5,371,796**	2,678,547	**5,371,796**	2,678,547
Bank overdraft (Note 19)	**-**	1,129,837	**-**	1,129,837
Term loans (Note 20)	**6,115,913**	5,094,428	**6,115,913**	5,094,428
Finance lease liabilities (Note 21)	**-**	908,034	**-**	908,034
Lease liabilities (Note 22)	**1,108,198**	-	**930,198**	-
	12,595,907	9,810,846	**12,417,907**	9,810,846

The effective interest / expense rates for the Group and the Company is as follows : -

	Group and Company	
	2019	**2018**
	%	**%**
Trade finance	**3.39 - 6.37**	6.05 - 6.54
Bank overdrafts	**7.45 - 9.95**	6.34 - 7.99
Term loans	**6.65 - 7.00**	5.06 - 7.25
Finance lease liabilities	**-**	2.29 - 3.20
Lease liabilities	**2.29 - 2.60**	-

18. Trade Finance

Group and Company

Secured

The trade finance are secured by the following : -

i. first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 to the financial statements; and

ii. a lien over fixed deposits of the Company.

19. Bank Overdraft

Group and Company

Secured

The bank overdraft are secured by the following : -

i. first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 to the financial statements; and

ii. a lien over fixed deposits of the Company.

20. Term Loans

	Group and Company	
	2019	**2018**
	RM	**RM**
Secured		
Term loan 1	**2,500,000**	2,700,000
Term loan 2	**833,320**	899,992
Term loan 3	**1,414,861**	1,494,436
Term loan 4	**1,241,732**	-
Term loan 5	**126,000**	-
	6,115,913	5,094,428
Repayable as follows : -		
Non-current liabilities		
Later than one year and not later than two years		
Term loan 1	**400,000**	400,000
Term loan 2	**133,344**	133,344
Term loan 3	**170,322**	165,966
Term loan 4	**-**	-
Term loan 5	**-**	-
	703,666	699,310
Later than two years and not later than five years		
Term loan 1	**600,000**	600,000
Term loan 2	**200,016**	200,016
Term loan 3	**296,422**	279,644
Term loan 4	**-**	-
Term loan 5	**-**	-
	1,096,438	1,079,660
Later than five years		
Term loan 1	**1,300,000**	1,500,000
Term loan 2	**433,288**	499,960
Term loan 3	**865,943**	971,857
Term loan 4	**1,241,732**	-
Term loan 5	**126,000**	-
	3,966,963	2,971,817
Current liabilities		
Term loan 1	**200,000**	200,000
Term loan 2	**66,672**	66,672
Term loan 3	**82,174**	76,969
Term loan 4	**-**	-
Term loan 5	**-**	-
	348,846	343,641
	6,115,913	5,094,428

Secured

Term loan 1

The term loan 1 is secured by the following : -

i. first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 to the financial statements; and

ii. a lien over fixed deposits of the Company.

The term loan 1 is repayable by 180 monthly instalments of RM16,668.

Term loan 2

The term loan 2 is secured by the following : -

i. first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 to the financial statements; and

ii. a lien over fixed deposits of the Company.

The term loan 2 is repayable by 180 monthly instalments of RM5,556.

Term loan 3

The term loan 3 is secured by the following : -

i. first party legal charge over freehold lands and buildings of the Company as disclosed in Note 5 to the financial statements; and

ii. jointly and severally guaranteed by certain directors of the Company.

The term loan 3 is repayable by 180 monthly instalments of RM12,150.

Term loan 4

The term loan 4 is secured by first party legal charge over a unit of retail shop lot under construction of the Company

The term loan 4 is repayable by 180 monthly instalments of RM10,477 upon full drawdown.

Term loan 5

The term loan 5 is secured by Facilities agreement for the sum of RM504,000

The term loan 5 is repayable by 180 monthly instalments of RM3,920 upon full drawdown.

21. Finance Lease Liabilities

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Minimum lease payments : -				
not later than one year	-	408,613	-	408,613
later than one year and not later than two years	-	407,990	-	407,990
later than two years and not later than five years	-	157,786	-	157,786
later than five years	-	-	-	-
	-	974,389	-	974,389
Less: Future interest charge	-	(66,355)	-	(66,355)
Present value of finance lease liabilities	-	908,034	-	908,034
Repayble as follows : -				
Non-current liabilities				
later than one year and not later than two years	-	378,759	-	378,759
later than two years and not later than five years	-	153,283	-	153,283
later than five years	-	-	-	-
	-	532,042	-	532,042
Current liabilities				
not later than one year	-	375,992	-	375,992
	-	908,034	-	908,034

The Group and the Company obtain finance lease facilities to finance their purchase of motor vehicles. The remaining finance lease terms are in the range from 1 to 7 years as at 31 December 2019. Implicit interest rate of the finance lease is fixed at the inception of the finance lease arrangements, and the finance lease instalments are fixed throughout the finance lease period. There are no significant restriction clauses imposed on the finance lease arrangements.

22. Lease Liabilities

	Group		*Company*	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Minimum lease payments : -				
not later than one year	**374,151**	-	**342,002**	-
later than one year and not later than two years	**517,635**	-	**487,959**	-
later than two years and not later than five years	**268,308**	-	**179,280**	-
later than five years	**56,802**	-	**-**	-
	1,216,896	-	**1,009,241**	-
Less: Future interest charge	**(108,698)**	-	**(79,043)**	-
Present value of lease liabilities	**1,108,198**	-	**930,198**	-
Repayble as follows : -				
Non-current liabilities				
later than one year and not later than two years	**473,997**	-	**450,850**	-
later than two years and not later than five years	**250,761**	-	**174,143**	-
later than five years	**54,509**	-	**-**	-
	779,267	-	**624,993**	-
Current liabilities				
not later than one year	**328,931**	-	**305,205**	-
	1,108,198	-	**930,198**	-

The Group and the Company obtain lease facilities to finance their purchase of motor vehicles. The remaining lease terms are in the range from 1 to 7 years as at 31 December 2019. Implicit interest rate of the lease is fixed at the inception of the lease arrangements, and the lease instalments are fixed throughout the lease period. There are no significant restriction clauses imposed on the lease arrangements.

23. Trade Payables

	Group		*Company*	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Non-Current Assets				
Third parties	**2,774,043**	2,465,690	**2,774,043**	2,465,690
Current Assets				
Third parties	**41,428,317**	30,830,648	**41,114,362**	30,830,648

The normal credit terms of trade payables range from 30 to 120 days (2018 – 30 to 120 days). However, the credit terms may vary dependent on negotiation with the suppliers.

Included in trade payables as at financial year end are retentions sum of RM8,536,492 (2018 – RM6,734,037) relating to construction contracts. Retentions sum are unsecured, interest-free and are expected to be paid as follows : -

	Group and Company	
	2019 RM	**2018 RM**
Within 1 year	**5,762,449**	4,268,347
More than 1 year and less than 2 years	**2,296,203**	1,391,112
More than 2 years and less than 5 years	**477,840**	1,074,578
	8,536,492	6,734,037

Analysis of retentions sum on deferred payment terms with discount rate of 8.0% (2018: 6.2%) per annum, being the weighted average cost of capital of the Company as at financial year end, are as follows : -

	Group and Company	
	2019 RM	**2018 RM**
Nominal value	**8,885,492**	6,959,037
Discount	**(349,000)**	(225,000)
	8,536,492	6,734,037

24. Other Payables and Accruals

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	**157,577**	1,479,220	**144,218**	1,476,964
Accruals	**1,143,764**	989,370	**1,111,458**	964,644
	1,301,341	2,468,590	**1,255,676**	2,441,608

25. Revenue

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contract customers	**147,428,143**	126,599,675	**147,417,123**	126,599,675
Revenue from sale of goods	**12,190,733**	12,496,292	**12,018,951**	12,496,292
	159,618,876	139,095,967	**159,436,074**	139,095,967
Timing of revenue : -				
at a point in time	**12,190,733**	12,496,292	**12,018,951**	12,496,292
over time	**147,428,143**	126,599,675	**147,417,123**	126,599,675
	159,618,876	139,095,967	**159,436,074**	139,095,967

26. Other Income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fair value discount on payables	**124,000**	225,000	**124,000**	225,000
Gain on disposal of property, plant and equipment	**-**	35,000	**-**	35,000
Interest income	**135,597**	410,705	**135,016**	410,705
Rental income	**19,200**	8,000	**19,200**	8,000
Sundry income	**101,508**	97,650	**100,658**	97,650
	380,305	776,355	**378,874**	776,355

27. Finance Costs

	Group and Company	
	2019 RM	**2018 RM**
Bank factoring interest	**123,850**	58,315
Bank overdraft interest	**256,057**	168,435
Fair value discount on receivables	**269,000**	725,000
Finance lease interest	**-**	91,018
Term loan interest	**303,262**	334,575
Trade finance interest	**209,751**	103,327
Lease interest	**43,992**	-
	1,205,912	1,480,670

28. Profit Before Taxation

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
This is arrived at after charging : -				
Auditors' remuneration				
current financial year				
Kreston John & Gan				
statutory audit	**99,000**	91,500	**90,000**	88,000
other services	**23,000**	22,000	**23,000**	22,000
other auditor	**7,886**	4,239	**-**	-
overprovision in prior fianancial year				
other auditor	**-**	(6,000)	**-**	(6,000)
Depreciation				
property, plant and equipment	**932,611**	1,135,548	**917,936**	1,135,210
investment properties	**65,790**	55,517	**65,790**	55,517
Employee benefits expense (Note 29)	**13,328,480**	10,208,058	**13,083,057**	10,171,737
Finance costs (Note 27)	**1,205,912**	1,480,670	**1,205,912**	1,480,670
Hire of machinery	**-**	29,209	**-**	29,209
Rental of premises	**139,010**	95,083	**139,010**	95,083
and crediting : -				
Fair value discount on payables	**124,000**	225,000	**124,000**	225,000
Gain on disposal of property, plant and equipment	**-**	35,000	**-**	35,000
Interest income	**135,597**	410,705	**135,016**	410,705
Rental income	**19,200**	8,000	**19,200**	8,000

29. Employee Benefits Expense

	Group		*Company*	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Salaries, bonus, wages and allowances	**11,864,742**	9,090,541	**11,643,640**	9,058,323
Employees Provident fund	**1,344,864**	1,026,165	**1,322,884**	1,022,489
Employment Insurance System	**12,201**	9,150	**11,796**	9,106
Social security cost	**106,673**	82,202	**104,737**	81,819
	13,328,480	10,208,058	**13,083,057**	10,171,737

Included in employee benefits expense of the Group and of the Company are executive directors' emoluments excluding benefits-in-kind, amounting to RM3,387,673 and RM3,350,732 (2018 – RM2,289,312 and RM2,289,312) as disclosed in Note 30 to the financial statements.

30. Directors' Emoluments

	Group		*Company*	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Directors of the Company				
Executive directors				
Emoluments	**3,054,660**	2,072,944	**3,021,679**	2,072,944
Employee provident fund	**333,013**	216,368	**329,053**	216,368
	3,387,673	2,289,312	**3,350,732**	2,289,312
Non-executive directors				
Fee	**279,000**	180,000	**279,000**	180,000
	3,666,673	2,469,312	**3,629,732**	2,469,312

Included in directors' emoluments of the Group are executive directors' emoluments, excluding benefits-in-kind, of the subsidiary's companies amounting to RM36,941 (2018: Nil).

31. Income Tax Expense

	Group and Company	
	2019 RM	**2018 RM**
Malaysian income tax		
- current year	**4,284,674**	3,630,000
- underprovision in prior year	**14,447**	227,912
	4,299,121	3,857,912
Deferred taxation (Note 7)		
- current year	**(196,821)**	-
	4,102,300	3,857,912

Income tax is calculated at the Malaysian statutory tax rates of 24% (2018 – 24%) of the estimated assessable profit for the financial year.

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follows : -

	Group		Company	
	2019 %	**2018 %**	**2019 %**	**2018 %**
Applicable tax rate	**24**	24	**24**	24
Non-allowable expenses	**5**	5	**4**	5
Utilisation of previous year deferred tax assets not recognised	**(1)**	-	**(1)**	-
Underprovision of taxation in previous financial year	**-**	2	**-**	2
Effective tax rate	**28**	31	**27**	31

32. Earnings Per Share

Basic : -

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the financial year as follows : -

	Group	
	2019	**2018**
Profit for the financial year attributable to ordinary owners of the Company (RM)	**10,436,914**	8,562,715
Weighted average number of ordinary shares in issue (Unit)	**341,732,904**	320,000,000
Basic earnings per share (sen)	**3.05**	2.68

Diluted : -

Diluted earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by weighted average number of ordinary shares in issue during the financial year after adjustments for dilutive effects of all potential ordinary shares as follows : -

	Group	
	2019	**2018**
Profit for the financial year attributable to ordinary owners of the Company (RM)	**10,436,914**	8,562,715
Weighted average number of ordinary shares in issue (Unit)	**341,732,904**	320,000,000
Adjusted for assumed exercise of private placements (Unit)	**54,344,600**	-
	396,077,504	320,000,000
Diluted earnings per share (sen)	**2.64**	2.68

In previous financial year, the Group did not issue any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

33. Dividends Paid

The interim dividends paid in respect of financial year ended 31 December are as follows :

	Group and Company	
	2019 RM	**2018 RM**
1st interim single-tier dividend of RM0.005 (2018: RM0.005) per shares paid on 4 April 2019 / 6 April 2018	**1,600,000**	1,600,000
2nd interim single-tier dividend of RM0.005 (2018: RM0.005) per shares paid on 7 October 2019 / 11 October 2018	**1,764,365**	1,600,000
	3,364,365	3,200,000

The directors do not recommend any final dividend for the financial year ended 31 December 2019.

34. Purchase of Property, Plant and Equipment

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment : -

	Group		*Company*	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Purchase of property, plant and equipment (Note 4)	**1,504,599**	1,125,194	**651,233**	1,121,144
Financed by finance lease agreement	**-**	(220,000)	**-**	(220,000)
Acquire under lease agreements	**(614,000)**	-	**(436,000)**	-
	890,599	905,194	**215,233**	901,144

35. Purchase of Investment Properties

	Group and Company	
	2019	**2018**
	RM	**RM**
Purchase of investment properties (Note 5)	**3,817,087**	782,034
Contra from trade receivables	**(3,473,910)**	(782,034)
	343,177	-

36. Changes In Liabilities Arising From Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes as follows : -

	At 1 January RM	Net change from financing cash flows RM	Acquisition of new lease / financing RM	Reclassification RM	At 31 December RM
Group					
2019					
Trade finance	**2,678,547**	**2,693,249**	**-**	**-**	**5,371,796**
Term loans	**5,094,428**	**1,021,485**	**-**	**-**	**6,115,913**
Finance lease liabilities	**908,034**	**-**	**-**	**(908,034)**	**-**
Lease liabilities	**-**	**(413,836)**	**614,000**	**908,034**	**1,108,198**
	8,681,009	**3,300,898**	**614,000**	**-**	**12,595,907**
2018					
Bank factoring	2,513,237	(2,513,237)	-	-	-
Trade finance	2,051,190	627,357	-	-	2,678,547
Term loans	6,949,752	(1,855,324)	-	-	5,094,428
Finance lease liabilities	1,063,725	(375,691)	220,000	-	908,034
	12,577,904	(4,116,895)	220,000	-	8,681,009
Company					
2019					
Trade finance	**2,678,547**	**2,693,249**	**-**	**-**	**5,371,796**
Term loans	**5,094,428**	**1,021,485**	**-**	**-**	**6,115,913**
Finance lease liabilities	**908,034**	**-**	**-**	**(908,034)**	**-**
Lease liabilities	**-**	**(413,836)**	**436,000**	**908,034**	**930,198**
	8,681,009	**3,300,898**	**436,000**	**-**	**12,417,907**
2018					
Bank factoring	2,513,237	(2,513,237)	-	-	-
Trade finance	2,051,190	627,357	-	-	2,678,547
Term loans	6,949,752	(1,855,324)	-	-	5,094,428
Finance lease liabilities	1,063,725	(375,691)	220,000	-	908,034
	12,577,904	(4,116,895)	220,000	-	8,681,009

37. Cash and Cash Equivalents

	Group		*Company*	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Cash and bank balances	**15,132,476**	10,510,914	**15,059,535**	10,468,343
Bank overdraft (Note 19)	**-**	(1,129,837)	**-**	(1,129,837)
Deposits with licensed banks	**20,088,059**	9,194,209	**20,088,059**	9,194,209
	35,220,535	18,575,286	**35,147,594**	18,532,715
Less: Pledged deposits	**(13,088,059)**	(9,194,209)	**(13,088,059)**	(9,194,209)
	22,132,476	9,381,077	**22,059,535**	9,338,506

38. Segment Information

No segment reporting by industry and geographical segments has been prepared as the Group and the Company operated predominantly in the provision of electrical and mechanical engineering services and their subsidiary companies are newly incorporated during the financial year and remained inactive as at the end of the financial year.

The following is major customer with revenue equal or more than 10% of the Group's or the Company's total revenue : -

	Group and Company	
	2019 RM	**2018 RM**
Customer A	**9,716,016**	29,536,509
Customer B	**1,891,220**	15,737,832
	11,607,236	45,274,341

39. Financial Instruments

a. Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows : -

i. Financial assets measured at amortised cost ("FAAC").

ii. Financial liabilities measured at amortised cost ("FLAC").

Group	Carrying amount RM	FAAC RM	FLAC RM
2019			
Financial assets			
Trade receivables	**48,314,402**	**48,314,402**	**-**
Contract assets	**35,020,728**	**35,020,728**	**-**
Other receivables and deposits	**4,700,968**	**4,700,968**	**-**
Deposit with licensed banks	**20,088,059**	**20,088,059**	**-**
Cash and bank balances	**15,132,476**	**15,132,476**	**-**
	123,256,633	**123,256,633**	**-**
Financial liabilities			
Trade payables	**(44,202,360)**	**-**	**(44,202,360)**
Contract liabilities	**(7,296,886)**	**-**	**(7,296,886)**
Other payables and accruals	**(1,301,341)**	**-**	**(1,301,341)**
Borrowings	**(12,595,907)**	**-**	**(12,595,907)**
	(65,396,494)	**-**	**(65,396,494)**
2018			
Financial assets			
Trade receivables	40,807,429	40,807,429	-
Contract assets	27,349,530	27,349,530	-
Other receivables and deposits	3,495,190	3,495,190	-
Deposit with licensed banks	9,194,209	9,194,209	-
Cash and bank balances	10,510,914	10,510,914	-
	91,357,272	91,357,272	-
Financial liabilities			
Trade payables	(33,296,338)	-	(33,296,338)
Contract liabilities	(7,057,984)	-	(7,057,984)
Other payables and accruals	(2,468,590)	-	(2,468,590)
Borrowings	(9,810,846)	-	(9,810,846)
	(52,633,758)	-	(52,633,758)

Company	Carrying amount RM	FAAC RM	FLAC RM
2019			
Financial assets			
Trade receivables	**48,349,157**	**48,349,157**	**-**
Contract assets	**35,020,728**	**35,020,728**	**-**
Other receivables and deposits	**4,597,868**	**4,597,868**	**-**
Amount due from subsidiary companies	**1,087,508**	**1,087,508**	**-**
Deposit with licensed banks	**20,088,059**	**20,088,059**	**-**
Cash and bank balances	**15,059,535**	**15,059,535**	**-**
	124,202,855	**124,202,855**	**-**
Financial liabilities			
Trade payables	**(43,888,405)**	**-**	**(43,888,405)**
Contract liabilities	**(7,296,886)**	**-**	**(7,296,886)**
Other payables and accruals	**(1,255,676)**	**-**	**(1,255,676)**
Borrowings	**(12,417,907)**	**-**	**(12,417,907)**
	(64,858,874)	**-**	**(64,858,874)**
2018			
Financial assets			
Trade receivables	40,807,429	40,807,429	-
Contract assets	27,349,530	27,349,530	-
Other receivables and deposits	3,495,190	3,495,190	-
Amount due from subsidiary companies	156,335	156,335	-
Deposit with licensed banks	9,194,209	9,194,209	-
Cash and bank balances	10,468,343	10,468,343	-
	91,471,036	91,471,036	-
Financial liabilities			
Trade payables	(33,296,338)	-	(33,296,338)
Contract liabilities	(7,057,984)	-	(7,057,984)
Other payables and accruals	(2,441,608)	-	(2,441,608)
Borrowings	(9,810,846)	-	(9,810,846)
	(52,606,776)	-	(52,606,776)

b. Gains and Losses Arising From Financial Instruments

The table below provides an analysis of financial instruments categorised as follows : -

	Group		*Company*	
	2019 RM	2018 RM	2019 RM	2018 RM
Net gains / (losses) on : -				
Financial assets measured at amortised costs	**(133,984)**	(314,295)	**(133,984)**	(314,295)
Financial liabilities measured at amortised costs	**(812,912)**	(530,670)	**(812,912)**	(530,670)
	(946,896)	(844,965)	**(946,896)**	(844,965)

c. Financial Risk Management

The Group and the Company have exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity and cash flow risk
- Market risk
- Operational risk

i. Credit risk

Credit risk is the risk of a financial loss to the Group or to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and subsidiary companies.

Receivables

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with high credit worthiness. The Group and the Company also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group and Company management reporting procedures.

Exposure to credit risk, credit quality and collateral

As at 31 December 2019, the Group and the Company has significant concentration of credit risk in the form of outstanding balance of approximately RM21,251,251 due from four trade receivables which represents 44% of the total trade receivables of the Group and of the Company. However, the directors are of the opinion that these amount outstanding is fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group and of the Company.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

Expected credit losses ("ECL") assessment for trade receivables

The Group and the Company use an allowance matrix to measure the ECLs of trade receivables from individual customers.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as follows : -

Group	Gross RM	Less: Allowance RM	Net RM
2019			
Not past due	**23,066,717**	-	**23,066,717**
Past due over 90 days	**5,800,422**	-	**5,800,422**
Retention sums	**19,447,263**	-	**19,447,263**
	48,314,402	-	**48,314,402**
2018			
Not past due	18,001,734	-	18,001,734
Past due over 90 days	7,693,648	-	7,693,648
Retention sums	15,112,047	-	15,112,047
	40,807,429	-	40,807,429
Company			
2019			
Not past due	**23,101,472**	-	**23,101,472**
Past due over 90 days	**5,800,422**	-	**5,800,422**
Retention sums	**19,447,263**	-	**19,447,263**
	48,349,157	-	**48,349,157**
2018			
Not past due	18,001,734	-	18,001,734
Past due over 90 days	7,693,648	-	7,693,648
Retention sums	15,112,047	-	15,112,047
	40,807,429	-	40,807,429

Inter-Company Loans and Advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiary companies. The Company monitors the results of the subsidiary companies regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiary companies are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiary companies.

ii. Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet thier financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : -

Group	Carrying amount RM	Contractual interest rate %	Contratual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2019							
Non-derivative financial liabilities							
Retensions (included in trade payables)	**8,536,492**	**8.00**	**8,885,492**	**5,761,927**	**2,535,587**	**587,978**	**-**
Trade payables	**35,665,868**	**-**	**35,665,868**	**35,665,868**	**-**	**-**	**-**
Contract liabilities	**7,296,886**	**-**	**7,296,886**	**7,296,886**	**-**	**-**	**-**
Other payables and accruals	**1,301,341**	**-**	**1,301,341**	**1,301,341**	**-**	**-**	**-**
Trade finance	**5,371,796**	**3.39 - 6.37**	**5,371,796**	**5,371,796**	**-**	**-**	**-**
Term loans	**6,115,913**	**6.65 - 7.00**	**6,115,913**	**348,846**	**703,666**	**1,096,438**	**3,966,963**
Lease liabilities	**1,108,198**	**2.29 - 2.60**	**1,216,896**	**374,151**	**517,635**	**268,308**	**56,802**
	65,396,494		**65,854,192**	**56,120,815**	**3,756,888**	**1,952,724**	**4,023,765**
2018							
Retensions (included in trade payables)	6,734,037	6.20	6,959,037	4,268,347	1,477,361	1,213,329	-
Trade payables	26,562,301	-	26,562,301	26,562,301	-	-	-
Contract liabilities	7,057,984	-	7,057,984	7,057,984	-	-	-
Other payables and accruals	2,468,590	-	2,468,590	2,468,590	-	-	-
Trade finance	2,678,547	6.05 - 6.54	2,678,547	2,678,547	-	-	-
Bank overdraft	1,129,837	6.34 - 7.99	1,129,837	1,129,837	-	-	-
Term loans	5,094,428	5.06 - 7.25	5,094,428	343,641	699,310	1,079,660	2,971,817
Finance lease liabilities	908,034	2.29 - 3.20	974,389	408,613	407,990	157,786	-
	52,633,758		52,925,113	44,917,860	2,584,661	2,450,775	2,971,817

Company	Carrying amount RM	Contractual interest rate %	Contratual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2019							
Non-derivative financial liabilities							
Retensions (included in trade payables)	**8,536,492**	**8.00**	**8,885,492**	**5,761,927**	**2,535,587**	**587,978**	**-**
Trade payables	**35,351,913**	**-**	**35,351,913**	**35,351,913**	**-**	**-**	**-**
Contract liabilities	**7,296,886**	**-**	**7,296,886**	**7,296,886**	**-**	**-**	**-**
Other payables and accruals	**1,255,676**	**-**	**1,255,676**	**1,255,676**	**-**	**-**	**-**
Trade finance	**5,371,796**	**3.39 - 6.37**	**5,371,796**	**5,371,796**	**-**	**-**	**-**
Term loans	**6,115,913**	**6.65 - 7.00**	**6,115,913**	**348,846**	**703,666**	**1,096,438**	**3,966,963**
Lease liabilities	**930,198**	**2.29 - 2.60**	**1,009,241**	**342,002**	**487,959**	**179,280**	**-**
	64,858,874		**65,286,917**	**55,729,046**	**3,727,212**	**1,863,696**	**3,966,963**
2018							
Retensions (included in trade payables)							
Trade payables	6,734,037	6.20	6,955,037	4,268,347	1,477,361	1,213,329	-
Contract liabilities	26,562,301	-	26,562,301	26,562,301	-	-	-
Other payables and accruals	7,057,984	-	7,057,984	7,057,984	-	-	-
Trade finance	2,441,608	-	2,441,608	2,441,608	-	-	-
Bank overdraft	2,678,547	6.05 - 6.54	2,678,547	2,678,547	-	-	-
Term loans	1,129,837	6.34 - 7.99	1,129,837	1,129,837	-	-	-
Finance lease liabilities	5,094,428	5.06 - 7.25	5,094,428	343,641	699,310	1,079,660	2,971,817
	908,034	2.29 - 3.20	974,389	408,613	407,990	157,786	-
	52,606,776		52,894,131	44,890,878	2,584,661	2,450,775	2,971,817

iii. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest / expense rates and other prices that will affect the Group's and the Company's financial position or cash flows.

Interest / Expense rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest / expense rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest / expense rates. Short term investments such as deposits with licensed banks are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company'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.

Exposure to interest / expense rate risk

The interest / expense rate profile of the Group's and the Company's significant interest / expense-bearing financial instruments, based on carrying amounts as at the end of the reporting period was : -

Group	2019 RM	Interest rate %	2018 RM	Interest rate %
Fixed rate instruments				
Deposits with licensed banks	**20,088,059**	**2.55 - 3.25**	9,194,209	2.80 - 3.25
Finance lease liabilities	**-**	**-**	(908,034)	2.29 - 3.20
Lease liabilities	**(1,108,198)**	**2.29 - 2.60**	-	-
Floating rate instruments				
Trade finance	**(5,371,796)**	**3.39 - 6.37**	(2,678,547)	6.05 - 6.54
Bank overdrafts	**-**	**7.45 - 9.95**	(1,129,837)	6.34 - 7.99
Term loans	**(6,115,913)**	**6.65 - 7.00**	(5,094,428)	5.06 - 7.25
Company				
Fixed rate instruments				
Deposits with licensed banks	**20,088,059**	**2.55 - 3.25**	9,194,209	2.80 - 3.25
Finance lease liabilities	**-**	**-**	(908,034)	2.29 - 3.20
Lease liabilities	**930,198**	**2.29 - 2.60**	-	-
Floating rate instruments				
Trade finance	**(5,371,796)**	**3.39 - 6.37**	(2,678,547)	6.05 - 6.54
Bank overdrafts	**-**	**7.45 - 9.95**	(1,129,837)	6.34 - 7.99
Term loans	**(6,115,913)**	**6.65 - 7.00**	(5,094,428)	5.06 - 7.25

Interest rate risk sensitivity analysis : -

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower / higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM96,000 and RM94,000 (2018 – RM74,000 and RM74,000) respectively higher / lower, arising mainly as a result of lower / higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

iv. Operational Risk

The operational risk arises from the daily activities of the Group and of the Company which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

d. Fair Value Information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair value due to the relatively short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near to the reporting date.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Total fair value RM**	**Carrying amount RM**
2019										
Financial assets										
Retention sum (included in trade receivables)	**-**	**-**	**7,452,812**	**7,452,812**	**-**	**-**	**-**	**-**	**7,452,812**	**7,452,812**
Financial liabilities										
Retention sum (included in trade payables)	**-**	**-**	**2,774,043**	**2,774,043**	**-**	**-**	**-**	**-**	**2,774,043**	**2,774,043**
Term loans	**-**	**-**	**-**	**-**	**-**	**-**	**4,788,812**	**4,788,812**	**4,788,812**	**5,767,067**
Lease liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**746,522**	**746,522**	**746,522**	**770,844**
	-	**-**	**2,774,043**	**2,774,043**	**-**	**-**	**5,535,334**	**5,535,334**	**8,309,377**	**9,311,954**
2018										
Financial assets										
Retention sum (included in trade receivables)	-	-	7,403,660	7,403,660	-	-	-	-	7,403,660	7,403,660
Financial liabilities										
Retention sum (included in trade payables)	-	-	2,465,690	2,465,690	-	-	-	-	2,465,690	2,465,690
Term loans	-	-	-	-	-	-	3,768,798	3,768,798	3,768,798	4,750,787
Finance lease liabilities	-	-	-	-	-	-	501,187	501,187	501,187	532,042
	-	-	2,465,690	2,465,690	-	-	4,269,985	4,269,985	6,735,675	7,748,519

Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2019										
Financial assets										
Retention sum (included in trade receivables)	**-**	**-**	**7,452,812**	**7,452,812**	**-**	**-**	**-**	**-**	**7,452,812**	**7,452,812**
Financial liabilities										
Retention sum (included in trade payables)	**-**	**-**	**2,774,043**	**2,774,043**	**-**	**-**	**-**	**-**	**2,774,043**	**2,774,043**
Term loans	**-**	**-**	**-**	**-**	**-**	**-**	**4,788,812**	**4,788,812**	**4,788,812**	**5,767,067**
Finance lease liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**606,020**	**606,020**	**606,020**	**624,993**
	-	**-**	**2,774,043**	**2,774,043**	**-**	**-**	**5,394,832**	**5,394,832**	**8,168,875**	**9,166,103**
2018										
Financial assets										
Retention sum (included in trade receivables)	-	-	7,403,660	7,403,660	-	-		-	7,403,660	7,403,660
Financial liabilities										
Retention sum (included in trade payables)	-	-	2,465,690	2,465,690	-	-	-	-	2,465,690	2,465,690
Term loans	-	-	-	-	-	-	3,768,798	3,768,798	3,768,798	4,750,787
Finance lease liabilities	-	-	-	-	-	-	501,187	501,187	501,187	532,042
	-	-	2,465,690	2,465,690	-	-	4,269,985	4,269,985	6,735,675	7,748,519

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

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

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018 - no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following shows the valuation techniques used in the determination of fair values within Level 3 for financial instruments not carried at fair value, as well as the key unobservable inputs used in the valuation models.

Type	**Description of valuation technique and inputs used**
Retentions sum	Discounted cash flows using a rate based on the weighted average cost of capital of the Group and the Company at the reporting date.
Borrowings	Discounted cash flows using a rate based on the current market rate of borrowing of the Group and the Company at the reporting date.

40. Capital Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may take adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

	Group		*Company*	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Total borrowings	**12,595,907**	9,810,846	**12,417,907**	9,810,846
Total equity	**71,356,762**	48,256,748	**72,095,868**	48,394,834
Debt-to-equity ratio	**0.18**	0.20	**0.17**	0.20

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

41. Capital Commitment

	Group and Company	
	2019 **RM**	**2018** **RM**
Capital commitment to purchase of investment properties		
Authorised and contracted for	**415,467**	275,035

42. Contingent Liabilities

	Group and Company	
	2019 **RM**	**2018** **RM**
Secured		
Bankers' guarantees issued in favour of third parties secured by deposits with licensed banks in respect of contract works	**21,942,066**	13,401,658

The directors are of the opinion that adequate allowance has been made in the financial statements for any possible liabilities.

43. Related Parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

The Group and the Company have related party relationship with their directors and key management personnel.

Significant related party transactions

Related party transactions entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are show below. The related party balances are shown in Note 8 and 11 to the financial statements.

	Company	
	2019 **RM**	**2018** **RM**
Management fee received / receivable from:		
Subsidiary	**80,000**	-

Compensation of key management personnel

The remuneration paid by the Group and the Company to key management personnel during the financial year are disclosed in Note 30 in the financial statements.

44. Significant Changes to Accounting Policies

The Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019. There are no adjustments made to the prior year presented.

Finance lease liabilities were reclassified to lease liabilities with effect of 1 January 2019.

The right-of-use assets refer to leasehold land leased from third parties and motor vehicles under finance lease liabilities. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of finance lease liabilities.

Other than those disclose in Note 4, the Group and the Company elected to apply exemption for lease of premises expiring within 12 months under the Appendix C, paragraph 10(c) of the Standard. The lease payments are recognised as an expense on a straight line basis over the remaining lease term during the current financial year.

45. Events After the Reporting Period

a. On 3 January 2020, the Company announced that it has entered into a head of agreement ("HOA") with the vendors of Leveragedge Sdn. Bhd. ("LSB") for proposed investment of 37,500 ordinary shares in LSB, representing 30% of the total paid up share capital in LSB for a total cash consideration of RM2,100,000. Subsequently, the Company announced on 24 March 2020 that HOA had been terminated.

b. On 5 February 2020, the Company announced a proposed acquisition by KAB Energy Power Sdn. Bhd. ("KABEP"), a 90% subsidiary of the Company, of 7 ordinary shares in Kiev CRG Sdn. Bhd. representing 70% of the total issued share capital in Kiev CRG Sdn. Bhd., for a total cash consideration of RM175,000.

c. On 27 February 2020, the Company completed its sub-division of every two (2) existing issued and fully paid ordinary shares into five (5) shares ("Share Split"). Consequential to the completion of Share Split, 925,574,998 Split Shares were successfully listed and quoted on the ACE Market of Bursa Malaysia.

d. On 3 March 2020, the directors declared interim dividend via a share dividend distribution of treasury shares on the basis of three treasury shares for every one thousand existing ordinary shares held.

e. On 3 March 2020, the directors declared the payment of an interim single-tier dividend of RM0.0025 per ordinary shares in respect of the financial year ending 31 December 2020, payable on 14 April 2020.

f. On 25 March 2020, the Company announced proposed acquisitions by KABEP of : -

   i) 2,000,000 ordinary shares in Konpro Industries Sdn Bhd ("KONPRO"); and
   ii) 600,000 ordinary shares in Meru One Sdn Bhd ("MERU")

   Both representing 80% each of the total paid up share capital in KONPRO and MERU, for a total cash consideration of RM7,260,000.

g. On 26 March 2020, the Company completed the acquisition of an indirect 49.997% owned subsidiary, Energy Optimization (Thailand) Co., Ltd.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Dato' Lai Keng Onn and Choong Gaik Seng, being two of the directors of Kejuruteraan Asastera Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 48 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 state of affairs of the Group and of the Company at 31 December 2019 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

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

Dato' Lai Keng Onn

Choong Gaik Seng

Kuala Lumpur,
Date: 4 May 2020

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Hoon Siew Yen, MIA No. 9913, being the officer primarily responsible for the financial management of Kejuruteraan Asastera Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 118, to the best of my knowledge and belief, are 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
at Kuala Lumpur
this 4 May 2020

Before me

Datin Hajab Raihela Wanchik (W-275)
Commissioner for Oaths

Hoon Siew Yen

LIST OF PROPERTIES

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A) / Valuation (V)	Audited Net Book Value As At 31.12.2019 (RM)
PM 8456, Lot 101280, Mukim of Petaling, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur **Property address:** No.18, Jalan Radin Bagus 9, Bandar Baru Seri Petaling, 57000 Kuala Lumpur	Three-storey shop office currently used as our Company's headquarters	N/A /190	5	99-year leasehold, expiring on 5 April 2110 (i.e. remaining tenure of approximately 90 years as at Dec'19)	23 Mar 2017 (V)	3,577,775
HSD 13198, PT 8891, Mukim Kajang, Daerah Ulu Langat, Negeri Selangor Darul Ehsan **Property address:** No. 86, Jalan Taming 5, Taming Jaya Industrial Park, 43300 Balakong, Selangor Darul Ehsan	One and half storey terrace factory as warehouse	N/A / 222.96	24	Freehold	28 April 2017 (V)	1,230,667
GRN 190203, Lot 128236, Mukim Klang, Daerah Klang Negeri Selangor **Property address:** Lot No.19 Gravit 8, PT 128236 Kota Bayu Emas/KS9, 42000 Pel. Klang, Selangor Darul Ehsan	Three storey Shop Office	N/A / 153	3	Freehold	12 December 2019 (V)	1,435,574
GRN 298284, Lot 62011, Mukim Pekan Country Height, Dareah Petaling, Negeri Selangor **Property address:** E-3-2 Subang Parkhomes Persiaran Kemajuan, 47500 Subang Jaya, Selangor Darul Ehsan	Residential	N/A / 117.43	8	Freehold	6 May 2011 (A)	606,100
GRN Mukim 283, Lot 1098, Tempat Batu 8, Jalan Kuala Lumpur, Mukim Cheras Daerah Hulu Langat, Negeri Selangor **Property address:** B-19-07 Green Residence Condo, Jalan Sayang 1, Taman Rasa Sayang, 43200 Batu 9 Cheras, Selangor Darul Ehsan	Residential	N/A / 144.65	3	Freehold	1 June 2018 (A)	754,662
HSD 156027, PT 148718, Mukim Klang, Daerah Klang, Negeri Selangor **Property address:** A1-28-11, Blok A1, Gravit 8, Jalan Bayu Laut / KS9, Kota Bayuemas, 41200 Klang, Selangor	Residential	N/A / 59	2	Freehold	13 June 2016 (A)	342,606
PN 62395, Lot 57417, Mukim of Bukit Raja, Daerah Petaling, Selangor	Vacant land held for development	6,015 / N/A	Not applicable	99-year leasehold, expiring on 3 December 2105 (i.e. remaining tenure of approximately 85 years as at Dec'19)	11 July 2019 (A)	3,468,120

SHAREHOLDING STATISTICS

Analysis of Shareholdings as at 23 April 2020

Issued and Fully Paid-up Capital	:	RM48,299,419 divided into 925,574,998 (including 49,388 treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

Shareholding Distribution Schedule
(As per the record of depositors)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
279	1 to 99	7,254	**0.0008**
278	100 to 1,000	113,901	**0.0123**
914	1,001 to 10,000	3,873,867	**0.4185**
448	10,001 to 100,000	12,346,993	**1.3341**
121	100,001 to less than 5% of issued shares	326,391,950	**35.2656**
5	5% and above of the issued shares	582,791,645	**62.9687**
2,045	TOTAL	925,525,610	**100.000**

* Less than 0.01%

List Of 30 Largest Securities Account Holders
(As per the record of depositors)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1	Dato' Lai Keng Onn	260,780,000	28.18
2	GAT Success (M) Sdn Bhd	100,300,000	10.84
3	Faith Chow Poh Ten	90,569,395	9.79
4	CIMSEC Nominees (Tempatan) Sdn Bhd [CIMB for Dato' Lai Keng Onn (PB)]	75,225,000	8.13
5	UOBM Nominees (Tempatan) Sdn Bhd [UOBM for Faith Chow Poh Ten (PBM)]	55,917,250	6.04
6	Choong Gaik Seng	30,090,000	3.25
7	Lotus Win Sdn Bhd	30,090,000	3.25
8	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Dato' Lai Keng Onn)	25,075,000	2.71
9	Koon Hoi Chun	24,543,410	2.65
10	Citigroup Nominees (Asing) Sdn Bhd [Exempt an for Bank of Singapore Limited (Foreign)]	24,518,335	2.65
11	Chan Weng Fui	21,628,441	2.34
12	CGS-CIMB Nominees (Tempatan) Sdn Bhd [Pledged Securities account for Koh Chen Foong (MY1718)]	21,229,498	2.29
13	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities account for Kington Tong Kum Loong (SMT)	20,665,391	2.23
14	CIMSEC Nominees (Tempatan) Sdn Bhd [CIMB for Koon Hoi Chun (PB)]	16,278,690	1.76
15	CGS-CIMB Nominees (Tempatan) Sdn Bhd [Pledged Securities account for Yoong Kah Yin (MY2443)]	15,245,600	1.65
16	Amanahraya Trustees Berhad (PMB Shariah Aggressive Fund)	11,133,300	1.20
17	Lim Gek Shan	9,535,365	1.03
18	Yap Shuh Jian	7,522,500	0.81
19	CGS-CIMB Nominees (Tempatan) Sdn Bhd [Pledged Securities account for Koh Kin Lip (MY0502)]	5,516,500	0.60
20	Datin Chan Pey Kheng	4,513,500	0.49
21	Amanahraya Trustees Berhad (PMB Shariah Growth Fund)	3,419,100	0.37
22	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities account for Tan Eng Sia)	3,260,995	0.35
23	Alliancegroup Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Koh Kin Lip (7003423)]	3,009,000	0.33

	Name of Shareholders	No. of Shares Held	Percentage (%)
24	Lim Lai Peng	2,895,661	0.31
25	CIMB Group Nominees (Tempatan) Sdn Bhd (CIMB Islamic Trustee Berhad for PMB Shariah MID- CAP Fund)	2,637,500	0.28
26	Tan Lan King	2,507,500	0.27
27	Kam Kai Leong	2,500,000	0.27
28	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities account for Siew Swee Yin)	2,331,975	0.25
29	Siaw Seen Long	1,564,032	0.17
30	PM Nominees (Tempatan) Sdn Bhd [Pledged Securities account for Siaw Seen Long (A)]	1,519,545	0.16
	TOTAL	**876,022,483**	**94.65**

Directors' Shareholdings

(As per the register of directors' shareholdings)

	No. of Shares Held			
Name of Directors	Direct	Percentage(%)	Indirect	Percentage(%)
Dato' Lai Keng Onn	361,080,000	39.01	-	-
Choong Gaik Seng	30,090,000	3.25	-	-
Datin Chan Pey Kheng	5,230,394	0.57	-	-
Yoong Kah Yin	15,997,850	1.73	576,725	0.06 [(1)]
Goh Kok Boon	752,250	0.08	-	-
Dato' Chan Chee Hong	309,927	0.03	-	-
Lu Chee Leong	-	-	-	-
Tong Siut Moi	-	-	-	-

Notes:-

(1) Deemed interest by virtue of Shares held by Yoong Kah Yin's daughter pursuant to Section 8 of the Act.

Substantial Shareholders' Shareholdings

(As per the register of substantial shareholders' shareholdings)

Name of Shareholders	No. of Shares Held			
	Direct	Percentage(%)	Indirect	Percentage(%)
Dato' Lai Keng Onn	361,080,000	39.01	-	-
GAT Success (M) Sdn Bhd	100,300,000	10.84	-	-
Everest Pavilion Sdn Bhd	-	-	100,300,000 (1)	10.84
Cherry Anne Tong Chun Ling	-	-	100,300,000 (2)	10.84
Faith Chow Poh Ten	146,486,645	15.83	4,458,335 (3)	0.48

Notes:-

(1) Deemed interest through shares held by GAT Success (M) Sdn Bhd pursuant to Section 8 of the Act.

(2) Deemed interest through shares held by virtue of her interest in Everest Pavilion Sdn Bhd (EPSB) pursuant to Section 8 of the Act. EPSB is deemed interested in the shares held by GAT Success (M) Sdn Bhd pursuant to Section 8 of the Act.

(3) Deemed interest through shares held by Regalis Investment Ltd pursuant to Section 8 of the Act.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of **KEJURUTERAAN ASASTERA BERHAD** will be held at Hotel Espira Seri Petaling (Formerly known as Hotel Seri Petaling), Function Room 2 & 3, Level 2, No. 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Malaysia on Monday, 22 June 2020 at 9.30 a.m. to transact the following business:-

Agenda

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.	**[Please refer to Explanatory Note 1]**
2.	To approve the aggregate Directors' fees payable to the Directors of the Company for an amount not exceeding RM279,000.00 per annum for the financial year ending 31 December 2020.	**Resolution 1**
3.	To re-elect the following directors who retire pursuant to Clause 76(3) of the Constitution of the Company:-	
	i) Dato' Lai Keng Onn	**Resolution 2**
	ii) Tong Siut Moi	**Resolution 3**
4.	To re-elect Yoong Kah Yin, who retires pursuant to Clause 78 of the Constitution of the Company	**Resolution 4**
5.	To re-appoint Messrs Kreston John & Gan as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 5**

Special Business

To consider and, if thought fit, to pass the following resolutions with or without modifications, as Ordinary Resolutions of the Company:-

6. Ordinary Resolution I
Authority to Allot and Issue Shares **Resolution 6**

"**THAT** subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, 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 also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. Ordinary Resolution II
Proposed Renewal of Authority for Share Buy-Back **Resolution 7**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

b. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

i. To cancel all or part of the Purchased Shares;

ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;

iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;

iv. To resell all or part of the treasury shares;

v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;

vi. To transfer all or part of the treasury shares as purchase consideration;

vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or

viii. To deal with the treasury shares in any other manner as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

8. To transact any other business of the Company of which due notice is given in accordance with the Act and the Constitution of the Company.

BY ORDER OF THE BOARD

JOANNE TOH JOO ANN
SSM PC NO. 202008001119 (LS 0008574)

SIA EE CHIN
SSM PC NO. 202008001676 (MAICSA 7062413)

Company Secretaries
Kuala Lumpur
Date: 22 May 2020

Notes:-

i. Notes on Appointment of Proxy

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 15 June 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
2. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
3. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
5. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act..*
7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
8. *The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of an appointment made via TIIH Online, the proxy form must be deposited at https://tiih.online. Please refer to the Annexure to the Proxy Form for further information on submission via TIIH Online. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.*
9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
10. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
11. *Last date and time for lodging the proxy form is Saturday, 20 June 2020 at 9.30 a.m.*
12. *Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
    - *(a) Identity card (NRIC) (Malaysian), or*
    - *(b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or*
    - *(c) Passport (Foreigner).*
13. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.*

ii. Explanatory Notes

1. Item 1 of the Agenda – Ordinary Business
Audited Financial Statements for the financial year ended 31 December 2019

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

2. Item 2 of the Agenda – Ordinary Business
Payment of Directors' Fees

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The Proposed Resolution 1 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. In the event the Directors fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

3. Items 3(ii) and 4 of the Agenda – Ordinary Business
Re-election of Independent Directors

The Nominating Committee and the Board had undertaken an annual assessment on the independence of Ms Tong Siut Moi and Mr Yoong Kah Yin, who are seeking for re-election at the forthcoming Twenty-Third Annual General Meeting. The annual assessments had been disclosed in the Corporate Governance Overview Statement of the Company's 2019 Annual Report.

4. Item 6 of the Agenda – Special Business
Ordinary Resolution I
Authority to Allot and Issue Shares

a. Requirements under Rule 6.04(1) of the Listing Requirements

Pursuant to Rule 6.04(1) of the Listing Requirements, listed issuers must not issue any new shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such ordinary shares or convertible securities issued during the preceding 12 months, exceeds 10% of the total number of issued shares (excluding any treasury shares) of the listed issuer for the time being ("10% General Mandate"), except where the shares or convertible securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue.

b. Relief measures granted by Bursa Securities

In view of the Corona Virus Disease 2019 ("COVID-19") pandemic outbreak, the Government of Malaysia had on 18 March 2020 implemented the Movement Control Order ("MCO") nationwide to curb the spread of the COVID-19 infection in Malaysia.

Bursa Securities recognised the needs for listed issuers to raise funds quickly and efficiently during the challenging time to ensure the long-term sustainability and interest of the listed issuers and their shareholders. Therefore, an additional relief measure has been granted by Bursa Securities vide its letter dated 16 April 2020 which allows a listed issuer to seek its shareholders' approval at a general meeting to issue new securities for a higher general mandate under Rule 6.04 of the Listing Requirements of not more than 20% of the total number of issued shares (excluding treasury shares) ("20% General Mandate").

c. ***Rationale for Proposed Resolution 6***

The Company proposes to seek new shareholders' mandate to enable the Directors to issue and allot up to a maximum of 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being pursuant to the 20% General Mandate under Resolution 6.

The proposed Resolution 6, if passed, will provide additional flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purposes of funding the Company's future investment project(s), working capital, operational expenditure and/or acquisition(s) at any time as the Directors may deem fit without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting,

d. ***10% General Mandate***

As at the date of this Notice, the Company did not allot any shares pursuant to the 10% General Mandate granted to the Directors at the previous Twenty-Second AGM held on 16 May 2019

e. ***Statement by the Directors for the 20% General Mandate***

The Board of Directors is of the view that the proposed Resolution 6 is in the best interest of the Company and the shareholders of the Company as the 20% General Mandate will give the Directors the flexibility and cost effectively to raise funds quickly and efficiently during this challenging time to ensure the long term sustainability of the Company and safeguard the interest of the Company and the shareholders.

5. Item 7 of the Agenda – Special Business
Ordinary Resolution II
Proposed Renewal of Authority for Share Buy-Back

This proposed Resolution 7, if passed, will empower the Company to purchase up to ten per centum (10%) of the issued share capital of the Company through Bursa Malaysia Securities Berhad.

For further information, please refer to the Statement to Shareholders dated 22 May 2020 in relation to the Proposed Renewal of authority for Share Buy-Back.

PROXY FORM

KEJURUTERAAN ASASTERA BERHAD
[Company No. 199701005009 (420505-H)]
(Incorporated in Malaysia)

CDS Account No.
No. of Shares held

I/We, ……………………………………………………………………………….……Tel. No.: ……………………………………………
(Full name in block and NRIC No. / Company No.)

of ……
(Address)

being a member of Kejuruteraan Asastera Berhad, hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at Hotel Espira Seri Petaling (Formerly known as Hotel Seri Petaling), Function Room 2 & 3, Level 2, No. 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Malaysia on Monday, 22 June 2020 at 9.30 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	Payment of Directors' Fees for the financial year ending 31 December 2020.	Ordinary		
2.	Re-election of Dato' Lai Keng Onn as Director.	Ordinary		
3.	Re-election of Tong Siut Moi as Director.	Ordinary		
4.	Re-election of Yoong Kah Yin as Director.	Ordinary		
5.	Re-appointment of Messrs Kreston John & Gan as auditors of the Company and authorise the Board of Directors to fix their remuneration.	Ordinary		
6.	Authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Ordinary		
7.	Proposed Renewal of Authority for Share Buy-Back	Ordinary		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this……………………………………………………

Signature*
Member

** Manner of execution:*
(a). If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:-

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 15 June 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
2. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
3. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
5. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
8. *The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of an appointment made via TIIH Online, the proxy form must be deposited at https://tiih.online. Please refer to the Annexure to the Proxy Form for further information on submission via TIIH Online. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.*
9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
10. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
11. *Last date and time for lodging the proxy form is Saturday, 20 June 2020 at 9.30 a.m*
12. *Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
    - *(a) Identity card (NRIC) (Malaysian), or*
    - *(b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or*
    - *(c) Passport (Foreigner).*
13. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.*

tricor | TIIH online

ANNEXURE

ELECTRONIC SUBMISSION OF PROXY FORM VIA TIIH ONLINE

Dear shareholders,

We are pleased to inform that you as a shareholder can have the option to submit your proxy forms by electronic means through our system, TIIH Online (“**e-Proxy**”).

TIIH Online is an application that provides an online platform for shareholders *(individuals only)* to submit document/form electronically which includes proxy form in paperless form (“e-Submission”). Once you have successfully submitted your e- proxy form, you are no longer required to complete and submit the physical proxy form to the company or Tricor office.

To assist you on how to engage with e-Proxy, kindly read and follow the guidance notes which are detailed below:

1. Sign up as user of TIIH Online

- Using your computer, access our website at https://tiih.online
- Sign up as a user by completing the registration form, registration is free
- Upload a softcopy of your MyKad (front and back) or your passport
- Administrator will approve your registration within one working day and notify you via email
- Activate your account by re-setting your password

Notes:
(i) *If you are already a user of TIIH Online, you are not required to sign up again*
(ii) *An email address is allowed to be used once to register as a new user account, and the same email cannot be used to register another user account*
(iii) *At this juncture, only individual security holders are offered to register as user and participate in e-Proxy*

2. Proceed with submission of e-Proxy

- After the release of the Notice of Meeting by the Company, login with your user name (i.e. e-mail address) and password
- Select the corporate event: **“Submission of Proxy Form”**
- Read and agree to the Terms & Conditions and confirm the Declaration
- Select/insert the CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf
- Appoint your proxy(s) or chairman and insert the required details of your proxy(s)
- Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote
- Review & confirm your proxy(s) appointment
- Print e-proxy for your record

Should you need assistance on our e-Submission, please contact us. Thank you.

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, Malaysia

Telephone No: 03-27839299
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E-mail: is.enquiry@my.tricorglobal.com

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