CGB

Central Global Berhad

201801036114 (1298143-T)

CONNECTING *OPPORTUNITIES*

Annual Report 2019

GROUP STRUCTURE

Central Global Berhad
201801036114 (1298143-T)

100%

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

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

100%

CIC Marketing Sdn. Bhd. (CICM)
199801015627 (471756-A)

Marketing of self-adhesive label stocks and tapes

100%

CICS Distributors Pte. Ltd. (CICS)
200203100H

Trading of adhesive tapes

100%

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

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

51%

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

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

100%

Central Global Impact Pte. Ltd. (CGI)
202007738K

Trading of adhesives and related products

Connecting Opportunities

Central Global Berhad starts a new direction, connecting possibilities with opportunities and moving up the value chain to continuously create value to exceed stakeholders' expectations, striving growth beyond our limits with a mantra of repeating success.

CONTENTS

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of the Company will be conducted fully virtual at the Broadcast Venue at The Royale 2, Level 2, The Royale Chulan Damansara, No. 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Thursday, 16 July 2020 at 11:00 a.m. for the purpose of considering the following business:

AGENDA
AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**

2. To approve the payment of Directors' fees and meeting allowances amounting to RM350,000.00 for the financial year ended 31 December 2019. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees and meeting allowances up to RM471,000.00 from 1 January 2020 until the next Annual General Meeting of the Company. **Ordinary Resolution 2**

4. To re-elect the following Directors retiring in accordance with Clause 79 of the Company's Constitution:

   (i) Dr. Uzir bin Abdul Malik **Ordinary Resolution 3**
   (ii) Mr. Chuah Guan Leong **Ordinary Resolution 4**
   (iii) Mr. Phang Kwai Sang **Ordinary Resolution 5**
   (iv) Mr. Ng Seng Bee **Ordinary Resolution 6**
   (v) Dato' Tan Yee Boon **Ordinary Resolution 7**
   (vi) Mr. Andrew Chong Shuh Ren **Ordinary Resolution 8**

   (Please refer to Note 2 of the Explanatory Notes)

5. To re-appoint Messrs. KPMG PLT as Auditors of the Company and authorise the Directors to fix their remuneration. **Ordinary Resolution 9**

AS SPECIAL BUSINESS

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

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

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approval from other relevant governmental/regulatory authorities, the Directors be and are hereby empowered to allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company at the time of submission to the authority and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation of the additional shares so allotted." **Ordinary Resolution 10**

7. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given.

By order of the Board

LIM SECK WAH (MAICSA 0799845)
KONG MEI KEE (MAICSA 7039391)
Company Secretaries

Kuala Lumpur
Dated this 24th day of June 2020

Notes:

i) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No shareholders/proxies** from the public will be physically present at the meeting venue. Shareholders who wish to participate the First Annual General Meeting will therefore have to register via the link **https://vps.megacorp.com.my/w1VRi8**. Kindly refer to the annexure of the Administrative Details for further information.

ii) Only depositors whose names appear in the Record of Depositors as at 7 July 2020 shall be entitled to attend the First Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

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

iv) Where a member of the Company is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

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

vi) Except for body corporate, you have the option to register directly at **https://vps.megacorp.com.my/w1VRi8** to submit the proxy appointment electronically not later than Tuesday, 14 July 2020 at 11.00 a.m. Kindly refer to the annexure of the Administrative Details for further information.

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

Explanatory Notes to Ordinary Business and Special Business:

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

2. **Re-election of Directors who retire by rotation in accordance with Clause 79 of the Company's Constitution:**

   As the retiring Directors, Dato' Seraja Mahkota Dato' Wira Zainuddin bin Mahmud, Mr. Koay Then Hin and Mr. Wong Yuk Thin have expressed their intention not to seek for re-election, the resolutions pertaining to their re-election are not put up for members' consideration at this meeting and they will retain their office as Directors until the conclusion of this First Annual General Meeting.

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

   The proposed Ordinary Resolution 10 is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company at any point of time ("20% General Mandate"). This 20% General Mandate, unless revoked or varied at general meeting, will expire at the next Annual General Meeting.

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Uzir Bin Abdul Malik
Non-Independent Non-Executive Chairman

Mr. Wong Yuk Thin
Executive Director

Mr. Chuah Guan Leong
Executive Director

Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud
Independent Non-Executive Director

Dato' Tan Yee Boon
Independent Non-Executive Director

Mr. Phang Kwai Sang
Non-Independent Non-Executive Director

Mr. Koay Then Hin
Independent Non-Executive Director

Mr. Ng Seng Bee
Independent Non-Executive Director

Mr. Andrew Chong Shuh Ren
Independent Non-Executive Director
(Appointed on 3 June 2020)

AUDIT AND RISK MANAGEMENT COMMITTEE
Dato' Seraja Mahkota
Dato' Wira Zainuddin Bin Mahmud (Chairman)
Mr. Koay Then Hin
Mr. Ng Seng Bee
Mr. Andrew Chong Shuh Ren (Appointed on 3 June 2020)

REMUNERATION COMMITTEE
Mr. Phang Kwai Sang (Chairman)
Dato' Tan Yee Boon
Mr. Koay Then Hin

NOMINATION COMMITTEE
Dato' Seraja Mahkota
Dato' Wira Zainuddin Bin Mahmud (Chairman)
Mr. Koay Then Hin
Mr. Phang Kwai Sang

SECRETARIES
Ms. Lim Seck Wah (MAICSA 0799845)
Ms. Kong Mei Kee (MAICSA 7039391)

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

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

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

HEAD OFFICE
A5-06 Block A Plaza Dwi Tasik
Jalan 5/106
Bandar Sri Permaisuri
56000 Kuala Lumpur
Tel : 03-91718966
Fax : 03-91718922
Email : cgb@cicb.com.my
Website : www.cicb.com.my

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

STOCK EXCHANGE LISTING
Main Market of the
Bursa Malaysia Securities Berhad
Stock Code : 8052
Stock Name : CGB

PROFILE OF
DIRECTORS

Front row (from left):

Mr. Chuah Guan Leong, Dr. Uzir Bin Abdul Malik, Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud, Mr. Wong Yuk Thin

Back row (from left):

Dato' Tan Yee Boon, Mr. Koay Then Hin, Mr. Ng Seng Bee, Mr. Phang Kwai Sang

DR. UZIR BIN ABDUL MALIK

Non-Independent Non-Executive Chairman
Malaysian
75
Male

Dr. Uzir Bin Abdul Malik was appointed to the Board of Central Global Berhad ("CGB") on 10 June 2019 as Non-Independent Non-Executive Chairman.

Dr. Uzir has been with Central Industrial Corporation Berhad ("CICB") since his appointment on 14 September 2015 as Non-Independent Non-Executive Chairman.

He holds a B.A. Hons from Universiti Malaya in 1967, M. Sc from University of Hawaii in 1973 and Ph.D from University of London in 1981.

From January 1974 to September 1977, Dr. Uzir was the Head of Department of Agriculture And Resource Economics, Universiti Kebangsaan Malaysia. From June 1984 to April 1987, he was the Dean and Deputy Dean, Economics Faculty, Universiti Kebangsaan Malaysia. From February 1988 to October 1990, he became the Deputy Vice Chancellor of Universiti Utara Malaysia.

From October 1996 to January 2001, Dr. Uzir was the Business Development Director of LGB Engineering Sdn. Bhd.. Currently, he is the Executive Director of SWM Environment Sdn. Bhd.

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

WONG YUK THIN

Executive Director
Malaysian
59
Male

Mr. Wong Yuk Thin was appointed as Executive Director of CGB on 10 June 2019.

Mr. Wong was the Chief Executive Officer of CICB from 14 May 2012 to 30 August 2012 prior to his appointment to the Board of CICB as Managing Director on 30 August 2012.

Mr. Wong is also a Director of the Company's wholly-owned subsidiaries, CICB, CIC Marketing Sdn. Bhd. ("CICM") and CICS Distributors Pte. Ltd.

Mr. Wong graduated with a Master of Business Administration from University of Strathclyde, Glasgow, United Kingdom in 1992. He obtained his Diploma in Marketing from the Chartered Institute of Marketing, United Kingdom in 1988.

Mr. Wong began his career in 1983. He was employed by several multinational companies in sales, marketing and general management. Amongst the multinational companies he served were DKSH (M) Sdn. Bhd., ICI Paints (M) Sdn. Bhd., Lafarge Malayan Cement Bhd. and Nylex Bhd.

Mr. Wong possesses extensive sales and marketing experience in the South Asia region and is familiar with cross cultural markets. Prior to joining CICB, he was the General Manager in the Swiss based multinational DKSH (M) Sdn. Bhd.'s Performance Materials Business Unit.

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

CHUAH GUAN LEONG

Executive Director
Malaysian
51
Male

Mr. Chuah Guan Leong was appointed as Executive Director of CGB on 10 June 2019.

Mr. Chuah joined the Board of CICB on 13 April 2018 as Independent Non-Executive Director and was re-designated to Executive Director on 29 May 2019.

Mr. Chuah is also a Director of the Company's subsidiaries, CICB, CICM, CIC Construction Sdn. Bhd., Proventus Bina Sdn. Bhd. and Central Global Impact Pte. Ltd.

He obtained his Bachelor of Accountancy (Honours) from the University of Dundee, United Kingdom 1992.

Mr. Chuah was based in China for a period of 23 years from 1994 to 2017 and served in various roles in several businesses and industries. He had served as the Chief Representative of Yan Yao, China, which was primarily involved in raw materials trading (rubber) and related investments. Based out of Shanghai, he started a construction company in JiangSu Province named Delong Construction Company, and served as its director from 1995 to 2000. Delong Construction Company was mainly involved in the construction of infrastructure projects, commercial and industrial development. He was appointed as the Financial Controller of Lion Ningbo Brewery from 2000 to 2004, a JV company between the Lion Group Malaysia and the conglomerate Ningbo KK Group involved in manufacturing and distribution of various brands of beverages. He oversaw the financial operations of the group which had annual revenue of RMB400 Million and 1,500 employees. He was subsequently headhunted as a Consultant with KK Group Ningbo in 2004, a conglomerate involved in food distribution, property development and land reclamation projects with annual revenues of RMB1 Billion. He was responsible mainly in financial and corporate strategy advisory to the Group.

In 2005, Mr. Chuah joined Hangzhou Pacific Cement as Director of Operations/Chief Financial Officer. He started with the operations of the company and saw its annual revenues increase to RMB500 Million. In 2015, Mr. Chuah was involved in the negotiation of the mandatory shut down of Hangzhou Pacific Cement by the state government and obtained a substantial compensation and benefits for its stakeholders.

Mr. Chuah moved back to Malaysia with his family in 2017 to invest his time and his resources back to his home country.

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

DATO' SERAJA MAHKOTA DATO' WIRA ZAINUDDIN BIN MAHMUD

Independent Non-Executive Director
Malaysian
74
Male

Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud was appointed to the Board of CGB on 10 June 2019 as Independent Non-Executive Director. On a concurrent basis, he was also appointed as the Chairman of the Audit and Risk Management Committee and Nomination Committee of CGB.

He has been with CICB since his appointment as Independent Non-Executive Director on 26 May 2004.

He holds a Higher School Certificate from the Royal Military College, Sungai Besi, Kuala Lumpur. From 1965 to 1966, he attended the Faculty of Agriculture, University of Malaya.

Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud began his career as a State Administration Services Cadet with the Kedah Civil Service in 1966. From 1968 to 1995, he served in various positions in the Kedah Civil Service including serving as a District Officer of Yan, Kulim and Kota Star. He also served as the Private Secretary to the Sultan of Kedah in 1972 and as Kedah State Treasury (Bursar) from 1977 to 1981.

Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud served as the Deputy State Secretary (Development)/Director and Kedah Economic Planning Unit from July 1996 until his retirement in 2000.

Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud had also held leadership positions in numerous sports and recreational organisations in Kedah, amongst others as the Honorary Secretary of Kelab Kedah Darulaman, Vice President of Kedah Squash Association and Deputy President of Kedah Lawn Tennis Association and Kedah Civil Service Council for Welfare and Sports (MAKSAK).

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

DATO' TAN YEE BOON

Independent Non-Executive Director
Malaysian
45
Male

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

Dato' Tan joined the Board of CICB on 16 June 2015 as Independent Non-Executive Director.

Dato' Tan began his career in 1999 as an Advocate & Solicitor, High Court of Malaya. He is an advocate and solicitor, specialising in commercial and corporate related litigation and advisory works with focus in enforcement of minority shareholders, shareholders dispute, directors' duties and related disputes since 1999. He has experience in various corporate exercise such as mergers and takeovers, reverse takeovers, IPO and fund raising and advising clients on cross-border transaction and fund raising.

Dato' Tan was a Legal Assistant and subsequently a Partner of Messrs. Khaw & Partners, Advocates & Solicitors from 2000 to April 2013. He is now a Partner of Messrs. David Lai & Tan, Advocates & Solicitors.

Currently, Dato' Tan is an Independent Non-Executive Director of Earnest Investments Holdings Limited, China Dynamic (Holdings) Limited and Protasco Berhad. He is also a Non-Independent Non-Executive Director of Worldgate Global Logistics Limited.

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

PHANG KWAI SANG

Non-Independent Non-Executive Director
Malaysian
67
Male

Mr. Phang Kwai Sang was appointed to the Board of CGB on 10 June 2019 as Non-Independent Non-Executive Director. At the same time, he was appointed as the Chairman of the Remuneration Committee and a member of the Nomination Committee of CGB. He was first appointed to the Board of CICB as Non-Independent Non-Executive Director on 16 June 2015.

Mr. Phang holds a Civil Engineering degree from University of Alberta, a post graduate Diploma in Certified Accounting and Finance and Arbitration, and an MBA from University of Hull, United Kingdom (UK). He is a professional engineer registered with the Board of Engineers Malaysia, a member of the Institute of Engineers, Malaysia and a fellow member of the Chartered Institute of Arbitrators (UK).

Mr. Phang began his career as an executive engineer with the Water Works Department (HQ), Jabatan Kerja Raya and as designer and resident engineer for engineering consulting firms. He has more than 30 years of experience in various fields in engineering consultancy, construction, management, plant operations and investments. He presently sits on the board of directors of various companies, among which including Cerah Sama Sdn. Bhd., and Edaran SWM Sdn. Bhd. which are involved in, inter-alia toll highway operation, management of solid waste collection and public cleansing works, construction and investment.

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

KOAY THEN HIN

Independent Non-Executive Director
Malaysian
74
Male

Mr. Koay Then Hin was appointed to the Board of CGB on 10 June 2019 as Independent Non-Executive Director. On a concurrent basis, he was appointed as member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of CGB.

Mr. Koay was appointed as the Executive Director of CICB on 28 January 1993 and was re-designated to Independent Non-Executive Director on 24 November 2008.

He holds a Bachelor in Engineering Degree from National Taiwan University. He has more than 30 years of experience in industrial management.

Mr. Koay joined the Company as a Mechanical Engineer in 1974 and was promoted to Production Manager in 1977, Factory Manager in 1981, General Manager in 1986 and Senior General Manager from January 1993 to July 2005. Subsequently, he acted as the Advisor of the Company from August 2005 to July 2006.

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

NG SENG BEE

Independent Non-Executive Director
Malaysian
66
Male

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

Mr. Ng joined the Board of CICB on 3 September 2015 as Independent Non-Executive Director.

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

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

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

PROFILE OF DIRECTORS (Cont'd)

ANDREW CHONG SHUH REN

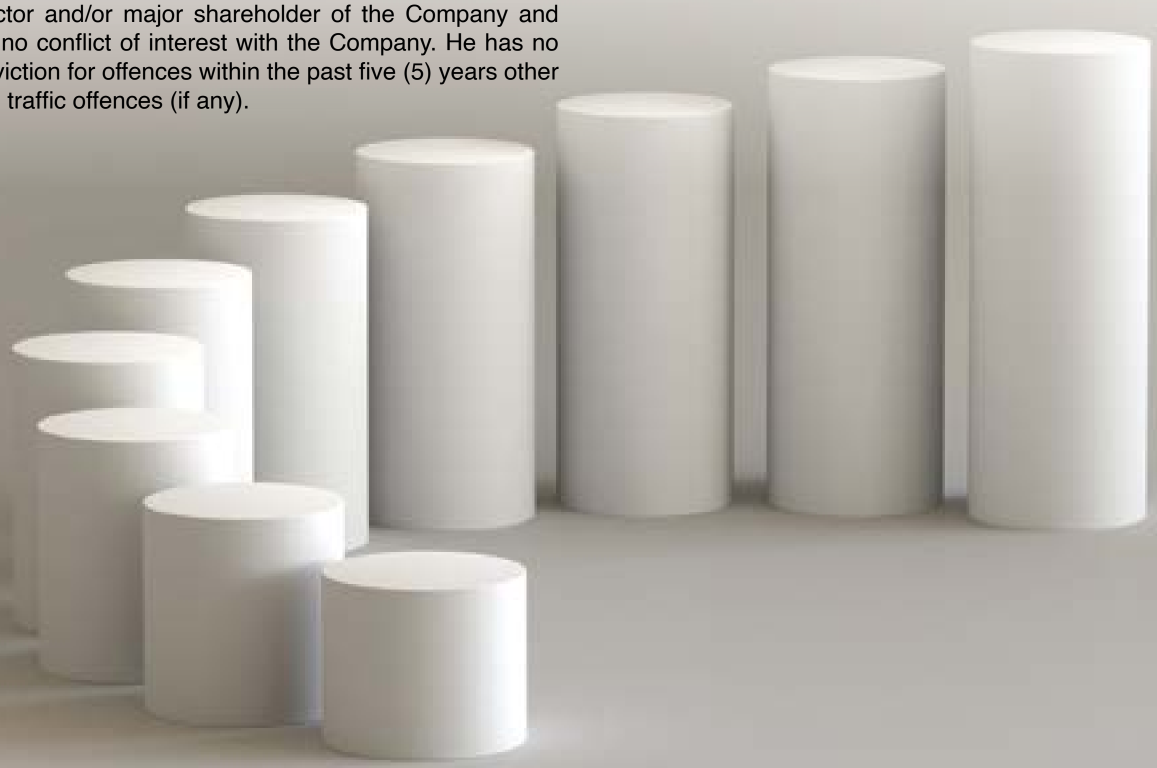
Independent Non-Executive Director
Malaysian
47
Male

Mr. Andrew Chong Shuh Ren was appointed to the Board of CGB on 3 June 2020 as Independent Non-Executive Director. He is also a member of the Audit and Risk Management Committee. He obtained his Bachelor of Arts in Accounting and Finance (2nd Class Upper) from the University of Sheffield, United Kingdom.

Mr. Andrew Chong started his career in the corporate banking division at Aseambankers Malaysia Berhad and subsequently moved to Pengurusan Danaharta Malaysia Berhad as the Assistant General Manager in the Operations Division. He then joined Covenant Equity Consulting Sdn. Bhd. as an advisor specialising in corporate finance and restructuring exercises.

He is currently the Chief Executive Officer and Co-Founder of Lifestyle Inspired Group (Malaysia and Singapore), a distribution and trading business in branded consumer products that has an extensive channel network of retail partners and online marketplaces.

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



PROFILE OF
KEY SENIOR MANAGEMENT

KONG TECK FONG

Managing Director
Proventus Bina Sdn. Bhd.
Malaysian
49
Male

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

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

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

KEW SY LENG

Group Financial Controller
Central Global Berhad
Malaysian
52
Male

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

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

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

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

PROFILE OF
KEY SENIOR MANAGEMENT (Cont'd)

DINESH RAJIVNATHAN

Assistant General Manager
Central Industrial Corporation Berhad
Malaysian
43
Male

Mr. Dinesh joined as the Operations Manager of CICB on 5 May 2014. He holds a Bachelor of Engineering Degree in Electronics of which he attained in the year 2000 from the University of Northumbria (UK). Mr. Dinesh has extensive experience in 6σ, Lean Manufacturing, FMEA and OSHA. Due to his performance and contributions to the Company, he was promoted to Assistant General Manager effective from 1 September 2016.

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

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

YAP BEE LING

Purchasing Manager
Central Industrial Corporation Berhad
Malaysian
50
Female

Ms. Yap joined CICB on 11 November 2015 as Purchasing Manager. She holds a Diploma in Business Management and Institute of Chartered Secretaries & Administration (UK) attained in year 1995 from Tunku Abdul Rahman College (TARC).

She has been a Project Manager in her previous employment and prior to joining CICB, Ms. Yap was the Purchasing, Customer Service and Logistic Manager for a wire harness manufacturer whose principal activities are in the manufacturing of wire harness for Fisher and Paykel and Electrolux.

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

YAO KEE KONG

Assistant General Manager
CIC Marketing Sdn. Bhd.
Malaysian
39
Male

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

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

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

TERENCE YEE WAI LEONG

Manager
CICS Distributors Pte. Ltd.
Singaporean
41
Male

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

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

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

LIM YONG PENG

General Manager
Central Global Impact Pte. Ltd.
Singaporean
52
Male

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

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

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

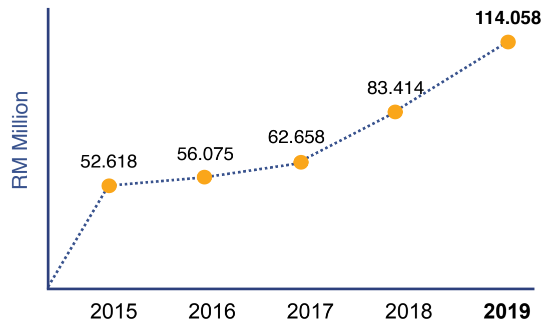
KEY FINANCIAL
HIGHLIGHTS

Description	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Revenue	**114,058**	83,414	62,658	56,075	52,618
Profit/(Loss) before tax	**1,269**	(968)	1,263	1,286	(11,980)
Profit/(Loss) for the year	**422**	(3,806)	3,498	1,190	(11,979)
(Loss)/Profit attributable to shareholders	**(610)**	(3,606)	3,498	1,190	(11,979)
Share capital	**51,407**	#-	51,407	45,780	45,780
Reserves	**(3,439)**	#48,576	1,652	(415)	(1,627)
Non-controlling interest	**4,577**	3,545	-	-	-
TOTAL EQUITY	**52,545**	52,121	53,059	45,365	44,153
Long term liabilities	**2,579**	2,627	1,715	1,659	1,817
Current liabilities	**30,194**	27,622	3,733	5,622	4,445
TOTAL EQUITY AND LIABILITIES	**85,318**	82,370	58,507	52,646	50,415
Property, plant and equipment	**14,094**	15,023	13,011	13,663	14,853
Right-of-use assets	**1,483**	-	-	-	-
Investment properties	**990**	1,017	1,044	1,071	1,098
Prepaid lease payments	**-**	1,429	1,475	1,521	1,567
Investment in an associate	**-**	-	1,398	-	-
Deferred tax assets	**45**	64	2,275	-	-
Goodwill	**22**	22	-	-	-
Current assets	**68,684**	64,815	39,304	36,391	32,897
TOTAL ASSETS	**85,318**	82,370	58,507	52,646	50,415
Net assets per share (RM)	**0.53**	0.54	1.06	0.99	0.96
Basic (loss)/earnings per ordinary share (sen)	**(0.68)**	(4.01)	*3.98	*1.44	*(14.54)

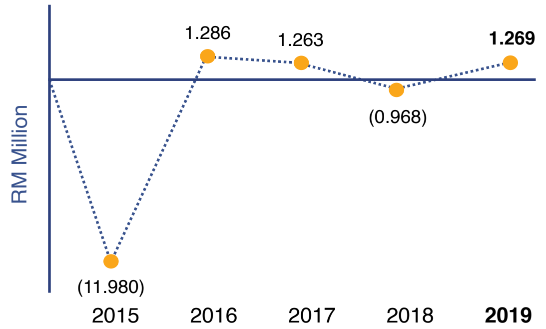
* Restated due to bonus issue in 2018 based on ratio of 4 shares for every 5 shares held.
# Restated due to internal reorganisation completed on 21 June 2019.

KEY FINANCIAL HIGHLIGHTS (CONT'D)

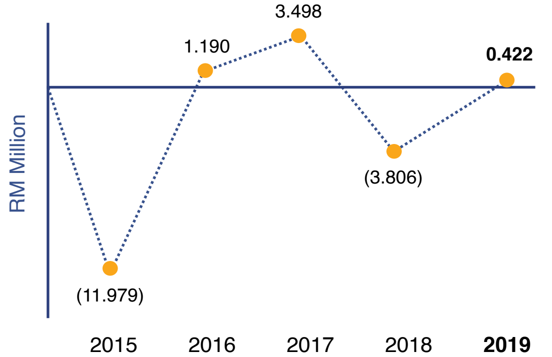
REVENUE
(RM Million)



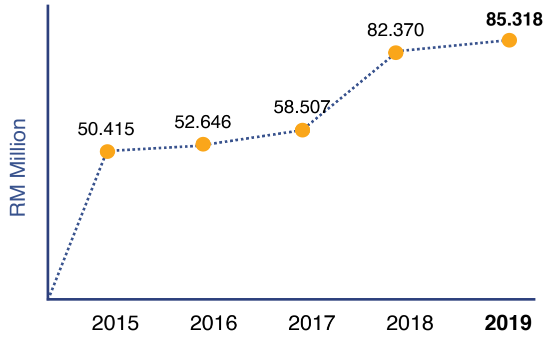
PROFIT/(LOSS) BEFORE TAX
(RM Million)



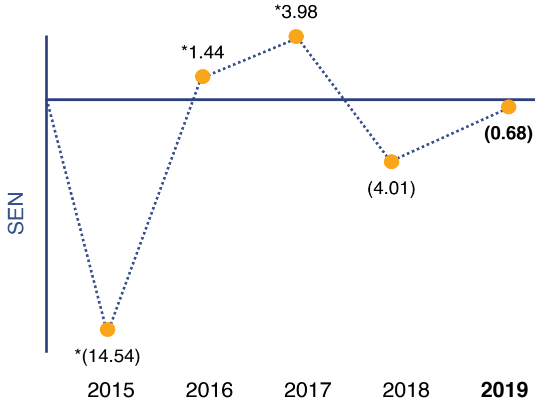
PROFIT/(LOSS) FOR THE YEAR
(RM Million)



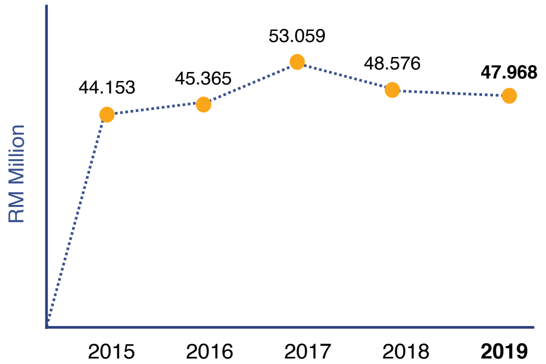
TOTAL ASSETS
(RM Million)



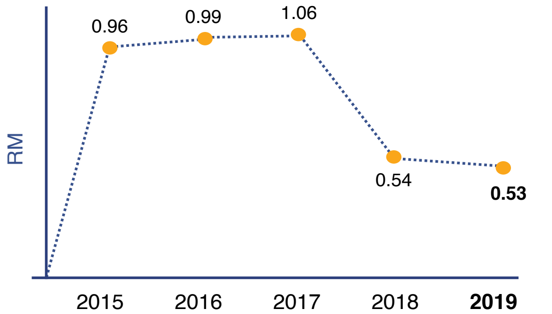
BASIC (LOSS)/EARNINGS PER ORDINARY SHARE
(SEN)



SHAREHOLDERS' FUND
(RM Million)



NET ASSETS PER SHARE
(RM)



Dear Stakeholders,

The financial year ended 31 December 2019 ("FY2019"), was a challenging year for our Group's operations. The Group's internal reorganisation was undertaken during the year to enable the management to streamline the Group's activities with separate identifiable business streams to better reflect the current diverse operations of the CGB Group, comprising construction and its related activities, specialty tapes and labels stocks business.

Although the Group's operations remained steadfast in executing our commercial and operational strategies, we could not completely mitigate the impact of a slowing domestic economy and a volatile regional export market exacerbated by trade tensions.

Despite the headwinds, the Group registered significant improvement in performance for the financial year 2019 as our construction operations contributed higher revenue and profits to the Group.

However, our manufacturing operations posted lower revenue and incurred losses for the year mainly due to the sluggish export market segment resulting from slowing regional trade and excess capacities amongst manufacturers.

Financial Performance

For the financial year under review, the Group registered a consolidated Profit Before Tax of RM1.269 Million, against a consolidated Loss Before Tax of RM0.968 Million registered in the previous year.

The Group's consolidated Profit After Tax was RM0.422 Million, a significant improvement from consolidated Loss After Tax of RM3.806 Million registered in the previous year which was largely attributed to the reversal of deferred tax assets amounting to RM2.457 Million in 2018 and higher contribution by its construction segment in 2019.

The consolidated revenue, increased by 36.74% to RM114.058 Million from RM83.414 Million recorded in previous year largely through the contribution by its construction subsidiary, Proventus Bina Sdn. Bhd. ("PBSB") that recorded a full year revenue of RM59.910 Million, as compared to RM26.346 Million in 2018.

Our manufacturing operations revenue decreased to RM54.148 Million from RM57.068 Million in the prior year as domestic sales recorded marginal increase to RM36.693 Million from RM35.718 Million in the previous year while export sales recorded a revenue decline to RM12.561 Million compared to RM16.709 Million in the previous year. The manufacturing operations' wholly-owned subsidiary in Singapore, CICS Distributors Pte. Ltd. ("CICS"), recorded an increase of 5.45% in revenue at RM4.894 Million compared to the previous year's RM4.641 Million.

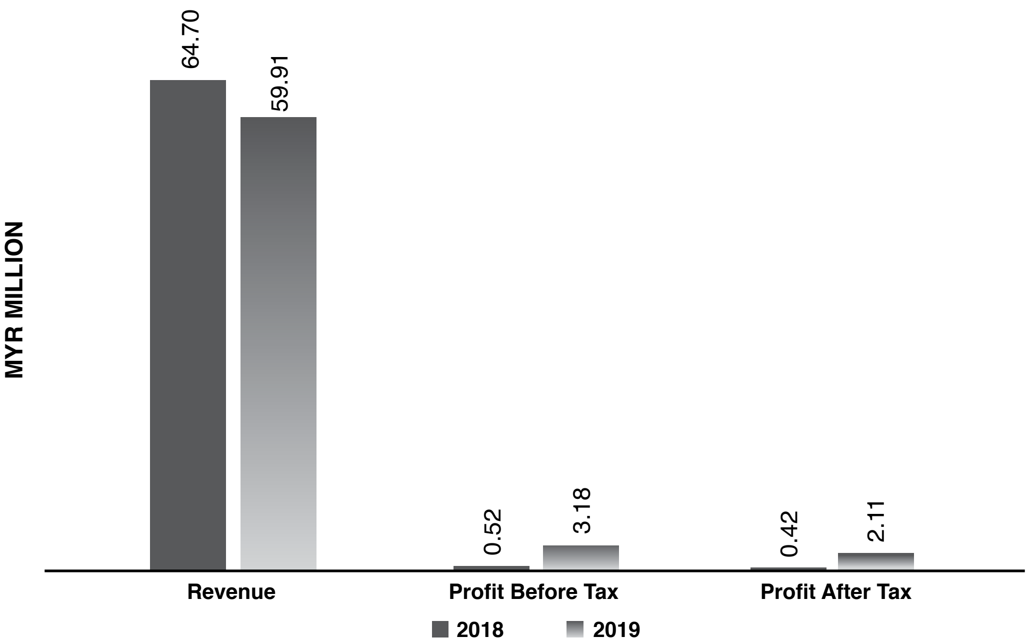
OPERATIONAL REVIEW

Construction

Our construction unit, PBSB is a Contractor with Category G7 registered with the Construction Industry Development Board. With this registration, we are qualified to tender and carry out all categories of private construction contracts. We are focused on providing the full spectrum of construction works, construction related activities largely in the residential and commercial developments across Malaysia.

OPERATIONAL REVIEW (Cont'd)

Review of Financial Performance - PBSB (solely on PBSB's full year results for comparison purpose)



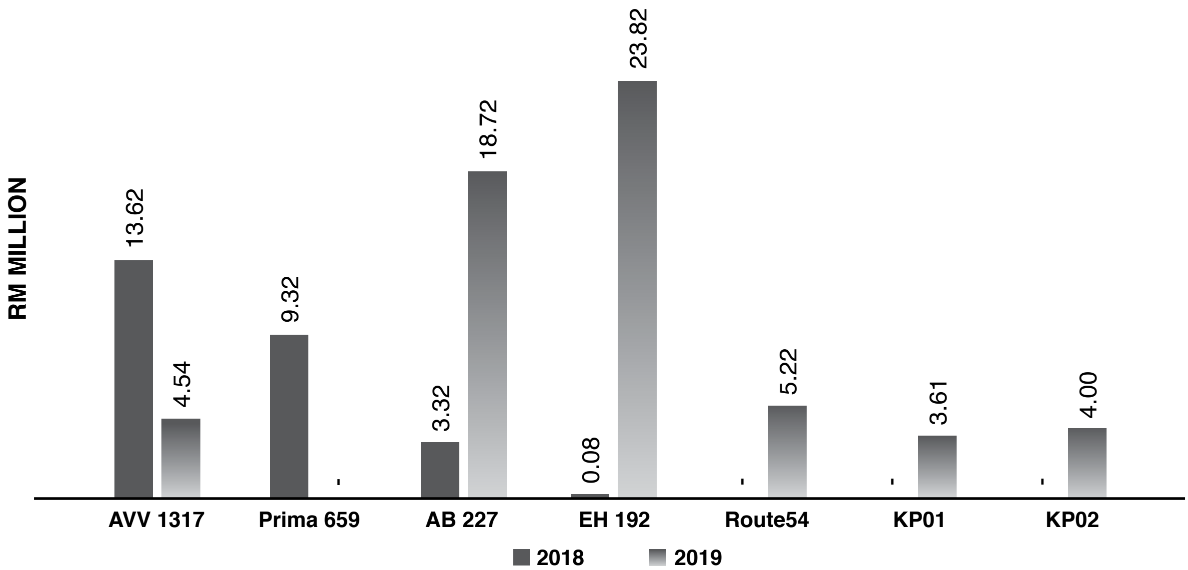
PBSB registered a lower revenue for the financial year of 2019 but managed to deliver a higher profit amidst a very challenging year for the property development market. The property market had remained challenging for the financial year of 2019, directly affecting the construction market.

PBSB managed to register a higher profit before tax (PBT) of RM3.179 Million for the FY2019, an impressive increase of 510% as compared to FY2018 PBT of RM0.521 Million. PBSB also reported a higher Profit After Tax (PAT) of RM2.105 Million, an increase of 400% as compared to FY2018 PAT of RM0.421 Million.

We have managed to secure higher profit margin projects through better negotiations and management of our sub-contractors and suppliers. We have successfully secured a few smaller but fast-tracked projects in Q4 2019. We managed to expand our team's credential through securing an infrastructure project as a sub-contractor. This will allow us to build up our team's portfolio in our continued strategy to enter the infrastructure sector where we anticipate more activities in 2020.

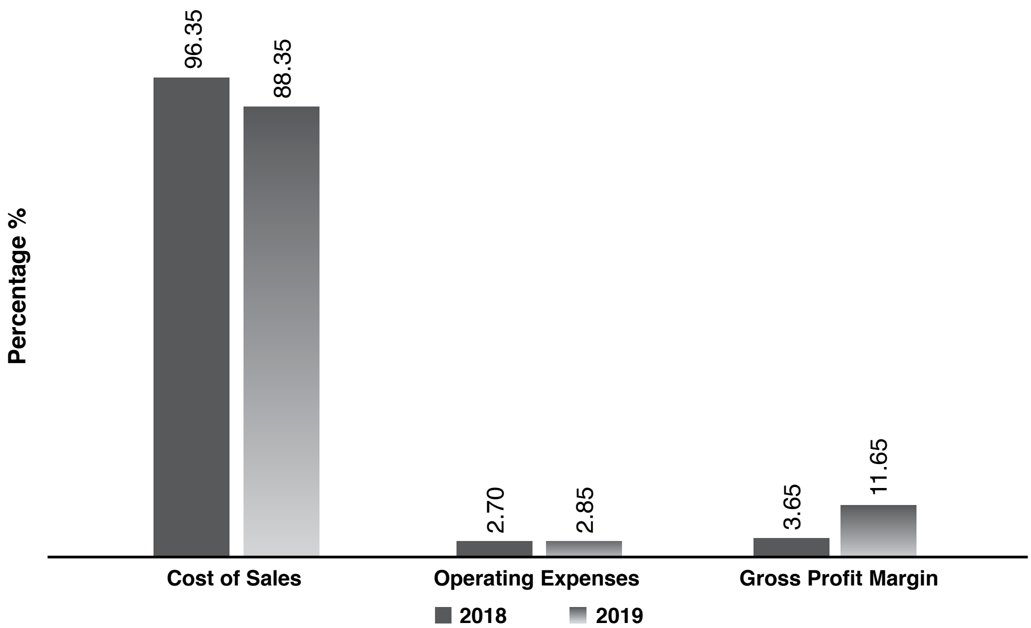
OPERATIONAL REVIEW (Cont'd)

Construction Revenue by Projects 2018-2019



For FY2019, our construction unit achieved a total revenue of RM59.910 Million as compared to the preceding year's RM26.346 Million, translating to a 127.4% increase. Lower revenue in the preceding year was due to recognition of our subsidiary's revenue from the second half of 2018 upon PBSB became a subsidiary of the Group on 19 June 2018. The bar chart above outline the revenue contributions from the respective construction projects carried out for the financial year under review.

Cost of Sales, Operating Expenses and Gross Profit Margin – Construction



Our construction unit managed to secure higher profit margin projects through better negotiations and management of our sub-contractors and suppliers and have successfully secured a few smaller but fast track projects in the 4th quarter of 2019. Gross Profit Margin increased by 8% to 11.65% while Operating Expenses registered a slight increase of 0.15% from 2.70% to 2.85%. We also managed to expand our team's credential through securing an infrastructure project (Route 54) as a sub-contractor. This will allow our construction unit to build our portfolio in our continued strategy to enter the infrastructure sector where we anticipate more activities in 2020.

OPERATIONAL REVIEW (Cont'd)

Super Golden Bull Award 2019

We received the prestigious Golden Super Bull Award from The Golden Bull Award in 2019. The Super Golden Bull award is one of the country's first and most representative annual business awards, honouring the best of businesses in Malaysia by recognising the successful recipients' outstanding achievements. The Super Golden Bull Award is awarded to the companies with the best performance in terms of revenue and an honour and morale booster to the team's confidence in being recognised along with many high corporate performers of the Malaysian Corporate World.

Construction Industry Outlook and Prospects For 2020

PBSB has secured a huge new project despite the challenging conditions in the industry. The new project, a 34 storey condominium located at Sungei Nibong with a contract value of RM42.243 Million is expected to begin construction in Q3 2020.

We are continuously working to carry out development projects with reputable developers such as Aspen Group, Eco World Development Group, etc. PBSB has a total of 5 on-going construction projects with an outstanding order book at end of Q4 2019 which stands at a healthy RM90.97 Million.

PBSB intends to continue to invest in technologies that will continuously reduce our dependency on labour and increase efficiency and quality at the same time. This initiative will be extremely timely in view of the Covid-19 pandemic where overreliance on labour proves to be a disadvantage to the construction projects.

During this challenging condition in the market, it is also an opportune time for PBSB to review and expand our working team by partnering with experienced industry players to boost up our capabilities for future construction projects in 2020. These working partnerships can help to reduce ongoing overheads without compromising our operational capabilities.

In spite of the negative economic outlook and the unstable political situation, we will continue to work closely with our strong network of developers on the potential development projects that are slated for construction in 2020. We endeavour to deliver our projects with quality and timeliness in 2020 in our relentless efforts to build our reputation as a builder of trust in this industry.

The macro environment of our internal politics and the unprecedented economic impact of the Covid-19 pandemic will continue to have a bearish weightage on the construction industry. The instability of construction material prices due to the disruptions in China's production plants will continue to affect the region's material prices and supply. More importantly, the economic fallout stemming from the nationwide lockdown is expected to have drastic and long lasting damage to the industry.

The prospect of the Malaysian economy will be depressed due to increasing uncertainties in both our internal and external environment. Malaysia's gross domestic product (GDP) growth was expected to decelerate to 4.3% in 2020, below the government's forecast of 4.8%, due to weaker external trade performance and softer domestic demand growth. This forecast was later further revised downward to between -2% to 0.5% due to the constantly escalating events brought on by Covid-19.

OPERATIONAL REVIEW (Cont'd)

Construction Industry Outlook and Prospects For 2020 (Cont'd)

The implementation of Movement Control Order (MCO) to contain the spread of Covid-19 in the country saw most business operations came to a complete halt in March 2020 and generated negative impacts to majority of the industries in the country. The property development sector is expected to face further depression in demand for all sectors. The construction sector was targeted to grow 3.7% from 1.7% in FY2019, driven by the implementation of mega projects and affordable housing. But we expect this forecast to be revised downwards. The Bursa Malaysia Construction Index (KLCON) for FY2019 improved by 34.2%, recovering from FY2018 in the same preceding period. But the outlook for FY2020 is expected to be much lower than FY2019 due to the unexpected business and operation disruptions brought on by Covid-19.

Our revenues for first half of 2020 will be severely impacted from the MCO as our operations came to a standstill for nearly two months. Our clients have also been affected by the MCO and had to delay their progress payments to PBSB thus affecting our cash flow planning for the financial year. The supply chain for our building materials was also disrupted and resumption of deliveries will have to be carefully coordinated to ensure the most efficient way to kick-start the operations. This re-mobalisation of our work at our sites was a painful and slow process of ramping up and it also meant an extra cost to the original budget of the projects. To mitigate this, we will be working closely with our clients on the application of Extension Of Time (EOT) to account for the extra time and expenses needed for this unexpected disruption to the operation.

Internally, we will be doing a re-organisation of our resources to ensure efficiency and productivity of the team can be enhanced while maintaining our overhead expenditures. This involves a freeze on new hires, relocation of resources among the project sites and a salary adjustment across the board. The objective of this exercise is to ensure our cash flow planning is optimised in this challenging times.

Without a commercial vaccine against the Covid-19 virus, economies around the world would have to find a sustainable manner to conduct their businesses while adhering to the new operating procedures to minimise the spread of the virus among its workforce. As such, we have devised and implemented new operating procedures for our construction projects which includes strict hygiene and sanitisation during this pandemic. All efforts will also be directed in ways to minimise our cost through less wastage and re-engineering the projects.

As the country's economy is damaged by the pandemic and business operations disrupted by the MCO, we foresee construction projects from the private sectors to be reduced greatly as the demand will be dampened by the lower spending power. The public sector spending will be expected to ramp up to spur economy of the country.

PBSB is looking forward to actively participate in some of the open tenders stemming from these public projects. Our marketing efforts will be focused mainly on working closely with established construction players to jointly look at some of the public infrastructure projects.

The residential subsector are expected to grow at a marginal pace resulted by the over supply of residential development projects. Affordable housing projects are still expected to lead the residential subsector. We are also expecting more development and activities in the northern region. PBSB will be actively participating in more tenders for commercial and residential projects in the northern region to leverage on our strong operation teams. The central region of Selangor will also be another area of focus for our marketing team in FY2020 where we will be working cautiously with our partners in the post Covid-19 economy.

Eco Horizon Project Comprising Of 192 Units Of Double Storey Terrace Houses At Batu Kawan, Penang at 46% completion stage as at 31 December 2019.

OPERATIONAL REVIEW (Cont'd)

Manufacturing Operations

For the year under review, the Group's manufacturing operations continue to face headwinds with a softening domestic market and a slowing Malaysian economy.

For the export segment, ongoing USA and China trade tensions resulted in increased regional competition as China manufacturers for masking tapes and labels stocks lowered prices significantly to shore up manufacturing output. This continue to impact some of the key export markets, in particular India.

For the year under review, the Group's manufacturing revenue were RM54.148 Million, a 5.12% decline Year On Year compared to the previous year revenue of RM57.068 Million. Domestic sales increased by 2.73% while export sales declined by 24.83% respectively Year on Year.

Loss Before Tax for the financial year for our manufacturing operations was RM1.352 Million.

Although revenue declined, the Company's operational efficiencies and quality continued to improve and supported the growth of masking tapes sales to the domestic segment. In the year under review, supply chain strategies continued with cost reduction initiatives of key raw materials to mitigate the higher Cost of Goods Sold, impacted by high production unit costs attributed to the plant's volume output decline from lower export sales of masking tapes. Our manufacturing operations were successful in developing alternative lower cost crepe paper with our existing supplier which resulted in further cost savings.

During the financial year, the manufacturing company continued to invest in customised improvements to the Enterprise Resource Planning (ERP) system and continue to enhance internal controls with additional real time reports on our operations to assist management decision making and speed up response time.

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

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

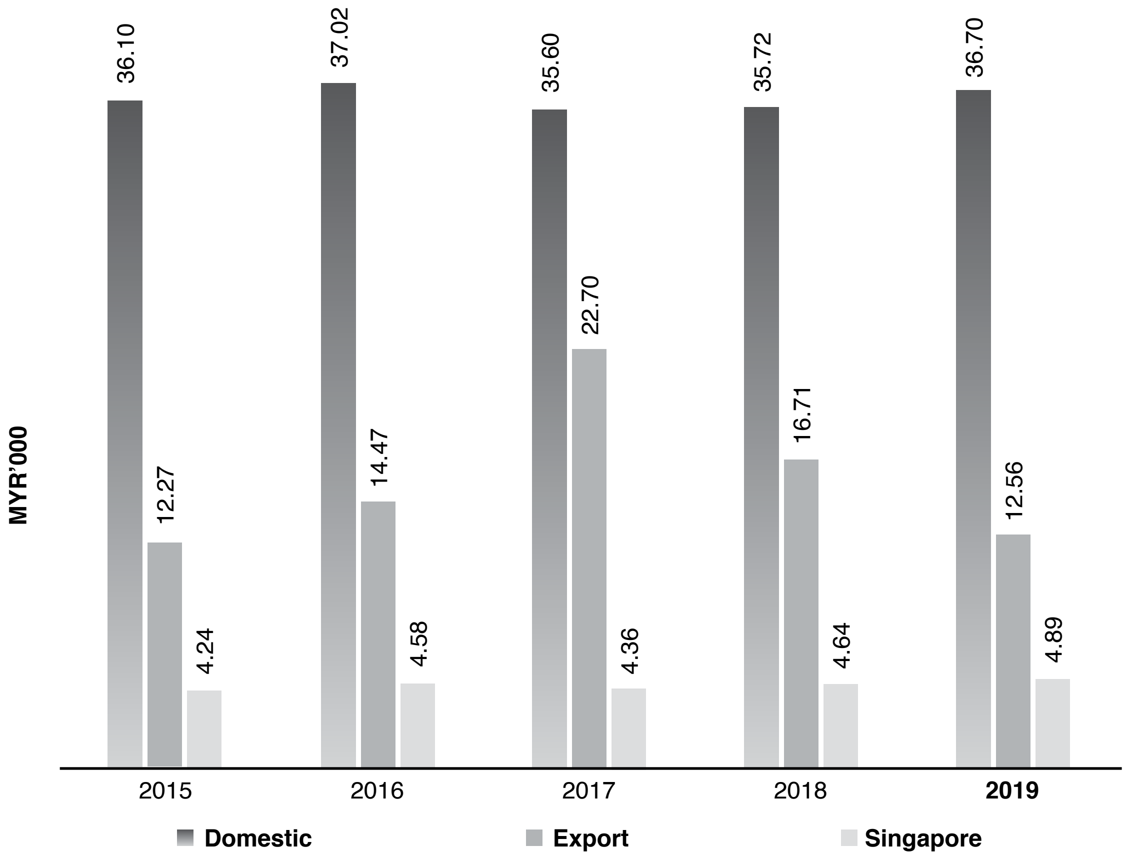
However, our export segment continued to be negatively impacted by regional competition as the unabated China USA trade war entered full bloom. This resulted in China manufacturers with prolong excess capacities for masking tapes, setting export price leadership in the Asia region with new lows resulting from the slower China and Asia economies. Our manufacturing operations masking tapes export sales were impacted by the pressure on softer selling prices resulting in significantly lower export revenues and reduced gross profit margins.

'Traded Items' unfortunately recorded a revenue decline of 8.75% compared to the previous year, attributed to underperforming new product launches in the domestic market which failed to achieve budgeted revenues. However, the Company in its efforts to boost traded items sales performance continued to actively seek out new agencies/products to be launched in the new financial year with a recently concluded distribution rights for sandpaper for automotive, metal and wood industries.

Labels stocks recorded sales increase of 8.26% compared to the previous year, driven by core products sales increases to targeted end users with good credit records in the year under review albeit in a highly competitive end user environment with high frequencies of customers incurring operational losses and exiting the industry. The Company's network of end user customers continued to be supportive and despite the soft domestic economy and limited opportunities, the increase in revenue for this product segment is commendable with gross profit margins also improving as the Company continued with aggressive outsource efforts to reduce costs for labels stocks intermediary raw materials.

OPERATIONAL REVIEW (Cont'd)

Revenue by Segment from 2015 to 2019 - Manufacturing



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

- Domestic sales increased 2.73% in 2019 to RM36.693 Million compared to RM35.718 Million in 2018. The domestic sales performance was commendable where labels stocks sales increased by 9.79% from prior year. Domestic masking tapes sales declined marginally by 1.25% Year on Year as key market segments for masking tapes were impacted by the increase in imports particularly from China as prices went south due to excess manufacturing capacities in China.

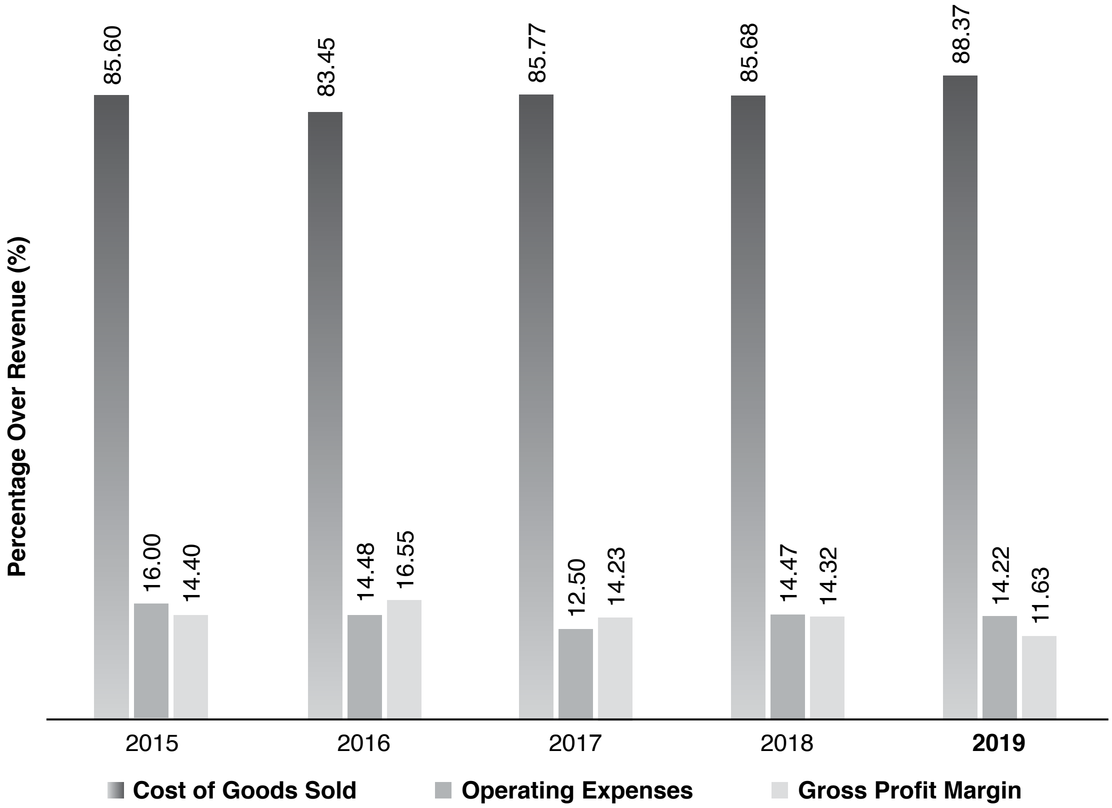
  However, traded items revenue registered a small growth of 3.57% against prior year and did not meet budgeted revenue due to a lack of new product offerings with existing traded items underperforming in soft local market conditions.

- Export sales declined 24.83% in 2019 to RM12.561 Million compared to RM16.709 Million in 2018. Export sales declined for masking tapes is attributed to the Indian sub-continent due to the intense competition from China and Taiwan made masking tapes and the newly set up operations in India by a European manufacturer of masking tapes.

- Singapore operations revenue increased by 5.45% in 2019 to RM4.894 Million compared to RM4.641 Million in 2018. The increase is attributed to the higher sales masking tapes which increased 26.29%.

OPERATIONAL REVIEW (Cont'd)

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



Due to the decline in production volumes output for the year under review, attributed to the slack in export sales for masking tapes, production unit costs increase and negatively impacting Costs of Goods Sold which increased to 88.37% of sales as compared to previous year's 85.68%.

Gross Profit Margin also decreased by 2.69% to 11.63% in 2019 compared to the previous year's 14.32% attributed to higher Costs of Goods Sold.

Plant Operations

a) The Enterprise Resource Planning (ERP) system has gone on to facilitate the plant in enhancing material and process management via venues created for further KPI (Key Performance Indicator) as well as routing and product costing refinement.

b) KAIZEN (continuous improvement) and LEAN concepts continue to drive productivity and quality with numerous ideas and efforts brought forth via Employee Suggestion and Reward Schemes.

c) In line with DOE's (Department of Environment Malaysia) level up programs, the EPMC (Environmental Performance Monitoring Committee) had been set up consisting of representatives from all departments, thus entrusting responsibilities operations wide and further enhancing environmental control and compliance.

d) The surveillance audit for the newly transitioned ISO 9001:2015 standard had been successfully qualified without any Non Conformity Reports (NCR) and only one (1) Opportunity For Improvement (OFI) recorded.

e) The lately developed and implemented IPQC (Internal Process Quality Check) teams consisting of work floor personnel has successfully aided and driven efforts to upkeep RFT (Right First Time) and OTIF (On Time and In Full) KPIs whilst upholding the Zero Tolerance Quality concept and mindset.

OPERATIONAL REVIEW (Cont'd)

Plant Operations (Cont'd)

f) Numerous CD (Cost Down) projects have been finalised as well as continuously identified and executed via team efforts as part of the plant's strategy to reduce operational and material costs.

g) New Product Development (NPD) and Innovation efforts continue to play an integral role in addressing changes in consumer preferences, increasing competition and advances in technology while capitalising on emerging opportunities.

h) The RMWG (Risk Management Working Group) continuously drives the efforts of identifying potential risks in advance, analysing them and taking precautionary steps to curb these risks and ultimately ensuring business continuity.

Net Profit

Manufacturing operations' Loss Before Tax of RM1.352 Million is mainly attributed to decline in revenue, lower gross profit margin due to higher Cost Of Goods Sold and overall selling expenses increase in the 4th quarter of the financial year under review due to additional expenses incurred by its subsidiaries on new business development activities.

Outlook for Manufacturing

The challenges for our manufacturing operations for 2020 have increased significantly since Covid-19 and has severely impacted our sales and operations from 18 March 2020 as the government imposed the Movement Control Order (MCO) in the country to control and curb the spread of the contagious virus.

Revenues for the first half of 2020 are anticipated to register significant declines compared to the same period of 2019 from the impact of the economic shutdown. Although our manufacturing operations were allowed to partially operate during a large part of the MCO period, market demand for our products were expectedly low and the operations faced supply chain shortages for certain raw materials used to manufacture tapes products. Most of our tape customers had also remained closed during the duration of the MCO although a number of labels stocks customers were operating, being part of the essential goods supply chain. Logistics challenges had also impeded our deliveries from our plant to customers who were operating.

Some export markets remained partially open and we were able to meet the requirements of these export customers during the MCO as local haulage and international shipping lines remained open.

Going forward, preparing for market recovery will be our focus for the second half of 2020 with the anticipation that recovery will take time. Domestic and export markets demand for our products are forecast to be lower than the previous year post MCO. Credit risks for both domestic and export sales will increase and cash flow will be negative from the likelihood of some of our customers deferring payments or operations failing. While, we continue to value our customers and remain supportive, the operations will increase its focus on receivables to sustain manufacturing operational cash flow.

The manufacturing operations are urgently revisiting forecast revenues through the year based on anticipated reduced demands for domestic and export markets. Sales efforts will also focus on creating new avenues/channels for our products to mitigate the impact of reduced demand from existing segments. Optimistically, forecast demand for masking tapes from export markets may not be as significantly impacted compared to domestic market due to the possibility of the international supply chain sourcing "decentralisation" from China.

The manufacturing operations anticipate that the "wage subsidy" from the government will partially help to reduce the impact on potential losses in the 1st half of 2020. At the same time, the manufacturing operations are carefully scrutinising and removing unnecessary costs & expenses across all departments.

Notwithstanding, the manufacturing operations sales team will endeavour to focus aggressively on masking tapes to keep critical production volumes up and the plant's efforts and success to drive efficiencies in production to minimise wastages and other production associated costs will be critical to mitigate the negative financial forecast for this financial year. Product quality consistency, as always remain the key to support sustainable and recurring orders, especially for export orders. Other costs reduction initiatives at the plant include improving the percentage of solvent recovery by enhancing the present activated carbon filtration system.

Material wastages and over consumption issues which arose in early 2019 continue to require close and constant monitoring to ensure wastages are per targets set and optimised at each production process.

OPERATIONAL REVIEW (Cont'd)

Outlook for Manufacturing (Cont'd)

Against the above unprecedented sentiments, 2020, will no doubt be critically challenging for both our construction subsidiary and manufacturing operations. We will be relentless in our pursuit of the limited market opportunities while continuing focus on operational efficiencies improvements for both construction and manufacturing operations.

With the above developments, the Group hopes its operating companies mitigating strategies and actions will sustain the Group into the long term future. In the short term, the Management will need to expediently execute the strategies for its respective businesses to ensure a firm foundation for the future of the Group.

On behalf of the Management, I would like to thank all our customers, shareholders, suppliers and staff for their continual support to the CGB Group of companies. In addition, I wish to convey my personal gratitude to my Board of Directors and our staff for their support in the year and moving forward into an unprecedented 2020.

Wong Yuk Thin
Executive Director

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

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

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

ECONOMIC

(i) Business Growth

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

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

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

(ii) Diversification

In 2018, the Group diversified into construction and construction related activities via a 51% stake in Proventus Bina Sdn. Bhd. ("PBSB"), a company mainly involved in the construction of residential and commercial buildings for many reputable developers in Malaysia.

PBSB has been participating in many tenders for various projects that will expand its repertoire and track record in the industry. International schools and sports complex are some of the projects that we will be actively tendering in 2020.

In addition, PBSB will also be assessing interesting projects in other states besides Penang and Selangor, focusing on affordable housing projects in Malaysia, on condition that these projects can pass through our stringent risk assessment procedures.

(iii) New Product Development

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

Our products are developed to enhance user experience. Samples and test outcomes are shared with customers for their review and acceptance prior to commercialisation. In 2019, our New Product Development pipeline has resulted in a total of 2 new products commercialised in additional to the enhancement of another 3 existing products. This had allowed our Company to sustain our business growth trajectory.

(iv) Quality Assurance

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

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

ECONOMIC (Cont'd)

(iv) Quality Assurance (Cont'd)

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

(v) Code of Business Conduct and Whistleblower Policy

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

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

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

ENVIRONMENT STEWARDSHIP

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

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

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

i) Solvent Recovery

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

ii) Scheduled Waste Management

All of our manufacturing operations scheduled waste are packed according to the requirements of Department of Environment and disposed at licensed scheduled waste treatment facility.

iii) Non-Scheduled Waste Management

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

iv) Wood Fuel for Boiler

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

v) Chemical Health Risk Assessment

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

ENVIRONMENT STEWARDSHIP (Cont'd)

vi) Construction Waste Management

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

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

SOCIAL RESPONSIBILITY

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

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

i) Industrial Training

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

ii) Charitable Contributions

Beach cleaning at Pantai Merdeka, Kota Kuala Muda, Kedah.




SOCIAL RESPONSIBILITY (Cont'd)

iii) Employees' Welfare

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

- **Appreciation for Suggestions**

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

- **Emergency Response Team**

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

- **Personal Protective Equipment**

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

- **Safety & Health Team**

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

Safe Forklift Handling Training

Safety Awareness Briefing

For our construction operations, we emphasise on stringent measures in all safety aspects at our work sites. PBSB continues to uphold the high standards set and regulated by Department of Safety and Health Malaysia.

SOCIAL RESPONSIBILITY (Cont'd)

iii) Employees' Welfare (Cont'd)

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

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

- **Human Capital Development**

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

In 2019, a total of 12 and 2 public training programs and seminars were attended by employees of CICB and PBSB, respectively in additional to the in-house trainings and continuous on-the-job trainings conducted by our Managers, Executives and Supervisors.

- **Employee Engagement**

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

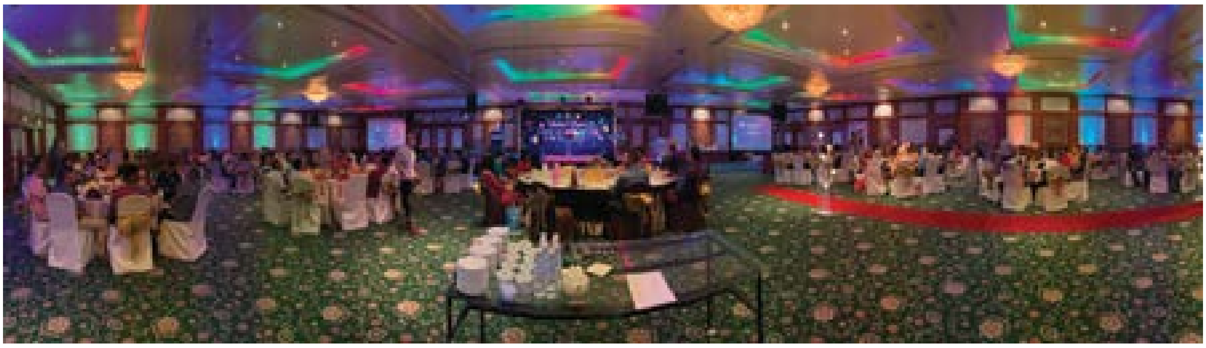
Both CICB and PBSB strive to provide a good and conductive workplace, practicing a system without discriminations against ethnicity, gender, age or status. All staffs share equal opportunities on appointment, promotion, development and reward on a fair basis for a harmonious, well balanced and healthy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

SOCIAL RESPONSIBILITY (Cont'd)

iii) Employees' Welfare (Cont'd)

- **Employee Engagement (Cont'd)**

Manufacturing Operation Annual Dinner 2019



Construction Operation Hari Raya Aidilfitri 2019

On 10 June 2019, the Audit and Risk Management Committee was constituted concurrent with the appointment of Directors to Central Global Berhad ("CGB") ahead of CGB's assumption of the listing status of Central Industrial Corporation Berhad ("CICB") under an internal reorganisation which had facilitated the establishment of a new corporate structure with CGB now owing 100% of CICB.

The Board of Directors is pleased to present the report on the Audit and Risk Management Committee Report for the financial year ended 31 December 2019.

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

MEMBERS

Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud *(Chairman, Independent Non-Executive Director)*
Mr. Koay Then Hin *(Independent Non-Executive Director)*
Mr. Ng Seng Bee *(Independent Non-Executive Director)*
Mr. Andrew Chong Shuh Ren *(Independent Non-Executive Director) (appointed on 3 June 2020)*

TERMS OF REFERENCE

Membership

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

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

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

Notice of Meeting and Attendance

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

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

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

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

Frequency of Meetings

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

TERMS OF REFERENCE (Cont'd)

Authority

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

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

Duties

The duties of the Committee shall be:

1) To review with the external auditors:

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

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

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

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

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

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

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

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

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

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

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

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

The Terms of Reference of the Committee is published on the Company's website at www.cicb.com.my in line with Paragraph 15.11 of MMLR.

TERMS OF REFERENCE (Cont'd)

Reporting Procedures

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

Details of attendance at Audit and Risk Management Committee Meetings

There were five (5) Audit and Risk Management Committee meetings held during the financial year ended 31 December 2019. Details of the attendance of Audit and Risk Management Committee members at the meetings are as follows:

Name	Total Meetings Attendance
Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud	5/5 meetings
Mr. Koay Then Hin	5/5 meetings
Mr. Ng Seng Bee	5/5 meetings
Mr. Andrew Chong Shuh Ren* (Appointed on 3 June 2020)	N/A

* Appointed after financial year ended 31 December 2019.

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

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

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

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

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

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

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

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

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

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

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

INTERNAL AUDIT FUNCTION

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

The Company has outsourced the Internal Audit functions to Messrs RSM Corporate Consuting Sdn. Bhd. ("RSM"), an independent professional firm as the Internal Auditors for the financial year ended 31 December 2019.

During the financial year, RSM carried out a total of two (2) audit and two (2) follow-up reviews on the Company's subsidiaries in accordance with the audit plan. The Internal Auditors had updated the principal risk faced, or potentially exposed by the Company and its subsidiaries in their internal audit reports.

For the financial year 2019, the total cost incurred for the internal audit function was RM42,631.

On 21 June 2019, Central Global Berhad ("CGB") made its trading debut on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") upon assumption of the listing status of Central Industrial Corporation Berhad ("CICB"). This marked the completion of the internal reorganisation which had facilitated the establishment of a new corporate structure with CGB now owing 100% of CICB.

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

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

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

Clear Functions Reserved for the Board and Those Delegated to Management

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

Clear Roles and Responsibilities

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

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

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

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

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

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

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

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

Clear Roles and Responsibilities (Cont'd)

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

The three (3) Board Committees are as follows:

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

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

Code of Conduct and Compliance

The Group has formalised a set of ethical standards through the Code of Business Conduct ("the Code") to ensure Directors and employees practise ethical, business like and lawful conduct, including proper use of authority and provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability. The Code was last reviewed by the Board on 25 February 2020 and is published on the Company's website at www.cicb.com.my.

The Group has also established the Whistleblower Policy ("the Policy") so that any employee of the Group can seek guidance and report suspected and/or known misconduct, wrongdoings, corruption and other malpractices involving the resources of the Group and in the matters of financial reporting and compliance. Reports can be made anonymously and arrangements are in place for the independent investigations and appropriate follow-up action. The Policy was last reviewed by the Board on 25 February 2020 and is published on the Group's website at www.cicb.com.my.

Anti-Bribery Policy and Framework

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

The Company has yet to adopt the Anti-Bribery Policy and Framework pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009. However, the Company will be engaging consultants in the 2nd quarter of 2020 to build the framework and train our staff on the Anti-Bribery Policy and adopt this policy in the current financial year.

Business Sustainability and Environmental, Social and Governance

The Group is committed to operate its business in accordance with environmental, social and economic responsibilities in compliance with all relevant laws in order to meet the requirements and aspirations of various stakeholders. The Group strives to achieve a long term sustainable balance between meeting its business goals and preserving the environment as it recognises that the sustainability of ecosystems is an integral part of sustaining its long term business plans. A Sustainability Statement is set out on pages 27 to 32 of this Annual Report.

Access to Information and Advice

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

Access to Information and Advice (Cont'd)

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

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

Qualified and Competent Company Secretary

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

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

Board Charter

The Board delegates the day-to-day operations of the Group to the Executive Directors and Managing Director of its subsidiaries who have vast experience in the respective business of the Group. The Board has established clear functions reserved for the Board and those delegated to the Management in the Board Charter ("the Charter"). The Charter provides guidance for the Directors and the Management on the responsibilities of the Board, its Committees and requirements of Directors which are subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. The Board Charter was last reviewed by the Board on 25 February 2020 and is published on the Company's website at www.cicb.com.my.

REINFORCE INDEPENDENCE

Assessment of Independence

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

Tenure of Independent Director

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

Shareholders' Approval for Re-Appointment as Independent Non-Executive Director after a Tenure of Nine (9) Years

The shareholders' approval was obtained via two-tier voting at the 46th AGM of CICB for Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud and Mr. Koay Then Hin to continue to serve the Board. However, they are not seeking for re-election at the forthcoming First Annual General Meeting of CGB.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

REINFORCE INDEPENDENCE (Cont'd)

Chairman and Executive Directors

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

The Board is led by Dr. Uzir Bin Abdul Malik, a Non-Independent Non-Executive Chairman while the executive management of CICB and PBSB are led by the respective Managing Directors, Mr. Wong Yuk Thin and the Managing Director, Mr. Kong Teck Fong and they are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies.

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

Composition of the Board

At the date of this statement, the Board consists of nine (9) members comprising two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors. All the Independent Non-Executive Directors fulfill the criteria of independence as defined in the MMLR of Bursa Securities. The proportion of more than one-third of the Independent Non-Executive Directors provides effective check and balance in the functioning of the Board.

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

FOSTER COMMITMENT

Time Commitment and Expectations

The Board is scheduled to meet at least six (6) times a year, with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended 31 December 2019, the Board met on six (6) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, strategic decisions and the direction of the Group.

	Meetings Attended
Dr. Uzir Bin Abdul Malik	6/6
Mr. Wong Yuk Thin	6/6
Mr. Chuah Guan Leong	6/6
Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud	6/6
Dato' Tan Yee Boon	6/6
Mr. Phang Kwai Sang	6/6
Mr. Koay Then Hin	6/6
Mr. Ng Seng Bee	6/6
Mr. Andrew Chong Shuh Ren* (Appointed on 3 June 2020)	N/A

* Appointed after financial year ended 31 December 2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

FOSTER COMMITMENT (Cont'd)

Time Commitment and Expectations (Cont'd)

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

Training

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

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

During the financial year, the training programmes and seminars attended by the Directors are as follows:

No	Name	Programme
1	Dr. Uzir Bin Abdul Malik	• Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009
2	Mr. Wong Yuk Thin	• KPMG ACI Breakfast Roundtable 2019
3	Mr. Chuah Guan Leong	• Directors Dialogue with Mr Jonathan Labrey on Integrated Reporting • Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009
4	Dato' Tan Yee Boon	• Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009
5	Mr. Phang Kwai Sang	• The Role of the Board in Risk Management of Legal Issues During Mergersand Acquisition

Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud, Mr. Koay Then Hin and Mr. Ng Seng Bee were unable to attend training during the financial year due to their other commitments which clashed with available training dates.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

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

Financial reporting

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

UPHOLD INTEGRITY IN FINANCIAL REPORTING (Cont'd)

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

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

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

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

State of internal controls

The Statement on Risk Management and Internal Control furnished on pages 47 to 49 of this Annual Report, provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit and Risk Management Committee with the internal and external auditors are included in the Audit and Risk Management Committee's terms of reference as detailed on pages 33 to 36 of this Annual Report.

A summary of the work of the Audit and Risk Management Committee during the financial year are set out in the Audit and Risk Management Committee Report on page 35 of this Annual Report.

Assessment of External Auditors

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

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

II. BOARD COMPOSITION

Nomination

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

- Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud : Chairman, Independent Non-Executive Director
- Mr. Koay Then Hin : Member, Independent Non-Executive Director
- Mr. Phang Kwai Sang : Member, Non-Independent Non-Executive Director

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

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

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

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

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

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

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

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

Re-election

In accordance with the provisions of the Company's Constitution, one-third of the Directors for the time being or, if their number is not a multiple of three (3), then the number nearest to one-third shall retire from office at the Annual General Meeting ("AGM"). All the Directors shall retire from office at the first annual general meeting and once at least in each three years and shall be eligible for re-election.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. DIRECTORS' REMUNERATION

Remuneration Committee

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

Mr. Phang Kwai Sang	: Chairman, Non-Independent Non-Executive Director
Dato' Tan Yee Boon	: Member, Independent Non-Executive Director
Mr. Koay Then Hin	: Member, Independent Non-Executive Director

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

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

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

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

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

During the financial year, the Committee met two (2) times and all Committee members attended the meetings. During the year, the Committee reviewed the remuneration package for the Executive Directors and the Managing Director of the subsidiaries.

Details of the Directors' Remuneration

Details of the nature and amount of each major element of the remuneration of Directors of the Company during the financial year ended 31 December 2019, are as follows:

	Fees RM	Salaries RM	Bonuses RM	Statutory contributions RM	Benefits RM	Total RM
Wong Yuk Thin	10,000	444,000	14,800	68,820	17,400	555,020
Chuah Guan Leong	36,000	80,400	-	9,648	8,000	134,048
Dr. Uzir Bin Abdul Malik	50,000	-	-	-	12,000	62,000
Ng Seng Bee	36,000	-	-	-	10,500	46,500
Koay Then Hin	36,000	-	-	-	12,000	48,000
Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud	36,000	-	-	-	12,500	48,500
Phang Kwai Sang	36,000	-	-	-	10,000	46,000
Dato' Tan Yee Boon	36,000	-	-	-	9,000	45,000
Total	**276,000**	**524,400**	**14,800**	**78,468**	**91,400**	**985,068**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. DIRECTORS' REMUNERATION (Cont'd)

Details of the Directors' Remuneration (Cont'd)

The number of top seven (7) senior management staff whose total remuneration falls within the following bands are:

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

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Risk Management Framework

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

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

Internal Audit Function

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

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP

Corporate Disclosure

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

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

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP (Cont'd)

Corporate Disclosure (Cont'd)

Using Information Technology for Effective Dissemination

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

Encourage Shareholder Participation at General Meetings

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

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

Poll Voting

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

Communication and Engagement with Shareholders

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

The ways of communication to shareholders are as follows:

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

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

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

COMPLIANCE STATEMENT

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

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROLS

Upon the assumption of the equity ownership of Central Industrial Corporation Berhad ("CICB"), Central Global Berhad ("CGB") was then officially listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") on 21 June 2019.

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

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The Group has established a Risk Management Working Group ("RMWG") for CICB headed by its Managing Director to identify risk profiles of all departments within the manufacturing operations and also reviewing the areas that require further improvement. The RMWG consists of the Managing Director as the chairman and the Head of Departments as members.

The terms of reference of CICB's RMWG are:

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

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

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

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

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

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

The Group's construction subsidiary, Proventus Bina Sdn Bhd ("PBSB") has established and completed a Risk Management Framework subsequent to the year end via an external consultant, RSM Corporate Consulting Sdn. Bhd. ("RSM"), to identify and rank risk profiles of departments within the construction operations. Risk mitigation actions will be rolled out in the current financial year to address the identified risks.

The Management at subsidiaries is accountable to the Board for risk management and internal control and responsible to implement processes to identify and design relevant controls in response to the risks.

RISK MANAGEMENT

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

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

INTERNAL AUDIT

During the financial year, the Group engaged RSM, an independent professional firm as the Internal Auditors to provide independent internal audit services to the Group. RSM is responsible to develop the internal audit plan for year 2019.

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

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

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

During the financial period, a summary of activities carried out by the outsourced Internal Auditors for CICB include:

- Two (2) audits on:
    - Sales To Receivables
    - Project Management

- Two (2) follow-up reviews on:
    - Inventory Management
    - Production

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

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

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

INTERNAL CONTROL

The Board and Audit and Risk Management Committee

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

Organisational Structure and Authorisation

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

INTERNAL CONTROL (Cont'd)

Organisational Structure and Authorisation (Cont'd)

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

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

Information and Communication

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

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

Monitoring and Review

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

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

Board Assurance and Limitation

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

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

The Board has received assurance from the Managing Director of CICB and Group Financial Controller that the subsidiary's risk management and internal control system are operating adequately and effectively in all material aspects, based on the risk management and internal control system of the subsidiary and on-going improvements to internal control will continue to be prioritised by the subsidiary.

The Board has also received assurance from the Managing Director and Senior Finance Manager of PBSB that the subsidiary's risk management framework will effectively identify and rank the risk's profile for its construction activities and mitigation actions will be implemented in 2020.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 17 June 2020.

OTHER INFORMATION

- **Audit Fees and Non-Audit Fees**

The amount of audit and non-audit fees incurred for the services rendered by external auditors of the Group for the financial year ended 31 December 2019 were as follows:

	Group RM	Company RM
Audit Fees	168,150	25,000
Non-audit Fees	12,000	-

- **Corporate Exercise Fees**

Investment bankers, legal fees and other related expenses for the internal reorganisation of the Group amounted to RM237,044 for the financial year ended 31 December 2019.

- **Material Contracts**

There were no material contracts entered into by the Company and/or its subsidiaries involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2019 or since the end of the previous financial year.

- **Utilisation of Proceeds**

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

- **Recurrent Related Party Transactions of A Revenue Nature**

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

for the period ended 31 December 2019

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

Principal activities

The Company is principally engaged in investment holding since the date of incorporation of 5 October 2018 whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

During the financial period, there was a reorganisation involving a shares exchange between Central Industrial Corporation Berhad ("CICB") and the Company, which resulted in Company becoming the holding company of CICB as well as taking over its listing status as disclosed in Note 1(b).

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

Results

	Group RM	Company RM
Profit/(Loss) for the period attributable to:		
- Owners of the Company	(609,567)	(548,095)
- Non-controlling interest	1,031,500	-
	421,933	(548,095)

Reserves and provisions

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

Dividend

No dividend was paid since the date of incorporation and the Directors do not recommend any dividend to be paid for the financial period under review.

Directors of the Company

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

Dato' Seraja Mahkota Dato' Wira Zainuddin Bin Mahmud	(Appointed on 10 June 2019)
Koay Then Hin	(Appointed on 10 June 2019)
Wong Yuk Thin	(Appointed on 10 June 2019)
Dato' Tan Yee Boon	(Appointed on 10 June 2019)
Phang Kwai Sang	(Appointed on 10 June 2019)
Ng Seng Bee	(Appointed on 10 June 2019)
Dr. Uzir Bin Abdul Malik	(Appointed on 10 June 2019)
Chuah Guan Leong	(Appointed on 10 June 2019)
Lee Lai Leng	(First Director; resigned on 10 June 2019)
Teh Siok Wah	(First Director; resigned on 10 June 2019)
Andrew Chong Shuh Ren	(Appointed on 3 June 2020)

Directors of subsidiaries

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

Wong Yuk Thin	
Koay Then Hin	(Resigned on 3 October 2019)
Phang Kwai Sang	(Resigned on 3 October 2019)
Chuah Guan Leong	
Terence Yee Wai Leong	
Kong Teck Fong	
Phua Sien Jie	(Resigned on 3 October 2019)

Directors' interests in shares

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

	Number of ordinary shares			
	At 1.1.2019/ date of appointment*	**Bought/ Shares exchange#**	**Sold**	**At 31.12.2019**
Interests in the Company:				
Chuah Guan Leong - own	-*	7,269,030#	-	**7,269,030**
Interests in a subsidiary, CICB:				
Chuah Guan Leong - own	**7,269,030**	(7,269,030)#	-	**-**

\# In June 2019, CICB undertook a shares exchange of all the ordinary shares of CICB ("CICB Shares") with the ordinary shares of the Company ("CGB Shares") on the basis of one new CGB Share for every one CICB share held at the entitlement date.

None of the other Directors holding office at 31 December 2019 had any interest in the ordinary shares of the Company and of its related corporations during the financial period.

Directors' benefits

Since the date of incorporation, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Issue of shares and debentures

During the financial period, the Company issued:

(a) 2 new ordinary shares of RM1 per ordinary share for cash as subscribers' shares on the incorporation date; and

(b) 90,000,000 new ordinary shares of 57.1185 sen per ordinary share as shares exchange for all the ordinary shares of CICB with the new ordinary shares of the Company on the basis of one new ordinary share for every one existing CICB share held ("Shares exchange") as at the entitlement date, via a scheme of arrangement under Section 366 of the Companies Act 2016. The Shares exchange was completed on 21 June 2019.

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

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

Options granted over unissued shares

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

Indemnity and insurance costs

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

Other statutory information

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

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

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

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

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

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

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

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

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

Other statutory information (Cont'd)

In the opinion of the Directors, except for those disclosed in Note 23 to the financial statements, the financial performance of the Group and of the Company for the financial period ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

Significant events during the period

The details of such events are disclosed in Note 35 to the financial statements.

Subsequent events

The details of such events are disclosed in Note 36 to the financial statements.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 23 to the financial statements.

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

……………………………..……..

Wong Yuk Thin

Director

…………………………………....

Chuah Guan Leong

Director

Penang,

Date: 17 June 2020

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
as at 31 December 2019

	Note	2019 RM	2018 RM
Assets			
Property, plant and equipment	3	**14,093,990**	15,022,729
Right-of-use assets	4	**1,483,380**	-
Investment properties	5	**990,020**	1,016,996
Prepaid lease payments	6	**-**	1,429,014
Goodwill	8	**22,285**	22,285
Deferred tax assets	9	**45,000**	64,000
Total non-current assets		**16,634,675**	17,555,024
Inventories	10	**14,549,777**	19,585,323
Contract assets	11	**9,231,556**	2,780,014
Trade and other receivables	12	**29,287,795**	34,083,089
Current tax assets		**26,000**	167,731
Fixed deposits with a licensed bank	13	**3,835,801**	2,078,875
Cash and cash equivalents	14	**11,752,693**	6,119,887
Total current assets		**68,683,622**	64,814,919
Total assets		**85,318,297**	82,369,943
Equity			
Share capital	15	**51,406,681**	2
Reserves	16	**(3,439,006)**	48,575,426
Total equity attributable to owners of the Company		**47,967,675**	48,575,428
Non-controlling interest		**4,577,144**	3,545,644
Total equity		**52,544,819**	52,121,072

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
as at 31 December 2019 (Cont'd)

	Note	2019 RM	2018 RM
Liabilities			
Loans and borrowings	17	**282,417**	-
Employee benefits	18	**1,655,592**	1,716,590
Deferred tax liabilities	9	**641,000**	910,000
Total non-current liabilities		**2,579,009**	2,626,590
Loans and borrowings	17	**2,701,193**	-
Lease liabilities		**100,623**	-
Trade and other payables	19	**26,822,413**	27,622,281
Current tax liabilities		**570,240**	-
Total current liabilities		**30,194,469**	27,622,281
Total liabilities		**32,773,478**	30,248,871
Total equity and liabilities		**85,318,297**	82,369,943

The notes on pages 70 to 134 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2019

	Note	1.1.2019 to 31.12.2019 RM	1.1.2018 to 31.12.2018 RM
Continuing operations			
Revenue	20	**114,057,933**	83,413,962
Cost of sales		**(100,785,358)**	(74,280,331)
Gross profit		**13,272,575**	9,133,631
Other income		**695,406**	1,179,844
Distribution expenses		**(3,332,495)**	(3,139,984)
Administrative expenses		**(6,619,781)**	(5,828,291)
Net (loss)/gain on impairment of financial instruments and contract assets	23	**(389,394)**	1,965
Other expenses		**(2,388,333)**	(2,776,979)
Results from operating activities		**1,237,978**	(1,429,814)
Finance income	21	**247,710**	296,222
Finance costs	22	**(216,579)**	-
Net finance income		**31,131**	296,222
Share of profit of equity-accounted associate, net of tax		**-**	165,551
Profit/(Loss) before tax	23	**1,269,109**	(968,041)
Tax expense	25	**(847,176)**	(2,837,550)
Profit/(Loss) for the period		**421,933**	(3,805,591)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the period ended 31 December 2019 (Cont'd)

	Note	1.1.2019 to 31.12.2019 RM	1.1.2018 to 31.12.2018 RM
Other comprehensive income/(expense), net of tax			
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operation		**1,814**	(1,958)
Total other comprehensive income/(expense) for the period, net of tax	33	**1,814**	(1,958)
Total comprehensive income/(expense) for the period		**423,747**	(3,807,549)
Profit/(Loss) attributable to:			
Owners of the Company		**(609,567)**	(3,606,415)
Non-controlling interest		**1,031,500**	(199,176)
Profit/(Loss) for the period		**421,933**	(3,805,591)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**(607,753)**	(3,608,373)
Non-controlling interest		**1,031,500**	(199,176)
Total comprehensive income/(expense) for the period		**423,747**	(3,807,549)
Basic/Diluted loss per ordinary share (sen)	26	**(0.68)**	(4.01)

The notes on pages 70 to 134 are an integral part of these financial statements.

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

	Attributable to owners of the Company						
		Non-distributable		Distributable			
	Share capital RM	Reorganisation reserve RM	Translation reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM	Non-controlling interest RM	Total equity RM
1 January 2018	2	51,406,679	277,105	1,375,015	53,058,801	-	53,058,801
Foreign currency translation differences for foreign operation (Note 33)	-	-	(1,958)	-	(1,958)	-	(1,958)
Total other comprehensive expense for the period	-	-	(1,958)	-	(1,958)	-	(1,958)
Loss for the period	-	-	-	(3,606,415)	(3,606,415)	(199,176)	(3,805,591)
Total comprehensive expense for the period	-	-	(1,958)	(3,606,415)	(3,608,373)	(199,176)	(3,807,549)
Distribution to and contribution by owners of the Company							
- Dividend to owners of the Company (Note 32)	-	-	-	(875,000)	(875,000)	-	(875,000)
- Acquisition of a subsidiary (Note 34.3)	-	-	-	-	-	3,744,820	3,744,820
Total transactions with owners of the Company	-	-	-	(875,000)	(875,000)	3,744,820	2,869,820
At 31 December 2018	2	51,406,679	275,147	(3,106,400)	48,575,428	3,545,644	52,121,072
	Note 15	Note 16					

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
for the period ended 31 December 2019 (Cont'd)

	Attributable to owners of the Company						
		Non-distributable		Distributable			
	Share capital RM	Reorganisation reserve RM	Translation reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM	Non-controlling interest RM	Total equity RM
1 January 2019	2	51,406,679	275,147	(3,106,400)	48,575,428	3,545,644	52,121,072
Foreign currency translation differences for foreign operation (Note 33)	-	-	1,814	-	1,814	-	1,814
Total other comprehensive income for the period	-	-	1,814	-	1,814	-	1,814
(Loss)/Profit for the period	-	-	-	(609,567)	(609,567)	1,031,500	421,933
Total comprehensive income/(expense) for the period	-	-	1,814	(609,567)	(607,753)	1,031,500	423,747
Distribution to and contribution by owners of the Company							
- Shares exchange (Note 15)	51,406,679	(51,406,679)	-	-	-	-	-
Total transaction with owners of the Company	51,406,679	(51,406,679)	-	-	-	-	-
At 31 December 2019	51,406,681	-	276,961	(3,715,967)	47,967,675	4,577,144	52,544,819
	Note 15	Note 16					

The notes on pages 70 to 134 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS
for the period ended 31 December 2019

	Note	1.1.2019 to 31.12.2019 RM	1.1.2018 to 31.12.2018 RM
Cash flows from operating activities			
Profit/(Loss) before tax		**1,269,109**	(968,041)
Adjustments for:			
Amortisation of prepaid lease payments	6	**-**	46,190
Depreciation of			
- Property, plant and equipment	3	**3,260,727**	2,532,633
- Right-of-use assets	4	**239,560**	-
- Investment properties	5	**26,976**	26,913
Gain on disposal of plant and equipment	23	**(19,658)**	(6,548)
Plant and equipment written off	23	**1,130**	926
Employee benefits	18	**150,582**	35,863
Net impairment loss on financial assets	23	**389,394**	(1,965)
Finance costs	22	**216,579**	-
Finance income	21	**(247,710)**	(296,222)
Share of profit of equity-accounted associate		**-**	(165,551)
Loss on interest previously held in an associate	23	**-**	627,877
Operating profit before changes in working capital		**5,286,689**	1,832,075
Change in inventories		**5,036,150**	(4,087,091)
Change in contract assets		**(6,451,542)**	1,228,023
Change in trade and other receivables		**(9,073,963)**	(11,351,955)
Change in trade and other payables		**12,680,833**	5,582,636
Cash generated from/(used in) operations		**7,478,167**	(6,796,312)
Tax paid		**(385,205)**	(429,889)
Employee benefits paid	18	**(211,580)**	(34,153)
Net cash from/(used in) operating activities		**6,881,382**	(7,260,354)

CONSOLIDATED STATEMENT OF
CASH FLOWS
for the period ended 31 December 2019 (Cont'd)

	Note	1.1.2019 to 31.12.2019 RM	1.1.2018 to 31.12.2018 RM
Cash flows from investing activities			
Purchase of plant and equipment	A	**(1,945,160)**	(202,111)
Proceeds from disposal of plant and equipment		**24,700**	6,548
Acquisition of a subsidiary, net of cash and cash equivalents acquired	34.3	**-**	3,741,303
Placement of fixed deposits		**(83,059)**	(2,078,875)
Interest received		**247,710**	296,222
Net cash (used in)/from investing activities		**(1,755,809)**	1,763,087
Cash flows from financing activities			
Placement of fixed deposits pledged		**(1,673,867)**	-
Interests paid		**(216,579)**	-
Dividend paid to owners of the Company	32	**-**	(875,000)
Payment of hire purchase creditor		**(21,226)**	-
Payment of lease liabilities		**(193,303)**	-
Net cash used in financing activities		**(2,104,975)**	(875,000)
Net increase/(decrease) in cash and cash equivalents		**3,020,598**	(6,372,267)
Effect of exchange rate fluctuations on cash and cash equivalents		**372**	(824)
Cash and cash equivalents at 1 January		**6,119,887**	12,492,978
Cash and cash equivalents at 31 December	B	**9,140,857**	6,119,887
Cash outflows for leases as a lessee			
Included in net cash from operating activities			
Payment relating to short-term leases	23	**107,869**	-
Payment relating to leases of low-value assets	23	**14,503**	-
Included in net cash used in financing activities			
Payment of lease liabilities		**193,303**	-
Interest paid in relation to lease liabilities	22	**10,820**	-
Total cash outflows for leases		**326,495**	-

CONSOLIDATED STATEMENT OF
CASH FLOWS
for the period ended 31 December 2019 (Cont'd)

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

	At 1 January 2018 RM	Net changes from financing cash flows RM	At 31 December 2018 RM	Adjustment on initial application of MFRS 16 RM	At 1 January 2019 RM	Net changes from financing cash flows RM	Acquisition of new lease RM	At 31 December 2019 RM
Hire purchase creditor	-	-	-	-	-	(21,226)	393,000	371,774
Lease liabilities	-	-	-	293,926	293,926	(193,303)	-	100,623
Total liabilities from financing activities	-	-	-	293,926	293,926	(214,529)	393,000	472,397

Notes

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

	Group	
	2019 RM	2018 RM
Hire purchase creditor	**393,000**	-
Cash payments	**1,945,160**	202,111
	2,338,160	202,111

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

		Group	
	Note	2019 RM	2018 RM
Cash and bank balances	14	**8,712,526**	3,566,854
Short-term deposits	14	**3,040,167**	2,553,033
Bank overdrafts	17	**(2,611,836)**	-
		9,140,857	6,119,887

The notes on pages 70 to 134 are an integral part of these financial statements.

STATEMENT OF
FINANCIAL POSITION
as at 31 December 2019

	Note	2019 RM
Assets		
Interests in subsidiaries	7	**55,690,528**
Total non-current assets		**55,690,528**
Cash and cash equivalents	14	**2**
Total current assets		**2**
Total assets		**55,690,530**
Equity		
Share capital	15	**51,406,681**
Reserves	16	**(548,095)**
Total equity		**50,858,586**
Liabilities		
Other payables	19	**4,831,944**
Total current liabilities		**4,831,944**
Total liabilities		**4,831,944**
Total equity and liabilities		**55,690,530**

The notes on pages 70 to 134 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
for the period from 5 October 2018 (date of incorporation) to 31 December 2019

	Note	5.10.2018 (date of incorporation) to 31.12.2019 RM
Administrative expenses		(548,095)
Loss before tax	23	(548,095)
Tax expense	25	-
Loss for the period representing total comprehensive expense for the period		(548,095)

The notes on pages 70 to 134 are an integral part of these financial statements.

STATEMENT OF
CHANGES IN EQUITY
for the period from 5 October 2018 (date of incorporation) to 31 December 2019

	Attributable to owners of the Company		
	Share capital RM	**Non-distributable Accumulated losses RM**	**Total equity RM**
At 5 October 2018 (date of incorporation)	2	-	2
Loss for the period representing total comprehensive expense for the period	-	(548,095)	(548,095)
Contribution by owners of the Company			
- Shares exchange (Note 15)	51,406,679	-	51,406,679
Total transaction with owners of the Company	51,406,679	-	51,406,679
At 31 December 2019	**51,406,681**	**(548,095)**	**50,858,586**
	Note 15	Note 16	

The notes on pages 70 to 134 are an integral part of these financial statements.

STATEMENT OF
CASH FLOWS
for the period from 5 October 2018 (date of incorporation) to 31 December 2019

	Note	5.10.2018 (date of incorporation) to 31.12.2019 RM
Cash flows from operating activities		
Loss before tax before changes in working capital		(548,095)
Change in accrued expenses		25,000
Net cash used in operating activities		(523,095)
Cash flows from investing activities		
Investments in subsidiaries	A	-
Net cash used in investing activities		-
Cash flows from financing activities		
Proceeds from issuance of shares	A	-
Loans from a subsidiary	A	523,095
Net cash from financing activities		523,095
Net change in cash and cash equivalents		-
Cash and cash equivalents at date of incorporation		2
Cash and cash equivalents at 31 December	14	2

Note

A. During the financial period, the Company acquired the investments in subsidiaries as follows:

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

The notes on pages 70 to 134 are an integral part of these financial statements.

CGB is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad following the transfer of listing status from CICB during the financial period. The addresses of the principal place of business and registered office are as follows:

Principal place of business

Lot 77 & 78, Persiaran 11
Kawasan Perusahaan Bakar Arang
08000 Sungai Petani
Kedah Darul Aman

Registered office

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

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

The Company is principally engaged in investment holding.

The principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 17 June 2020.

1. Basis of preparation

(a) Statement of compliance

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

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

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

- 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 June 2020

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

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

- MFRS 17, *Insurance Contracts*

1. **Basis of preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*
- *Amendments to* MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to* MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- *Amendments to* MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

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

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

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

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

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

(b) Presentation format

As disclosed in Note 34.1, the Company entered into a business combination exercise with CICB, hereinafter referred to as the "Acquisition".

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

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

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

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

1. Basis of preparation (Cont'd)

(b) Presentation format

(e) the non-controlling interest's proportionate share of CICB Group's pre-combination carrying amounts of retained earnings and other equity interests.

(c) Basis of measurement

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

(d) Functional and presentation currencies

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

(e) Use of estimates and judgements

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

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

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

- Note 4 - Extension options and incremental borrowing rate in relation to leases
- Note 5 - Valuation of investment properties
- Note 9 - Deferred tax assets
- Note 20 - Revenue on construction contracts
- Note 29 - Measurement of expected credit loss ("ECL")

2. Significant accounting policies

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

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 37.

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Acquisitions from entities under common controls

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

(v) Loss of control

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

(vi) Associates

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

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

(a) **Basis of consolidation (Cont'd)**

(vi) Associates (Cont'd)

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

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

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

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

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

(vii) Non-controlling interests

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

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

(viii) Transactions eliminated on consolidation

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

(b) **Foreign currency**

(i) Foreign currency transactions

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

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

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

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

(b) Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

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

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

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

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

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

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

(c) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

Amortised cost

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

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

(c) **Financial instruments (Cont'd)**

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities

Amortised cost

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

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

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

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

(iii) Regular way purchase or sale of financial assets

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

Trade date accounting refers to:

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

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

Settlement date accounting refers to:

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

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

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

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

(iv) Financial guarantee contracts

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

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

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(v) Derecognition

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

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

(vi) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

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

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

(iii) Depreciation

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

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

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

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

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

(e) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial period

(i) Definition of a lease

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

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

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

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

(e) **Leases (Cont'd)**

Current financial period (Cont'd)

(ii) **Recognition and initial measurement**

(a) **As a lessee**

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

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

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

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

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

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

(b) **As a lessor**

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

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

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

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

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

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

(e) **Leases (Cont'd)**

Current financial period (Cont'd)

(iii) **Subsequent measurement**

(a) **As a lessee**

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

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

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

(b) **As a lessor**

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

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

Previous financial period

As a lessee

(i) **Finance lease**

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was 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 was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

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

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

Previous financial period (Cont'd)

As a lessee (Cont'd)

(ii) Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statements of financial position. Property interest held under an operating lease, which was held to earn rental income or for capital appreciation or both, was classified as investment property and measured using cost model.

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

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

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

(ii) Subsequent expenditure

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

(iii) Amortisation

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

(g) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

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

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

2. Significant accounting policies (Cont'd)

(g) Investment properties (Cont'd)

Investment properties carried at cost (Cont'd)

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

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

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

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

(h) Inventories

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

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

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

(i) Contract asset/Contract liability

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

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

(j) Contract costs

(i) Incremental cost of obtaining a contract

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

(ii) Cost to fulfil a contract

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

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

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

(k) Cash and cash equivalents

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

(l) Impairment

(i) Financial assets

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

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

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

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

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

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

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

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

2. Significant accounting policies (Cont'd)

(l) Impairment (Cont'd)

(ii) Other assets

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

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

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

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

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

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

(m) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

(n) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Defined benefit plans

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

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

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

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

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

(o) Provisions

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

(i) Warranties

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

2. Significant accounting policies (Cont'd)

(p) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

(q) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

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

(ii) Rental income

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

(iii) Interest income

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

(iv) Dividend income

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

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

(r) Borrowing costs

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

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

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

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

(s) Income tax

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

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

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

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

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

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

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

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

(t) Earnings per ordinary share

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

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

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

(u) Operating segments

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

(v) Fair value measurements

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

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

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

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

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

Level 3 : unobservable inputs for the asset or liability.

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

3. **Property, plant and equipment - Group**

	Note	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installations RM	Motor vehicles RM	Total RM
Cost						
At 1 January 2018		10,604,314	27,058,496	3,549,027	1,452,047	42,663,884
Acquisition through business combinations	34.3	-	4,203,831	127,467	12,322	4,343,620
Additions		-	67,531	134,580	-	202,111
Disposals		-	-	(1,343)	-	(1,343)
Write off		-	-	(6,069)	(36,427)	(42,496)
Effect of movements in exchange rates		-	-	(130)	(89)	(219)
At 31 December 2018/1 January 2019		10,604,314	31,329,858	3,803,532	1,427,853	47,165,557
Additions		63,520	2,118,858	155,782	-	2,338,160
Disposals		-	(5,500)	(158,710)	(74,000)	(238,210)
Write off		-	(187,366)	(6,549)	-	(193,915)
Effect of movements in exchange rates		-	-	184	-	184
At 31 December 2019		**10,667,834**	**33,255,850**	**3,794,239**	**1,353,853**	**49,071,776**

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

	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installations RM	Motor vehicles RM	Total RM
Depreciation					
At 1 January 2018	2,597,502	23,543,267	2,543,202	969,354	29,653,325
Depreciation for the period	212,045	1,812,621	388,022	119,945	2,532,633
Disposals	-	-	(1,343)	-	(1,343)
Write off	-	-	(5,143)	(36,427)	(41,570)
Effect of movements in exchange rates	-	-	(128)	(89)	(217)
At 31 December 2018/1 January 2019	2,809,547	25,355,888	2,924,610	1,052,783	32,142,828
Depreciation for the period	212,089	2,586,864	340,468	121,306	3,260,727
Disposals	-	(458)	(158,710)	(74,000)	(233,168)
Write off	-	(187,366)	(5,419)	-	(192,785)
Effect of movements in exchange rates	-	-	184	-	184
At 31 December 2019	**3,021,636**	**27,754,928**	**3,101,133**	**1,100,089**	**34,977,786**
Carrying amounts					
At 1 January 2018	8,006,812	3,515,229	1,005,825	482,693	13,010,559
At 31 December 2018/1 January 2019	7,794,767	5,973,970	878,922	375,070	15,022,729
At 31 December 2019	**7,646,198**	**5,500,922**	**693,106**	**253,764**	**14,093,990**

4. Right-of-use assets - Group

	Land RM	Building RM	Total RM
At 1 January 2019	**1,429,014**	**293,926**	**1,722,940**
Depreciation	**(46,190)**	**(193,370)**	**(239,560)**
At 31 December 2019	**1,382,824**	**100,556**	**1,483,380**

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

4.1 Extension options

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

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

4.2 Significant judgements and assumptions in relation to lease

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

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

5. Investment properties - Group

	Shoplots RM
Cost	
At 1 January 2018/31 December 2018/1 January 2019/ 31 December 2019	1,345,658
Depreciation	
1 January 2018	301,749
Depreciation for the period	26,913
At 31 December 2018/1 January 2019	328,662
Depreciation for the period	26,976
At 31 December 2019	**355,638**
Carrying amounts	
At 1 January 2018	1,043,909
At 31 December 2018/1 January 2019	1,016,996
At 31 December 2019	**990,020**

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

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

	2019 RM	2018 RM
Lease income	**107,200**	96,000
Direct operating expenses		
- Income generating investment properties	**40,795**	42,012

5.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

	2019 RM
Less than one year	**112,800**
One to two years	**37,600**
Total undiscounted lease payments	**150,400**

5. **Investment properties - Group (Cont'd)**

5.1 Operating lease payments receivable (Cont'd)

	2018 RM
Less than one year	32,000
Total undiscounted lease payments	32,000

5.2 Fair value information

The fair value was based on Directors' estimation using the latest available market information and recent experience and knowledge in the location and category property being valued. The fair values of all investment properties of the Group as at 31 December 2019 are classified as level 3 of the fair value hierarchy and determined to be approximately RM2,108,000 (2018 : RM2,153,000).

Estimation uncertainty, key assumptions and significant unobservable inputs

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

The significant unobservable input is price per square foot which is estimated at RM320 (2018 : RM327). The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

6. **Prepaid lease payments - Group**

	Unexpired period less than 50 years RM
Cost	
At 1 January 2018/31 December 2018	2,017,009
Adjustment on initial application of MFRS 16	(2,017,009)
At 1 January 2019 per MFRS 16/31 December 2019	-
Amortisation	
At 1 January 2018	541,805
Amortisation for the period	46,190
At 31 December 2018	587,995

6. Prepaid lease payments - Group (Cont'd)

	Unexpired period less than 50 years RM
At 1 January 2019	**587,995**
Adjustment on initial application of MFRS 16	**(587,995)**
At 1 January 2019 per MFRS 16/31 December 2019	**-**
Carrying amounts	
At 1 January 2018	1,475,204
At 31 December 2018	1,429,014
At 1 January 2019 per MFRS 16/31 December 2019	**-**

7. Interests in subsidiaries - Company

	2019 RM
Costs of investments	**51,406,779**
Loans to a subsidiary	*** 4,283,749**
	55,690,528

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

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

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Direct subsidiaries of the Company (2018 : Direct subsidiaries of CICB):				
Central Industrial Corporation Berhad ("CICB")	Malaysia	Manufacturing and sales of self-adhesive label stocks and tapes of its own brand and trading of other self-adhesive label stocks and tapes	**100**	^
CIC Construction Sdn. Bhd. ("CICC")	Malaysia	Investment holding, contractor of building and infrastructure and trading of building materials	**100**	100
Direct subsidiaries of the CICB:				
CIC Marketing Sdn. Bhd. ("CICM")	Malaysia	Marketing of self-adhesive label stocks and tapes	**100**	100
CICS Distributors Pte. Ltd. ("CICS")#	Singapore	Marketing and Trading of adhesive tapes	**100**	100
Subsidiary of CICC				
Proventus Bina Sdn. Bhd. ("PBSB")	Malaysia	Contractor of building and general contract works and trading of building materials	**51**	51

The effective ownership interest and voting interest in 2018 represent the interest from CICB's perspective prior to the shares exchange with the Company during the financial period.

\# Not audited by member firms of KPMG International.

^ In June 2019, the Company acquired the entire equity interest in CICB through the issuance of 90,000,000 new ordinary shares as shares exchange with existing shareholders of CICB for all the shares of CICB ("CICB Shares") with the shares of the Company ("CGB Shares") on the basis of one new CGB Share for every one CICB Share held.

Upon completion of the above transaction, CICB became a wholly-owned subsidiary of the Company. In accordance with MFRS 3, *Business Combinations*, the acquisition was accounted for using the reverse acquisition method, with the Company being the accounting acquiree and CICB being the accounting acquirer.

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

7.1 Non-controlling interest in a subsidiary

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

	PBSB RM
2019	
NCI percentage of ownership interest and voting interest	**49%**
Carrying amount of NCI	**4,577,144**
Profit allocated to NCI	**1,031,500**
Summarised financial information before intra-group elimination	
As at 31 December	
Non-current assets	**4,083,024**
Current assets	**39,113,295**
Non-current liabilities	**(627,417)**
Current liabilities	**(33,227,791)**
Net assets	**9,341,111**
Period ended 31 December	
Revenue	**59,910,304**
Profit for the period and total comprehensive income	**2,105,103**
Cash flows from operating activities	**2,615,201**
Cash flows used in investing activities	**(2,372,757)**
Cash flows used in financing activities	**(248,413)**
Net decrease in cash and cash equivalents	**(5,969)**
Dividend paid to NCI	**-**

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

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

	PBSB RM
2018	
NCI percentage of ownership interest and voting interest	49%
Carrying amount of NCI	3,545,644
Loss allocated to NCI	199,176
Summarised financial information before intra-group elimination	
As at 31 December	
Non-current assets	3,663,788
Current assets	28,022,842
Non-current liabilities	(279,000)
Current liabilities	(24,171,622)
Net assets	7,236,008

	Pre-acquisition RM	Post-acquisition RM	Total RM
Period ended 31 December			
Revenue	38,350,730	26,345,753	64,696,483
Profit/(Loss) for the period and total comprehensive income/(expense)	827,757	(406,481)	421,276
Cash flows used in operating activities			(4,411,219)
Cash flows used in investing activities			(257,370)
Cash flows from financing activities			2,983,749
Net decrease in cash and cash equivalents			(1,684,840)
Dividend paid to NCI			-

8. Goodwill - Group

	2019 RM	2018 RM
Cost	**22,285**	22,285

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

Impairment testing for cash generating unit ("CGU") containing goodwill

The recoverable amount of goodwill is based on value-in-use calculations using cash flows projections and financial budgets approved by the Directors.

The estimated recoverable amount for the CGU exceeded its carrying amount and the Directors consider that it is not reasonably possible for the key assumptions to change so significantly as to eliminate the excess.

9. Deferred tax assets/(liabilities) - Group

Recognised deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Unabsorbed capital allowances	**302,000**	183,000	**-**	-	**302,000**	183,000
Unutilised tax losses	**59,000**	81,000	**-**	-	**59,000**	81,000
Provisions	**583,000**	584,000	**-**	-	**583,000**	584,000
Property, plant and equipment	**-**	-	**(1,540,000)**	(1,694,000)	**(1,540,000)**	(1,694,000)
Deferred tax assets/(liabilities)	**944,000**	848,000	**(1,540,000)**	(1,694,000)	**(596,000)**	(846,000)
Set-off of tax	**(899,000)**	(784,000)	**899,000**	784,000	**-**	-
Net deferred tax assets/(liabilities)	**45,000**	64,000	**(641,000)**	(910,000)	**(596,000)**	(846,000)

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

	At 1.1.2018 RM	Recognised in profit or loss (Note 25) RM	Acquisition through business combination (Note 34.3) RM	At 31.12.2018/ 1.1.2019 RM	Recognised in profit or loss (Note 25) RM	At 31.12.2019 RM
Unutilised reinvestment allowances	2,457,000	(2,457,000)	-	-	-	**-**
Unabsorbed capital allowances	331,000	(148,000)	-	183,000	119,000	**302,000**
Unutilised tax losses	-	81,000	-	81,000	(22,000)	**59,000**
Provisions	640,000	(56,000)	-	584,000	(1,000)	**583,000**
Property, plant and equipment	(1,153,000)	(208,000)	(333,000)	(1,694,000)	154,000	**(1,540,000)**
	2,275,000	(2,788,000)	(333,000)	(846,000)	250,000	**(596,000)**

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

Unrecognised deferred tax assets

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

	2019 RM	2018 RM
Unutilised reinvestment allowances	**10,238,000**	10,238,000
Unabsorbed capital allowances	**36,000**	36,000
Unutilised tax losses	**577,000**	577,000
	10,851,000	10,851,000

Based on the Finance Act 2018, the unabsorbed capital allowances do not expire under current tax legislation. The unutilised reinvestment allowances and unutilised tax losses of the Group shall be deductible against aggregate statutory income up to a period of 7 years. Any amount not deducted at the end of the 7th year of assessment shall be disregarded. The comparative figures have been restated to reflect the revised unabsorbed capital allowances and temporary differences available to the Group.

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

10. Inventories - Group

	Group	
	2019 RM	2018 RM
Raw materials	**6,953,036**	8,274,199
Work-in-progress	**2,467,196**	3,939,742
Manufactured inventories	**3,780,260**	5,392,932
Trading inventories	**1,086,191**	1,665,769
Consumables	**263,094**	312,681
	14,549,777	19,585,323
Recognised in profit or loss:		
Inventories recognised as cost of sales	**48,725,178**	49,300,802
Write-down to net realisable value	**291,759**	236,319

The write-down is included in other expenses.

11. Contract assets - Group

	Note	2019 RM	2018 RM
Contract assets	11.1	**9,231,556**	2,780,014

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

11. Contract assets - Group (Cont'd)

11.1 Significant changes to contract assets balance during the period are as follows:

	Note	2019 RM	2018 RM
Opening balance		**2,780,014**	-
Acquisition through business combination	34.3	**-**	4,008,037
Revenue recognised as a result of changes in measure of progress	7.1	**59,910,304**	26,345,753
Decrease due to progress billings raised during the period		**(53,458,762)**	(27,573,776)
Closing balance		**9,231,556**	2,780,014

12. Trade and other receivables - Group

	Note	2019 RM	2018 RM
Trade			
Third parties	12.3	**18,512,762**	28,723,705
Retention sum	12.1	**6,822,257**	2,624,588
Trade receivables from contracts with customers		**25,335,019**	31,348,293
Non-trade			
Other receivables	12.2	**422,045**	2,146,402
Deposits	12.4	**2,432,665**	471,346
Prepayments	12.5	**1,098,066**	117,048
		3,952,776	2,734,796
		29,287,795	34,083,089

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

	2019 RM	2018 RM
Within 1 year	**1,068,920**	660,810
More than 1 year	**5,753,337**	1,963,778
	6,822,257	2,624,588

12.2 Included in other receivables of the Group is an amount of RM129,999 (2018 : RM726,377), representing advance payments to suppliers for the purchase of inventories and non-trade supplies, RM Nil (2018 : RM480,000) representing amount receivable from an insurer for a fire incident and RM75,379 (2018 : RM514,648) representing amount receivable from sub-contractors in relation to the construction work performed on their behalf.

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

12.3 Included in trade receivables - third parties of the Group is an amount of RM Nil (2018 : RM13,482,072) in relation to a tripartite novation arrangement between a subsidiary with one of its contract customers and a sub-contractor to novate the debt (see Note 19.3).The tripartite novation arrangement was completed during the financial year ended 31 December 2019.

12.4 Included in deposits of the Group is an amount of RM2,000,000 (2018 : RM Nil) representing deposit paid to a sub-contractor for future construction work and to secure the repayment by a subsidiary. The security deposit is refundable upon the cessation of dealings with the sub-contractor.

12.5 Included in prepayments of the Group is an amount of RM965,835 (2018 : RM Nil) in relation to the professional interior design services for a construction contract.

13. Fixed deposits with a licensed bank - Group

	2019 RM	2018 RM
Fixed deposits placed with a licensed bank	**3,835,801**	2,078,875

13.1 Fixed deposits of RM1,673,867 (2018 : RM Nil) are pledged as security for bank borrowings of a subsidiary (Note 17).

14. Cash and cash equivalents

	Group		Company
	2019 RM	2018 RM	2019 RM
Short term deposits placed with a licensed bank	**3,040,167**	2,553,033	**-**
Cash and bank balances	**8,712,526**	3,566,854	**2**
	11,752,693	6,119,887	**2**

15. Share capital - Group/Company

	2019		2018	
	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully paid ordinary shares with no par value classified as equity instruments				
At 1 January/date of incorporation	**2**	**2**	-	-
Issued during the period:				
- Cash	**-**	**-**	2	2
- Shares exchange	**51,406,679**	**90,000,000**	-	-
At 31 December	**51,406,681**	**90,000,002**	2	2

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.

16. Reserves

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM
Non-distributable				
Accumulated losses		**(3,715,967)**	(3,106,400)	**(548,095)**
Translation reserve	16.1	**276,961**	275,147	**-**
Reorganisation reserve	16.2	**-**	51,406,679	**-**
		(3,439,006)	48,575,426	**(548,095)**

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

16.1 Translation reserve

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

16.2 Reorganisation reserve

The reorganisation reserve at the consolidated financial statements represents the difference between the legal capital of the Company (accounting acquiree) and CICB (accounting acquirer), while the reorganisation reserve at the separate financial statements of the Company represents the difference between the value of the shares issued by the Company in exchange with the shareholders of CICB and the total equity of CICB at the date of exchange.

17. Loans and borrowings - Group

	Note	2019 RM	2018 RM
Non-current			
Hire purchase creditor		**282,417**	-
		282,417	-
Current			
Hire purchase creditor		**89,357**	-
Bank overdrafts	17.1	**2,611,836**	-
		2,701,193	-
		2,983,610	-

17. Loans and borrowings - Group (Cont'd)

17.1 Bank overdrafts

The bank overdrafts are secured by way of the following:

(i) facilities agreement as principal instrument;
(ii) deed of assignment of contract proceed;
(iii) corporate guarantee provided by a subsidiary, CICB;
(iv) personal guarantee provided by a Director of the subsidiary; and
(v) pledge of fixed deposits with a licensed bank (Note 13).

18. Employee benefits - Group

18.1 Retirement benefits

	2019 RM	2018 RM
Net defined benefit liability	**1,655,592**	1,716,590

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

Movements in net defined benefit liability

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

	Defined benefit obligation/ Net defined benefit liability	
	2019 RM	2018 RM
Balance at 1 January	**1,716,590**	1,714,880
Included in profit or loss		
Current service cost	**67,322**	63,995
Past service cost	**-**	(110,674)
Interest cost	**83,260**	82,542
	150,582	35,863
Other		
Benefits paid	**(211,580)**	(34,153)
Balance at 31 December	**1,655,592**	1,716,590

18. Employee benefits - Group (Cont'd)

18.1 Retirement benefits (Cont'd)

Defined benefit obligation

Actuarial assumptions

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

	2019	2018
Discount rate	**5.2%**	5.2%
Future salary growth	**5.0%**	5.0%

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 7 years (2018 : 7 years).

Sensitivity analysis

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

	Defined benefit obligation	
	Increase RM	Decrease RM
2019		
Discount rate (1% movement)	**(110,951)**	**124,112**
Future salary growth (1% movement)	**129,111**	**(117,355)**
2018		
Discount rate (1% movement)	(115,221)	129,499
Future salary growth (1% movement)	117,502	(106,835)

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

19. Trade and other payables

		Group		Company
	Note	2019 RM	2018 RM	2019 RM
Trade				
Trade payables	19.3	**23,806,885**	25,152,549	**-**
Retention sum	19.1	**1,832,355**	961,898	**-**
		25,639,240	26,114,447	**-**
Non-trade				
Amount due to a subsidiary	19.2	**-**	-	**4,806,944**
Other payables		**733,526**	713,673	**-**
Accrued expense		**449,647**	794,161	**25,000**
		1,183,173	1,507,834	**4,831,944**
		26,822,413	27,622,281	**4,831,944**

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

19.2 Included in amount due to a subsidiary of the Company is an advance of RM4,283,749 for the transfer of interest in a subsidiary from CICB in conjunction with the reorganisation completed in 2019.

The non-trade amount due to a subsidiary is unsecured, interest-free and payable on demand.

19.3 Included in trade payables of the Group is an amount of RM Nil (2018 : RM13,482,072) in relation to a tripartite novation arrangement between a subsidiary with one of its contract customers and a sub-contractor to novate the debt (see Note 12.3).

20. Revenue

	Group 2019 RM	Group 2018 RM
Revenue from contracts with customers	**114,057,933**	83,413,962

20.1 Disaggregation of revenue

	Group 2019 RM	Group 2018 RM
Primary geographical markets		
- Malaysia	**96,603,288**	62,064,127
- Asia (excluding Malaysia)	**9,995,671**	12,422,209
- Australia	**5,011,766**	5,879,733
- United States of America	**770,989**	873,157
- Europe	**844,719**	211,620
- Other countries	**831,500**	1,963,116
	114,057,933	83,413,962
Major products and service lines		
- Self adhesive label stocks	**9,049,641**	8,359,089
- Self adhesive tapes	**29,642,608**	31,772,621
- Trading goods	**15,455,380**	16,936,499
- Construction contracts	**59,910,304**	26,345,753
	114,057,933	83,413,962
Timing and recognition		
- At a point in time	**54,147,629**	57,068,209
- Over time	**59,910,304**	26,345,753
	114,057,933	83,413,962

20. Revenue (Cont'd)

20.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Label stocks and tapes	Revenue is recognised when the control of the goods are transferred and accepted by the customers.	Credit period of 60 days from invoice date.	Discounts are given to customers where the customers pay within 30 days from invoice date.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.
Construction contracts	Revenue is recognised over time using the cost incurred method. The construction is on land owned by the customer.	Based on agreed milestones, certified by architects.	Certain projects are embedded with sharing of base cost saving.	Not applicable.	Defect liability period of 2 years is given to the customer.

20.3 Transaction price allocated to the remaining performance obligations

The revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date amounted to RM86,948,618 (2018 : RM128,616,062). The Group expects to recognise the revenue progressively over 1 to 2 years based on the progress of satisfaction of the performance obligation. The disclosure is only providing information for contracts that have a duration of more than one year.

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

	2019 RM	2020 RM	Total RM
2018			
Construction contracts	100,023,401	28,592,661	128,616,062

The Group applies the following practical expedients:

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

20. Revenue (Cont'd)

20.4 Significant judgements and assumptions arising from revenue recognition

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

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

21. Finance income - Group

	2019 RM	2018 RM
Recognised in profit or loss:		
Interest income of financial assets calculated using the effective interest method that are:		
- at amortised cost	**247,710**	296,222

22. Finance costs - Group

	2019 RM	2018 RM
Recognised in profit or loss:		
Interest expense of financial liabilities that are not at fair value through profit or loss	**205,759**	-
Interest expense on lease liabilities	**10,820**	-
	216,579	-

23. Profit/(Loss) before tax

	Note	Group 1.1.2019 to 31.12.2019 RM	Group 1.1.2018 to 31.12.2018 RM	Company 5.10.2018 (date of incorporation) to 31.12.2019 RM
Profit/(Loss) before tax is arrived at after charging/ (crediting):				
Auditors' remunerations				
- Audit fees				
KPMG PLT		**156,000**	117,500	25,000
Other auditors		**12,150**	11,965	-
- Non-audit fees				
KPMG PLT		**4,000**	3,000	-
Local affiliates of KPMG PLT		**8,000**	10,000	-
Corporate exercise expenses		**237,044**	334,880	237,044
Gain on disposal of plant and equipment		**(19,658)**	(6,548)	-
Insurance claim (gross)		**-**	(684,521)	-
Lease income from investment properties	5	**(107,200)**	(96,000)	-
Bad debts recovered		**(8,479)**	(37,383)	-
Bad debt written off		**3,217**	20,697	-
Amortisation of prepaid lease payments	6	**-**	46,190	-
Depreciation of				
- Property, plant and equipment	3	**3,260,727**	2,532,633	-
- Right-of-use assets	4	**239,560**	-	-
- Investment properties	5	**26,976**	26,913	-
Inventories written down	10	**291,759**	236,319	-
Plant and equipment written off		**1,130**	926	-
Employee benefits	18	**150,582**	35,863	-

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

	Note	Group 1.1.2019 to 31.12.2019 RM	Group 1.1.2018 to 31.12.2018 RM	Company 5.10.2018 (date of incorporation) to 31.12.2019 RM
Profit/(Loss) before tax is arrived at after charging/ (crediting) (Cont'd):				
Personnel expenses (excluding Directors' emoluments)				
- Wages, salaries and others		**9,189,183**	7,809,136	-
- Employees' Provident Fund contributions		**1,106,995**	881,900	-
Loss on interest previously held in an associate		**-**	627,877	-
Net foreign exchange loss		**64,025**	78,177	-
Expenses arising from leases:				
Expenses relating to short-term leases	a	**107,869**	-	-
Expenses relating to leases of low-value assets	a	**14,503**	-	-
Rental expense		**-**	279,507	-
Net (gains)/losses on impairment of financial instruments and contract assets				
Financial assets at amortised cost				
- Allowance of impairment loss on trade receivables		**389,807**	-	-
- Reversal of impairment loss on trade receivables		**(413)**	(1,965)	-

Note a

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

24. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company
	1.1.2019 to 31.12.2019 RM	1.1.2018 to 31.12.2018 RM	5.10.2018 (date of incorporation) to 31.12.2019 RM
Directors of the Company			
- Fees	**276,000**	267,000	138,000
- Remuneration	**613,200**	548,664	97,150
- Employees' Provident Fund contributions	**78,468**	72,120	9,648
	967,668	887,784	244,798
Other Directors			
- Fees	**6,000**	6,000	-
- Remuneration	**436,226**	313,390	-
- Employees' Provident Fund contributions	**63,021**	48,530	-
	505,247	367,920	-
	1,472,915	1,255,704	244,798

The Group's estimated monetary value of Directors' benefit-in-kind are RM17,400 (2018: RM17,400).

25. Tax expense

Recognised in profit or loss

	Group		Company
	1.1.2019 to 31.12.2019 RM	1.1.2018 to 31.12.2018 RM	5.10.2018 (date of incorporation) to 31.12.2019 RM
Current tax expense			
- Current period	**1,099,000**	40,636	-
- Prior period	**(1,824)**	8,914	-
	1,097,176	49,550	-
Deferred tax expense			
Origination and reversal of temporary differences	**(258,000)**	2,410,000	-
Under provision in prior period	**8,000**	378,000	-
	(250,000)	2,788,000	-
Total tax expense	**847,176**	2,837,550	-

25. Tax expense (Cont'd)

Reconciliation of tax expense

	Group		Company
	1.1.2019 to 31.12.2019 RM	**1.1.2018 to 31.12.2018 RM**	**5.10.2018 (date of incorporation) to 31.12.2019 RM**
Profit/(Loss) for the period	**421,933**	(3,805,591)	(548,095)
Total tax expense	**847,176**	2,837,550	-
Profit/(Loss) excluding tax	**1,269,109**	(968,041)	(548,095)
Income tax calculated using Malaysian tax rate of 24%	**304,586**	(232,330)	(131,543)
Effect of lower tax rate in foreign jurisdiction*	**2,445**	2,895	-
Non-deductible expenses	**531,039**	345,470	131,543
Income not subject to tax	**-**	(41,635)	-
Recognition of deferred tax assets	**-**	(89,000)	-
Write down of deferred tax asset	**-**	2,457,000	-
Other items	**2,930**	8,236	-
	841,000	2,450,636	-
Under provided in prior period	**6,176**	386,914	-
	847,176	2,837,550	-

* A subsidiary operates in a tax jurisdiction with a lower tax rate.

26. Earnings per ordinary share - Group

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 December 2019 was based on the loss attributable to ordinary shareholders of RM609,567 (2018 : RM3,606,415) and a weighted average number of ordinary shares outstanding during the period of 90,000,002 (2018 : 90,000,002).

Diluted loss per ordinary share

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

27. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

27. Related parties (Cont'd)

Identity of related parties (Cont'd)

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

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

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 19.

	5.10.2018 (date of incorporation) to 31.12.2019 RM
Company	
Subsidiary	
Loans from a subsidiary	4,283,749

There were no transactions with the key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 24 to the financial statements.

28. Operating segments - Group

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

- Manufacturing and sale of self-adhesive label stocks and tapes
- Construction contracts

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

Segment assets

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

Segment liabilities

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

28. Operating segments - Group (Cont'd)

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial period to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

	Self-adhesive label stocks and tapes		Construction contracts		Others		Consolidated	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Segment profit/(loss)	**(1,351,913)**	38,954	**3,169,117**	(1,006,995)	**(548,095)**	-	**1,269,109**	(968,041)
Included in the measure of segment profit/(loss) are:								
- Revenue from external customers	**54,147,629**	57,068,209	**59,910,304**	26,345,753	**-**	-	**114,057,933**	83,413,962
- Depreciation and amortisation	**1,923,005**	1,859,364	**1,604,258**	746,372	**-**	-	**3,527,263**	2,605,736
- Write down of inventories	**291,759**	236,319	**-**	-	**-**	-	**291,759**	236,319
- Interest income	**197,304**	263,359	**50,406**	32,863	**-**	-	**247,710**	296,222
- Interest expense	**10,820**	-	**205,759**	-	**-**	-	**216,579**	-
- Share of profit of associate	**-**	-	**-**	165,551	**-**	-	**-**	165,551
Segment assets	**47,494,682**	50,661,026	**43,196,319**	31,686,630	**-**	2	**90,691,001**	82,347,658
Included in the measure of segment assets are:								
- Additions to non-current assets other than financial instruments and deferred tax assets	**309,623**	135,573	**2,028,537**	66,538	**-**	-	**2,338,160**	202,111

28. Operating segments - Group (Cont'd)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in an associate), deferred tax assets and goodwill.

	Revenue RM	Non-current assets RM
2019		
Malaysia	**96,603,288**	**16,462,620**
Asia (excluding Malaysia)	**9,995,671**	**104,770**
Australia	**5,011,766**	**-**
United States of America	**770,989**	**-**
Europe	**844,719**	**-**
Others	**831,500**	**-**
	114,057,933	**16,567,390**
2018		
Malaysia	62,064,127	17,468,739
Asia (excluding Malaysia)	12,422,209	-
Australia	5,879,733	-
United States of America	873,157	-
Europe	211,620	-
Others	1,963,116	-
	83,413,962	17,468,739

Major customers

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

	Revenue		Segment
	2019 RM	2018 RM	
All common control companies of:			
Customer A	**-**	16,944,789	Construction contracts
Customer B	**-**	9,320,661	Construction contracts
Customer C	**18,724,459**	-	Construction contracts
Customer D	**23,819,440**	-	Construction contracts

29. Financial instruments

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2019 categorised as amortised cost ("AC").

	Carrying amount RM	AC RM
2019		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	**28,189,729**	**28,189,729**
Fixed deposits with a licensed bank	**3,835,801**	**3,835,801**
Cash and cash equivalents	**11,752,693**	**11,752,693**
	43,778,223	**43,778,223**
Company		
Cash and cash equivalents	**2**	**2**
Financial liabilities		
Group		
Loans and borrowings	**2,983,610**	**2,983,610**
Trade and other payables	**26,822,413**	**26,822,413**
	29,806,023	**29,806,023**
Company		
Other payables	**4,831,944**	**4,831,944**
2018		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	33,966,041	33,966,041
Fixed deposits with a licensed bank	2,078,875	2,078,875
Cash and cash equivalents	6,119,887	6,119,887
	42,164,803	42,164,803

29. Financial instruments (Cont'd)

29.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM
2018		
Financial liabilities		
Group		
Trade and other payables	27,622,281	27,622,281

29.2 Net gains/(losses) arising from financial instruments

	Group	
	2019 RM	2018 RM
Net (losses)/gains on:		
Financial assets at amortised cost	**(200,447)**	236,696
Financial liabilities at amortised cost	**(205,759)**	-
	(406,206)	236,696

29.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

29.4 Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arise principally from the individual characteristics of each customer and financial guarantees given to contract customers in lieu of bank guarantee or performance bond issued by financial institutions. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous period.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of the Group's receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Concentration at credit risk

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by geographic region was:

	2019 RM	2018 RM
Group		
Malaysia	**32,533,523**	31,723,519
Asia (excluding Malaysia)	**1,695,371**	1,898,080
United States of America	**195,895**	394,404
Others	**141,786**	112,304
	34,566,575	34,128,307

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group's debt recovery process includes the issuance of formal reminder letter before the issuance of letter of demand and consequently legal actions. For any amounts past due more than 90 days, they are monitored individually by sales management team.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments except for construction segment. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

For construction contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. Most of these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2019 which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Group			
2019			
Current (not past due)	**29,691,889**	**-**	**29,691,889**
Past due 1 - 30 days	**1,632,133**	**-**	**1,632,133**
Past due 31 - 60 days	**610,900**	**-**	**610,900**
Past due 61 - 90 days	**233,674**	**-**	**233,674**
	32,168,596	**-**	**32,168,596**
Credit impaired			
More than 90 days past due	**2,397,979**	**-**	**2,397,979**
Individually impaired	**400,624**	**(400,624)**	**-**
	34,967,199	**(400,624)**	**34,566,575**
Trade receivables	**25,735,643**	**(400,624)**	**25,335,019**
Contract assets	**9,231,556**	**-**	**9,231,556**
	34,967,199	**(400,624)**	**34,566,575**

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

As at 31 December 2019, trade receivables with more than 90 days past due include an amount of RM1,850,935 for a completed construction contract which will only be reimbursed upon the release of final account, as such no loss allowance is provided.

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Group			
2018			
Current (not past due)	12,559,179	-	12,559,179
Past due 1 - 30 days	6,250,532	-	6,250,532
Past due 31 - 60 days	3,091,803	-	3,091,803
Past due 61 - 90 days	2,517,628	-	2,517,628
	24,419,142	-	24,419,142
Credit impaired			
More than 90 days past due	9,709,165	-	9,709,165
Individually impaired	20,495	(20,495)	-
	34,148,802	(20,495)	34,128,307
Trade receivables	31,368,788	(20,495)	31,348,293
Contract assets	2,780,014	-	2,780,014
	34,148,802	(20,495)	34,128,307

As at 31 December 2018, trade receivables with more than 90 days past due amounting to RM13,482,072 was covered by the tripartite novation, as such no loss allowance was provided.

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the period are shown below.

	2019 RM	2018 RM
Group		
Trade receivables credit impaired		
Balance at 1 January	**20,495**	53,195
Net remeasurement of loss allowance	**389,394**	(1,965)
Amounts written off	**(9,265)**	(30,735)
Balance as at 31 December	**400,624**	20,495

As at 31 December 2019, RM9,265 (2018 : RM30,735) of trade receivables were written off but they are still subject to enforcement activity.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and utilities, and refundable security deposit paid to a sub-contractor who has relatively low credit risk where a net trade payable position stood at the reporting date. These deposits will be received at the end of each lease terms or upon cessation of dealings with the sub-contractor, where applicable. The Group manages the credit risk together with the leasing arrangement and amount due to a sub-contractor.

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

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to external suppliers and bank in respect of construction work secured by and banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiary to fulfil the construction contracts on an individual basis.

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM4,350,000 (2018: RM Nil) where the financial guarantees of RM3,750,000 (2018 : RM Nil) and RM600,000 (2018: RM Nil) are provided as credit enhancements to a subsidiary's secured contracts and a subsidiary's secured banking facilities respectively.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to complete the contract secured according to terms entered into;
- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed contracts individually using internal information available.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provided unsecured loan to a subsidiary. The Company monitored the ability of the subsidiary to repay the loan on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the previous reporting period, the maximum exposure to credit risk was represented by its carrying amount in the statement of financial position.

Loan provided was not secured by any collateral or supported by any other credit enhancements and was solely provided to wholly-owned subsidiary of the Company.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

29.5 Liquidity risk

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

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

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

29. Financial instruments (Cont'd)

29.5 Liquidity risk (Cont'd)

Maturity analysis

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

	Carrying amount RM	Contractual interest rate/ Discount rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2019							
Non-derivative financial liabilities							
Lease liabilities	**100,623**	**5.25**	**102,168**	**102,168**	**-**	**-**	**-**
Hire purchase creditor	**371,774**	**3.70**	**422,964**	**112,801**	**112,801**	**197,362**	**-**
Bank overdrafts	**2,611,836**	**8.40**	**2,611,836**	**2,611,836**	**-**	**-**	**-**
Trade and other payables	**26,822,413**	**-**	**26,822,413**	**26,822,413**	**-**	**-**	**-**
	29,906,646		**29,959,381**	**29,649,218**	**112,801**	**197,362**	**-**
2018							
Non-derivative financial liabilities							
Trade and other payables	27,622,281	-	27,622,281	27,622,281	-	-	-

29. **Financial instruments (Cont'd)**

29.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM	Contractual interest rate/ Discount rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Company							
2019							
Non-derivative financial liabilities							
Other payables	4,831,944	-	4,831,944	4,831,944	-	-	-
Financial guarantees *	-	-	4,350,000	4,350,000	-	-	-
	4,831,944		9,181,944	9,181,944	-	-	-

* The amount represents the outstanding guarantees to external suppliers and banking facilities of the subsidiaries as at the end of the reporting period.

29. Financial instruments (Cont'd)

29.6 Market risk

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

29.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Chinese Yuan ("CNY").

Risk management objectives, policies and processes for managing the risk

The Group ensures that the net exposure is kept to an acceptable level, by buying and selling foreign currencies at spot rate where necessary to address short-term imbalances.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominate in	
	USD RM	**CNY RM**
Group		
2019		
Trade and other receivables	**687,575**	**-**
Cash and cash equivalents	**1,652,326**	**-**
Trade and other payables	**(1,329,702)**	**(165,598)**
Net exposure	**1,010,199**	**(165,598)**
2018		
Trade and other receivables	1,152,171	-
Cash and cash equivalents	211,015	-
Trade and other payables	(1,303,274)	-
Net exposure	59,912	-

Currency risk sensitivity analysis

A 10% (2018 : 10%) strengthening of RM against the following currencies at the end of the reporting period would have (decreased)/increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

29. Financial instruments (Cont'd)

29.6 Market risk (Cont'd)

29.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

	Profit or loss	
	2019 RM	**2018 RM**
Group		
USD	**(76,775)**	(4,553)
CNY	**12,585**	-

A 10% (2018 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

29.6.2 Interest rate risk

The Group's investments in fixed rate deposits and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

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

	2019 RM	**2018 RM**
Group		
Fixed rate instruments		
Financial assets		
- Fixed deposits with a licensed bank	**3,835,801**	2,078,875
- Cash and cash equivalents	**3,040,167**	2,553,033
	6,875,968	4,631,908
Financial liabilities		
- Lease liabilities	**(100,623)**	-
- Hire purchase creditor	**(371,774)**	-
	(472,397)	-
	6,403,571	4,631,908

29. Financial instruments (Cont'd)

29.6 Market risk (Cont'd)

29.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk (Cont'd)

	2019 RM	2018 RM
Group		
Floating rate instruments		
Financial liabilities		
- Bank overdrafts	**(2,611,836)**	-

(a) *Fair value sensitivity analysis for fixed rate instruments*

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

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	100 bp increase RM	100 bp decrease RM
Group		
31 December 2019		
Floating rate instruments	(19,850)	19,850

29. Financial instruments (Cont'd)

29.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, payables and short-term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The tables below analyses other financial instruments at fair value.

Group 2019	Fair value of financial instruments not carried at fair value Level 3 RM	Total fair value RM	Carrying amount RM
Financial liabilities			
Hire purchase creditor	387,946	387,946	371,774

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Hire purchase creditor	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

30. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business.

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

31. Capital commitment - Group

	2019 RM	2018 RM
Plant and equipment		
Contracted but not provided for	-	99,000

32. Dividend

Dividend recognised by the Group:

	Sen per share	Total amount RM	Date of payment
2018			
First and final 2017 ordinary	1.75	875,000	27 August 2018

The dividend was paid out of the retained earnings of CICB prior to the transfer of the listing status to the Company.

33. Total other comprehensive income/(expense) - Group

	2019			2018		
	Before tax RM	Tax expense RM	Net of tax RM	Before tax RM	Tax expense RM	Net of tax RM
Item that is or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operation	**1,814**	**-**	**1,814**	(1,958)	-	(1,958)

34. Business combinations

2019

34.1 Acquisition of a subsidiary

In June 2019, the Company acquired the entire equity interest in CICB through the issuance of 90,000,000 new ordinary shares as shares exchange with the existing shareholders of CICB for all the shares of CICB ("CICB Shares") with the shares of the Company ("CGB Shares") on the basis of one new CGB Share for every one CICB Share held.

Upon completion of the above transaction, CICB became a wholly-owned subsidiary of the Company. In accordance with MFRS 3, *Business Combinations,* the acquisition was accounted for using the reverse acquisition method, with the Company being the accounting acquiree and CICB had being the accounting acquirer.

Under the principles of reverse acquisition as disclosed in Note 1(b), the internal reorganisation, which merely results in a change in shareholders of CICB, has no impact to the consolidated financial statements as the Company is dormant and has a nominal issued and paid-up capital prior to the shares exchange.

34.2 Acquisition of entity under common control

In June 2019, the Company acquired all the equity interest owned by CICB in CICC.

Business combination arising from transfer of interest in entity that is under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented.

Hence, the above acquisition has no impact to the consolidated financial statements.

34. Business combinations (Cont'd)

2018

34.3 Acquisition of a subsidiary-PBSB.

On 19 June 2018, the CICC completed the acquisition of 1,035,969 new ordinary shares in PBSB for a total cash consideration of RM2,983,749. Following the acquisition, PBSB became a subsidiary and ceased to be an associate of the Group. PBSB is involved in construction. The acquisition of PBSB has diversified the Group's operation to construction business.

In the six months to 31 December 2018, PBSB contributed revenue of RM26,345,753 and loss of RM207,305. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have been RM121,764,692 and consolidated loss for the financial period would have been RM3,349,810. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred

	Group 2018 RM
Cash and cash equivalents	2,983,749

Identifiable assets acquired and liabilities assumed

	Note	Group 2018 RM
Plant and equipment	3	4,343,620
Contract assets	11	4,008,037
Trade and other receivables		11,418,295
Cash and cash equivalents		6,725,052
Deferred tax liabilities	9	(333,000)
Trade and other payables		(18,327,408)
Current tax liability		(192,107)
Total identifiable net assets		7,642,489

Net cash inflow/(outflow) arising from acquisition of a subsidiary

	Group 2018 RM
Purchase consideration settled in cash and cash equivalents	(2,983,749)
Cash and cash equivalents acquired	6,725,052
	3,741,303

34. Business combinations (Cont'd)

2018 (Cont'd)

34.3 Acquisition of a subsidiary-PBSB (Cont'd)

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	Group 2018 RM
Total consideration transferred	2,983,749
Fair value of identifiable net assets	(7,642,489)
Non-controlling interest, based on its proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	3,744,820
Fair value of existing interest in the acquiree	936,205
Goodwill	22,285

The goodwill is attributable mainly to the skills and technical talent of PBSB's work force, and the diversification expected to be achieved from integrating PBSB into the Group's business. None of the goodwill recognised is expected to be deductible for income tax purposes.

The remeasurement of fair value of the Group's existing 20% interest in the acquiree resulted in a loss of RM627,877, which has been recognised in other expenses in the statement of profit or loss.

35. Significant events during the period

35.1 On 30 October 2018, CICB announced that it intends to undertake the following corporate exercises ("Proposed Internal Reorganisation"):

a) shares exchange of all the shares of CICB ("CICB Shares") with the shares of the Company ("CGB Shares") on the basis of one new CGB Share for every one CICB Share held on the entitlement date; and

b) assumption of the listing status of CICB by the Company and the admission of the Company to and withdrawal of CICB from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") with the listing of and quotation for CGB Shares on the Main Market of Bursa Securities.

In conjunction with the Proposed Internal Reorganisation, CICB had on 30 October 2018, entered into a scheme agreement with the Company for the purpose of implementation of the Proposed Internal Reorganisation.

The above corporate proposals were approved by Bursa Securities and the shareholders of the Company on 2 January 2019 and 26 February 2019 respectively. The Proposed Internal Reorganisation was completed on 21 June 2019.

The Company has then acquired the entire equity interest in CICB through the issuance of 90,000,000 new ordinary shares as shares exchange with the existing shareholders of CICB for all the shares of CICB ("CICB Shares") with the shares of the Company ("CGB Shares") on the basis of one new CGB Share for every one CICB Share held.

Upon completion of the above transaction, CICB became a wholly-owned subsidiary of the Company. In accordance with MFRS 3, *Business Combinations*, the acquisition was accounted for using the reverse acquisition method, with the Company being the accounting acquiree and CICB had being the accounting acquirer.

The Company has then acquired all the equity interest owned by CICB in CICC.

36. Subsequent events

36.1 On 2 March 2020, PBSB accepted a letter of award amounting to RM42,243,215 in respect of main building works for one block of thirty-four storey residential apartments in Penang. The commencement date for the contract has yet to be determined but shall be completed within twenty-four months from the date of commencement.

36.2 On 6 March 2020, the Company incorporated a wholly-owned subsidiary, Central Global Impact Pte. Ltd. ("CGI") in Singapore at SGD2 with the intended business activities of trading of adhesives and related products.

36.3 On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic, causing huge impacts on people's lives, communities and businesses around the world. On 16 March 2020, the Malaysian Government issued the Movement Control Order pursuant to the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 for a period of 2 weeks from 18 March 2020 and further extended it to 31 August 2020 as one of the measures to address and contain the outbreak.

The pandemic has led to severe global socioeconomic disruption, postponement or cancellation of activities and events, shortages in the supply chain management and widespread impact on the public-health. The outbreak has brought about what may be the largest global recession in history, with more than a third of the global population being in lockdown based on different stages of the pandemic. This has caused significant disruptions to the business operations and a significant increase in economic uncertainty.

The Group and the Company consider that the effects related to this outbreak to be a non-adjusting post balance sheet event as it was not a condition that existed as at 31 December 2019, the end of the reporting period. Accordingly, the current conditions arising from this outbreak do not have an impact on the carrying amounts reported for the financial year ended 31 December 2019. As at the date of the financial statements are authorised for issuance, the COVID-19 situation continues to be fluid, rapidly evolving and unpredictable; hence the Group and the Company do not consider it practicable to provide a quantitative estimate of the potential financial impact of these economic conditions on the Group and the Company. However, the Group and the Company will actively monitor and manage the operations to minimise any potential impact that may arise from COVID-19.

The COVID-19 has resulted in the temporary reduction of operating hours and closures of construction sites as well as stringent standard operating procedures been imposed towards foreign workers for its construction activities as mandated by the government. These recent developments are expected to result in lower sales and gross margin which are not quantifiable as at the date of the financial statements are authorised for issuance.

37. Significant changes in accounting policies

During the period, the Group adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, Determining whether an Arrangement contains a Lease were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 5.25%. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 January 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

37.1 Impact on financial statements

Since the Group 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 period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019:

	RM
Operating lease commitments at 31 December 2018	306,503
Discounted using the incremental borrowing rate at 1 January 2019/Lease liabilities recognised at 1 January 2019	**293,926**

38. Comparative figures

There are no comparative figures presented as this is the first set of financial statements prepared by the Company since its incorporation (see Note 1(b)).

STATEMENT BY
DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 56 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial period then ended.

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

…………………………….…..

Wong Yuk Thin

Director

……………………………….....

Chuah Guan Leong

Director

Penang,

Date: 17 June 2020

STATUTORY DECLARATION

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

I, **Wong Yuk Thin**, the Director primarily responsible for the financial management of Central Global Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 134 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Wong Yuk Thin**, NRIC: 601207-10-5795, at George Town in the State of Penang on 17 June 2020.

....
Wong Yuk Thin

Before me :

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CENTRAL GLOBAL BERHAD
(Registration No. 201801036114 (1298143 - T))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Central Global Berhad, which comprise the statements of financial position as at 31 December 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 of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 134.

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 period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

(a) Existence, accuracy and valuation of inventories

Refer to Note 10 to the financial statements.

Key audit matter

As at 31 December 2019, the Group's inventories were RM14,549,777. We have identified the existence, accuracy and valuation of inventories as a key audit matter due to the voluminous nature of the inventories, the amount was significant to the statement of financial position of the Group and judgement was applied in determining the allowances for slow moving and obsolete inventories.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Evaluated the design and implementation of the Group's controls over the inventory costing, inventory count and review of allowance over obsolete and slow moving inventories to ascertain that they are implemented and operated effectively;
- Attended physical inventory count at period end and tested a sample of items by checking the actual quantity held by the Group as at period end as well as observed whether there are inventories that may be slow moving or obsolete;
- Agreed a sample of inventories costs to invoices;
- Tested a sample of inventories costs by agreeing the cost of production to the cost allocation computation prepared by the Group and checked that they were allocated based on an appropriate basis;
- Compared actual sales values subsequent to the financial period for a sample of inventory lines to test whether these exceed the carrying amount of inventories at period end; and
- Assessed the Group's process in identifying slow moving and obsolete inventories and determining the allowances for slow moving and obsolete inventories.

Key Audit Matters (Cont'd)

(b) Recoverability of trade receivables

Refer to Note 12 to the financial statements.

Key audit matter

As at 31 December 2019, the Group's gross trade receivables were RM25,735,643, against which impairment allowances of RM400,624 were made.

We have identified the recoverability of trade receivables as a key audit matter because the profile and nature of the Group's customers may expose the Group to a potential risk of trade receivables balance not being recovered. The Group also applied judgement in determining the impairment of trade receivables required by taking into account the credit and repayment history of the customers. Therefore, there is a potential risk of over valuation of the trade receivables.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Evaluated the design and implementation of the Group's credit control;
- Performed detailed testing on the trade receivables ageing to ascertain the underlying accuracy of information used in assessing the adequacy of impairment allowances for trade receivables;
- Checked the receipts from customers subsequent to the financial period end;
- Assessed the adequacy of impairment allowances for trade receivables by assessing the Directors' assumptions, action plans to recover and collect the debts, taking into account the historical data of the payment trend of the customers; and
- Considered the adequacy of the expected credit losses ("ECLs") provided by the management against the ECLs computed using the 'roll rate' method based on past due ageing.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

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

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

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

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Other Matter

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

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Lim Su Ling
Approval Number : 03098/12/2021 J
Chartered Accountant

Penang

Date : 17 June 2020

LIST OF PROPERTIES

As At 31 December 2019

Address/Location	Tenure	Year of Revaluation/ Acquisition	Area	Age of Building (Years)	Description/ Existing Use	Net Book Value(RM)
P.T. 8558/8559, Mukim Sungai Pasir, Kuala Muda, Kedah.	Leasehold (Expire:2050)	2001	347,836 sq.ft.	29	Land with Factory	8,258,237
No. 5-13.1, 5-13.2, 5-14.1, 5-14.2, 5-15.1, 5-15.2, 5-16.1, 5-16.2, 5-17.1, 5-17.2 and 5-18, Block A, Plaza Dwitasik, Phase 1, Bandar Sri Permaisuri, Off Jalan Permaisuri, Cheras, 56000, Kuala Lumpur.	Leasehold (Expire:2095)	2006	11,368 sq.ft.	21	Office Building	1,760,805

ANALYSIS OF
SHAREHOLDING
As at 29 May 2020

Total Number of Issued Shares	:	90,000,002 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS
As at 29 May 2020

ANALYSIS OF LISTED SECURITIES BY SIZE OF HOLDINGS AS AT 29 MAY 2020 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Size of Holdings	No. of Holders	Total Holdings	%
Less than 100 shares	209	3,863	0.0043
100 – 1,000 shares	154	61,645	0.0685
1,001 – 10,000 shares	376	1,677,615	1.8640
10,001 – 100,000 shares	128	3,290,711	3.6563
100,001 – below 5% of issued shares	23	29,379,120	32.6435
5% and above of issued shares	5	55,587,048	61.7634
Total	**895**	**90,000,002**	**100.00**

DIRECTORS' SHAREHOLDINGS IN THE COMPANY
(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 29 MAY 2020)

		Direct Interest		Deemed Interest	
No.	**Name**	**Shares**	**%**	**Shares**	**%**
1.	CHUAH GUAN LEONG	7,269,030	8.08	-	-
2.	DR. UZIR BIN ABDUL MALIK	-	-	-	-
3.	WONG YUK THIN	-	-	-	-
4.	DATO' SERAJA MAHKOTA DATO' WIRA ZAINUDDIN	-	-	-	-
5.	DATO' TAN YEE BOON	-	-	-	-
6.	KOAY THEN HIN	-	-	-	-
7.	PHANG KWAI SANG	-	-	-	-
8.	NG SENG BEE	-	-	-	-

SUBSTANTIAL SHAREHOLDERS
As at 29 May 2020

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 MAY 2020)

		Direct Interest		Deemed Interest	
No.	**Name**	**Shares**	**%**	**Shares**	**%**
1.	MALAR SEGAR SDN. BHD.	22,017,678	24.46		
2.	MOHTAR BIN ABDULLAH	11,538,000	12.82		
3.	GAN LOCK YONG @ GAN CHOON HUR	8,240,400	9.16		
4.	CHUAH GUAN LEONG	7,269,030	8.08	-	-
5.	TAN BAN AIK	6,590,880	7.32		
6.	LGB HOLDINGS SDN. BHD.[a]	-	-	22,017,678	24.46
7.	DATO' LIM CHEE MENG[b]	-	-	22,017,678	24.46
8.	LIM CHIN SEAN[b]	-	-	22,017,678	24.46

Note:

(a) Deemed interested by virtue of its interest in Malar Segar Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016
(b) Deemed interested by virtue of his interest in LGB Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 29 MAY 2020 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Names	No. of Shares held	%
1	MALAR SEGAR SDN BHD	22,017,678	24.46
2	MOHTAR BIN ABDULLAH	11,538,000	12.82
3	GAN LOCK YONG @ GAN CHOON HUR	8,240,400	9.16
4	CHUAH GUAN LEONG	7,200,090	8.00
5	TAN BAN AIK	6,590,880	7.32
6	NG OI HAN	3,960,000	4.40
7	LAMBANG PROGRESIF SDN BHD	3,600,000	4.00
8	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KONG TECK FONG	3,287,600	3.65
9	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LIM ENG HUAT	2,849,400	3.17
10	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LOW KENG SIONG	2,646,000	2.94
11	PHANG WAI HOONG	2,160,000	2.40
12	NEOH POH LAN	1,998,000	2.22
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LOW KENG SIONG (8125104)	1,764,000	1.96
14	KENANGA NOMINEES (ASING) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR RA WHA HYUN (009)	1,621,980	1.80
15	PHANG WAI HOONG	1,620,000	1.80
16	JULIET YAP SWEE HWANG	1,116,360	1.24
17	YANG LAI SEE	631,800	0.70
18	HLB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KONG TECK FONG	378,000	0.42
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KONG TECK FONG (7004758)	304,200	0.34
20	YONG WO MOI	258,660	0.29
21	CHEN CHOONG FATT	232,800	0.26
22	YONG WO MOI	187,560	0.21
23	BALAKRISNEN A/L SUBBAN	180,000	0.20
24	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LAI OIE KUN (M)	151,200	0.17
25	ONG WEE LIEH	116,200	0.13
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KUAN SHIN NYIAP	110,160	0.12
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KAM WEI LIN (8028720)	104,400	0.12
28	LIM PENG HONG	100,800	0.11
29	TEOH CHENG HOE	93,420	0.10
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD - CHUNG CHIT MIN	83,700	0.09

ADMINISTRATIVE DETAILS

For The Fully Virtual First Annual General Meeting ("1st AGM")

Date	:	Thursday, 16 July 2020
Time	:	11.00 a.m.
Broadcast Venue	:	The Royale 2, Level 2, The Royale Chulan Damansara, No. 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan

Digital Ballot Form at a Fully Virtual 1st AGM

1. **No shareholders should be physically present at the Broadcast Venue**. Shareholders who wish to participate the 1st AGM will therefore have to do so remotely. Pre-registration of attendance is required via the link **https://vps.megacorp.com.my/w1VRi8** (refer to para 4 for further details). After the registration is validated and accepted, shareholders will be sent an email with a link to grant access to the Digital Ballot Form ("DBF").

2. With the DBF, you may exercise your right as a shareholder of the Company to participate (including to pose questions to the Board/Management of the Company) and vote during the 1st AGM, at the comfort of your home or from any location.

3. Shareholders may use the *Questions' Pane* facility (located at the bottom of the screen) to submit questions in real time during the meeting via the Webinar solution. Shareholders may also submit questions before the meeting to **AGM-support.CGB@megacorp.com.my** in relation to the agenda items for the 1st AGM.

Procedure for DBF

4. Kindly follow the steps below to ensure that you are able to obtain your DBF and details to log in to the Webinar session to participate and remote voting at the 1st AGM online:

   (a) Open this link **https://vps.megacorp.com.my/w1VRi8** and submit all details requested **at least forty-eight (48) hours** before the date of 1st AGM.
   (b) Only shareholders are allowed to register their details online. Shareholders can also appoint proxies or Chairman of the meeting as proxy via online, as in step (a) above. Please ensure that your details are accurate as non-compliance would result in you not being able to receive your DBF.
   (c) You may deposit your Proxy Form with the **proxy's email address** and **mobile phone number** at the office of the Poll Administrator, Mega Corporate Services Sdn. Bhd. situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or submit via email at **AGM-support.CGB@megacorp.com.my**.
   (d) The Poll Administrator, Mega Corporate Services Sdn. Bhd., will email a copy of your DBF to you once they have verified your details entered in step (a) or (c) above.
   (e) There will be explanatory notes in DBF, to guide you to register to Meeting. Voting and to post questions. Please read them for better understanding.

Record of Depositors ("ROD") for the 1st AGM

5. The date of ROD for the 1st AGM is 7 July 2020. As such, only shareholders whose name appear in the ROD as at 7 July 2020 shall be entitled to attend the 1st AGM and to participate, speak and vote thereat.

Poll Voting

6. The voting of the 1st AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Mega Corporate Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting and Cygnus IT Solutions PLT as Scrutineers to verify the poll results.

   For the purpose of this AGM, e-voting will be carried out via your digital devices (e.g. Computer / Mobile Phone). The guide to e-voting will be contained in the same email that provides the shareholder/proxy/Corporate Representative with the link to the DBF. Please read the instructions carefully and familiarize yourself with the steps needed to exercise your rights at the AGM.

7. Shareholders can proceed to vote on the resolutions and submit your votes during the voting period as stipulated on the DBF. Upon completion of the voting session at the 1st AGM, the Scrutineers will verify the poll results after which the Chairman will announce the results of the resolutions.

Enquiry

If you have any general queries prior to the 1st AGM, please contact the Poll Administrator during office hours (Monday to Friday):

Mega Corporate Services Sdn Bhd
Tel No.: +603 - 2692 4271
Email: AGM-support.CGB@megacorp.com.my

Central Global Berhad

201801036114 (1298143-T)

PROXY FORM

No. of Shares Held:	
CDS Account No.	

I/We...
(Full name in block letters)

of...
(Full address)

being a member/members of **CENTRAL GLOBAL BERHAD** hereby appoint the following person(s):

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

and/or*

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

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on my/our behalf at the First Annual General Meeting of the Company will be conducted fully virtual at the Broadcast Venue at The Royale 2, Level 2, The Royale Chulan Damansara, No. 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Thursday, 16 July 2020 at 11:00 a.m. and at every adjournment thereof.

My/our proxy/proxies is(are) to vote as indicated below:

	Ordinary Resolutions	**First Proxy**		**Second Proxy**	
		For	**Against**	**For**	**Against**
1	To approve the payment of Directors' fees and meeting allowances amounting to RM350,000.00 for the financial year ended 31 December 2019.				
2	To approve the payment of Directors' fees and meeting allowances up to RM471,000.00 from 1 January 2020 until the next Annual General Meeting of the Company.				
3	To re-elect the director, Dr. Uzir bin Abdul Malik				
4	To re-elect the director, Mr. Chuah Guan Leong				
5	To re-elect the director, Mr. Phang Kwai Sang				
6	To re-elect the director, Mr. Ng Seng Bee				
7	To re-elect the director, Dato' Tan Yee Boon				
8	To re-elect the director, Mr. Andrew Chong Shuh Ren				
9	To re-appoint Messrs. KPMG PLT as Auditors of the Company and authorise the Directors to fix their remuneration.				
10	Authority to allot shares				

(Please indicate with an "x" in the space provided above on how you wish your vote to be cast. If you do not indicate how you wish to vote on any resolutions, the proxy(ies) will vote or abstain from voting at his/her/their discretion(s)).

As witness my hand this………………..day of……………………………2020.

…………………………..
Signature/Common Seal

*** Strike out whichever is not desired.**

Notes:

1. *The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue.* ***No shareholders/proxies*** *from the public will be physically present at the meeting venue. Shareholders who wish to participate the First Annual General Meeting will therefore have to register via the link* ***https://vps.megacorp.com.my/w1VRi8****. Kindly refer to the annexure of the Administrative Details for further information.*
2. *Only depositors whose names appear in the Record of Depositors as at 7 July 2020 shall be entitled to attend the First Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.*
3. *A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A member may appoint up to two (2) proxies to attend at the same meeting. All voting will be conducted by way of poll. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its Common Seal or the hand of its attorney.*
6. *Except for body corporate, you have the option to register directly at* ***https://vps.megacorp.com.my/w1VRi8*** *to submit the proxy appointment electronically not later than Tuesday, 14 July 2020 at 11.00 a.m. Kindly refer to the annexure of the Administrative Details for further information.*
7. *All Proxy Form must be deposited at the Company's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or email to* ***AGM-support.CGB@megacorp.com.my*** *not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

Fold here

Affix
Stamp
Here

Mega Corporate Services Sdn. Bhd.

Level 15-2, Bangunan Faber Imperial Court,

Jalan Sultan Ismail,

50250 Kuala Lumpur, Malaysia.

Fold here

Central Global Berhad
201801036114 (1298143-T)

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

Tel : 603-9171 8966 Fax : 603-9171 8922

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