BRITE-TECH BERHAD

Registration No. 200101014455 (550212-U)

ANNUAL REPORT 2019

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of **Brite-Tech Berhad** will be held at the Broadcast Venue at Brite-Tech Berhad Conference Room, Lot 14 (PT 5015), Jalan Pendamar 27/90, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan on Friday, 10 July 2020 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

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

2. To declare a final single tier dividend of 0.80 sen per ordinary share in respect of the financial year ended 31 December 2019. ***(Resolution 1)***

3. To approve the payment of Directors' fees of RM290,400.00 and benefits of RM40,200.00 for the financial year ended 31 December 2019. ***(Resolution 2)***

4. To approve the payment of Directors' fees and benefits up to RM465,000.00 from 1 January 2020 until the next Annual General Meeting. ***(Resolution 3)***

5. To re-elect the following Directors who are retiring by rotation, pursuant to Clause 104 of the Constitution of the Company, and being eligible, offer themselves for re-election :-

   a) Mr. Tan Boon Kok ***(Resolution 4)***

   b) Mr. Ng Kok Ann ***(Resolution 5)***

6. To re-elect the following Director who is retiring pursuant to Clause 110 of the Constitution of the Company, and being eligible, offer himself for re-election :-

   a) Mr. Wee Swee Cheng ***(Resolution 6)***

7. To re-appoint Messrs CAS Malaysia PLT as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***(Resolution 7)***

AS SPECIAL BUSINESS

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

8. **ORDINARY RESOLUTION** ***(Resolution 8)***
   AUTHORITY PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ISSUE SHARES

   "**THAT** pursuant to Section 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approvals of all the relevant authorities being obtained for such allotment and issue and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

9. **ORDINARY RESOLUTION** *(Resolution 9)*
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"**THAT** authority be and is hereby given to Mr. Ng Kok Ann who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company."

10. **ORDINARY RESOLUTION** *(Resolution 10)*
PROPOSED AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY

"**THAT** subject always to the provisions of the Companies Act 2016 ("Act"), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant statutory and/or regulatory requirements, the Company be authorised, to the fullest extent permitted by law, to buy-back such amount of Shares in the Company as may be determined by the Directors of the Company from time to time, through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company, provided that:

(i) the aggregate number of Shares bought-back does not exceed 10% of the total issued and paid-up ordinary share capital of the Company at any time;

(ii) the maximum amount of funds to be allocated for the shares buy-back shall not exceed the Company's audited retained earnings and/or share premium account at any point in time;

(iii) the Shares purchased shall be treated in the following manner:

(a) the purchased Shares shall be cancelled; or
(b) the purchased Shares shall be retained as treasury shares for distribution as dividend to the shareholders and/or resale on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancellation subsequently; or
(c) part of the purchased Shares shall be retained as treasury shares and the remainder shall be cancelled; or
(d) in such other manner as Bursa Securities and other relevant authorities may allow from time to time.
(e) any combination of (a), (b), (c) and (d) above.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by resolution passed by the Company in general meeting;

whichever occurs first.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to take all such steps as may be necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities (Central Depository) Industry Act, 1991, and the entering into and execution of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the Shares bought-back) in accordance with the provisions of the Act, the Constitution of the Company, the ACE Market Listing Requirements of Bursa Securities and all other relevant statutory and/or regulatory requirements."

11. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the final single tier dividend of 0.80 sen per ordinary share in respect of the financial year ended 31 December 2019, if approved by the shareholders, will be paid on 7 August 2020 to shareholders whose names appear in the Register of Depositors at the close of business on 24 July 2020. A Depositor shall qualify for dividend entitlement only in respect of:-

a) Shares transferred into Depositor's Securities Account before 4.30 p.m. on 24 July 2020 in respect of ordinary transfers; and

b) Shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By order of the Board

Wong Maw Chuan (MIA 7413)
Wong Youn Kim (f) (MAICSA 7018778)
Lee Chin Wen (f) (MAICSA 7061168)
Company Secretaries

12 June 2020

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes:

1. The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders and hence, is not put forward.

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

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

5. The instrument of appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing in that behalf.

6. The instrument appointing a proxy must be deposited at the Registered Office at B-25-2, Block B, Jaya One, No. 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll.

7. Only a depositor whose name appears on the Record of Depositors as at 3 July 2020 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

8. According to Clause 64 of the Constitution of the Company and pursuant to Paragraph 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

9. **Explanatory Note on Special Business – Resolution 8**

   Ordinary Resolution - Authority pursuant to Section 75 and 76 of the Companies Act 2016 for the Directors to issue shares

   The Resolution 8 under item 8 is proposed to seek for a renewal of the general mandate ("General Mandate") pursuant to Section 75 and 76 of the Companies Act 2016, and if passed, will give the Directors of the Company authority to allot and issue ordinary shares of the Company up to an amount not exceeding in total, 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Eighteenth Annual General Meeting held on 28 May 2019 and which will lapse at the conclusion of the Nineteenth Annual General Meeting.

   The General Mandate sought will enable the Directors of the Company to allot and issue shares, including but not limited for further placing of shares, for the purpose of funding investment(s), working capital and/or acquisitions, from time to time at such price, upon such terms and conditions, to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit. This would avoid any delay and costs involved in convening a general meeting to specifically approve such an issue of shares.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes: (Cont'd)

10. **Explanatory Note on Special Business – Resolution 9**

Ordinary Resolution - Continuing in Office as Independent Non-Executive Director

Mr. Ng Kok Ann has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 21 January 2009.

In line with the Malaysian Code of Corporate Governance 2017, the Board of Directors has assessed the independence of Mr. Ng Kok Ann, and has recommended that the approval of the shareholders be sought for them to continue to serve as Independent Non-Executive Directors based on the following:

a) He has fulfilled the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements;

b) He has vast experiences in various industries and as such can contribute to the Board with their wide expertise and independent judgement. He has also actively participated in Board deliberations and decision making in an objective manner.

c) He has been with the Company for more than nine years and is familiar with the Group's activities and corporate history and has devoted sufficient time and attention to their role and responsibility as Independent Non-Executive Director for informed and balanced decision making; and

d) He has exercised due care during his tenure as Independent Non-Executive Director in the Company and carried out his professional duty in the interest of the Company and shareholders.

11. **Explanatory Note on Special Business – Resolution 10**

Ordinary Resolution – Proposed Authority for Purchase of Own Shares by the Company

The proposed Ordinary Resolution 10 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting,

Further information on the Proposed Authority for Purchase of Own Shares by the Company is set out in the Share Buy-Back Statements to Shareholders of the Company which is dispatched together with this Annual Report.

PERSONAL DATA PRIVACY :

By submitting an instrument appointing a proxy(ies) and / or representative(s) to attend, speak and vote at the Company's AGM and/or any adjournment thereof, a member of the Company:-

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**").

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

a) **Directors standing for re-election/re-appointment at the Nineteenth Annual General Meeting of the Company**

The Directors who are retiring by rotation, pursuant to Clause 104 of the Company's Constitution and standing for re-election are as follows:

- Mr. Tan Boon Kok (Executive Director)
- Mr. Ng Kok Ann (Independent Non-Executive Director)

The Director who is retiring pursuant to Clause 110 of the Constitution of the Company, and being eligible, offer himself for re-election as follows :-

- Mr. Wee Swee Cheng (Independent Non-Executive Director)

Further details of the Directors who are standing for re-election at the Nineteenth Annual General Meeting are set out in the Directors' Profile on pages 9 to 11 of the Annual Report and information on their shareholdings are listed on page 124 of the Annual Report.

b) Details of attendance of Directors at Board Meetings

The details of attendance of the Directors at Board meetings held during the financial year ended 31 December 2019 are as disclosed in the Corporate Governance Overview Statement set out on page 19 of this Annual Report.

c) Date, Time and Place of the Nineteenth Annual General Meeting

The Nineteenth Annual General Meeting of **Brite-Tech Berhad** will be held at the Broadcast Venue at Brite-Tech Berhad Conference Room, Lot 14 (PT 5015), Jalan Pendamar 27/90, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan on Friday, 10 July 2020 at 10.00 a.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pang Wee See	Executive Chairman
Tan Boon Kok	Executive Director
Kan King Choy	Executive Director
Ir. Koh Thong How	Non-Independent Non-Executive Director
Ng Kok Ann	Independent Non-Executive Director
Wee Swee Cheng *(Appointed on 28 May 2019)*	Independent Non-Executive Director
Yee Oii Pah @ Yee Ooi Wah	Alternate Director to Pang Wee See

AUDIT COMMITTEE

Ng Kok Ann (Chairman)
Ir. Koh Thong How
Wee Swee Cheng *(Appointed on 28 May 2019)*

COMPANY SECRETARIES

Wong Maw Chuan (MIA 7413)
(SSM PC No. 202008003554)
Wong Youn Kim (f) (MAICSA 7018778)
(SSM PC No. 201908000410)
Lee Chin Wen (f) (MAICSA 7061168)
(SSM PC No. 202008001901)

REGISTERED OFFICE

B-25-2, Block B, Jaya One,
No. 72A, Jalan Universiti,
46200 Petaling Jaya,
Selangor Darul Ehsan
Tel.: 03-7955 0955
Fax: 03-7955 0959

BUSINESS OFFICE

Lot 14, Jalan Pendamar 27/90
Seksyen 27, 40400 Shah Alam
Selangor Darul Ehsan
Tel.: 03-5192 8188/8288/8388
Fax: 03-5191 8188
Email: admin@brite-tech.com.my
Website: www.brite-tech.com

AUDITORS

CAS Malaysia PLT
B-5-1, IOI Boulevard, Jalan Kenari 5,
Bandar Puchong Jaya,
47170 Puchong,
Selangor Darul Ehsan

SHARE REGISTRAR

Bina Management Sdn. Bhd.
Lot 10, The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel.: 03-7784 3922
Fax.: 03-7784 1988

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
Public Bank Berhad
Affin Bank Berhad
AmFunds Management Berhad
United Overseas Bank Asset Management
(Malaysia) Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name: BTECH
Stock Code: 0011

DIRECTORS' PROFILE

PANG WEE SEE Executive Chairman

Pang Wee See, a Malaysian, male, aged 68, was appointed to the Board on 25 May 2002.

He graduated from University Sains Malaysia with a Bachelor of Applied Science (Hons) majoring in Polymer Science in 1977. He started his career with Asia Tape Corporation Bhd as Chemist in 1978 and later was promoted to the position of Chemist cum Factory Manager. He then moved to Federal Rubber Products Co. Sdn Bhd as Production Manager in 1979. Subsequent to this, he and three partners set up Brite-Tech Corporation Sdn Bhd in 1980. He left Federal Rubber Products in 1984 to manage Brite-Tech Corporation Sdn Bhd and later expanded to set up the Group.

As a founder of the Group, with his excellent entrepreneurial skills and more than 35 years of experience, he has steered the Group to become an established and acclaimed total solution provider in water and wastewater treatment and laboratory services. He sits on the Board of other private companies and also sits on the Board of Yayasan Maha Karuna, a charity organization. He does not hold directorship of any other public listed company.

He is the spouse of Madam Yee Oii Wah and brother-in-law of Ir. Koh Thong How. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2019.

TAN BOON KOK Executive Director

Tan Boon Kok, a Malaysian, male, aged 62, was appointed to the Board on 25 May 2002.

Upon completion of his Form Six Level education in Tunku Abdul Rahman College in 1978, he joined Paloh Palm Oil Mill in 1979. The following year in 1980, he moved to Bukit Benut Palm Oil Mill and subsequently to Coronation Palm Oil Mill as Laboratory Conductor. He joined Brite-Tech Corporation Sdn Bhd in 1983 as Sales Executive and later was promoted to Sales Manager in 1986. He has been with the Group for more than 35 years.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2019.

KAN KING CHOY Executive Director

Kan King Choy, a Malaysian, male, aged 58, was appointed to the Board on 25 May 2002.

He joined Spectrum Laboratories Sdn Bhd as a Manager of the laboratory in 1990 and has been with the Group for more than 25 years. He graduated from Tunku Abdul Rahman College with a Diploma in Science and a Bachelor of Science degree in Chemistry and Mathematics from Campbell University (U.S.A.) in 1985. After graduation, he joined Sailcos Laboratories Sdn. Bhd. in 1986 as a Chemist where he remained for 4 years, familiarising with the laboratory operations and the laboratory business in general. He was admitted as a Licentiate of the Institut Kimia Malaysia in 1988.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) year. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2019. He is a member of the Remuneration Committee of the Company.

DIRECTORS' PROFILE (CONT'D)

IR. KOH THONG HOW *Non-Independent Non-Executive Director*

Ir. Koh Thong How, a Malaysian, male, aged 65, was appointed to the Board on 25 May 2002.

He received a Technician Diploma from Singapore Polytechnic in 1977 and subsequently pursued his studies in United Kingdom to obtain a Bachelor of Science degree in Civil Engineering (Honours) from University of Dundee in 1980. He then furthered his studies in Asian Institute of Technology, Thailand to obtain his Master of Engineering degree in Structural Engineering and Construction in 1982. He started his career with Jurutera Konsultant (SEA) Sdn Bhd as Design Engineer in 1982 and later moved to S Chan Project Consultancy Services Sdn Bhd as Senior Engineer and was there until 1995. Thereafter he became the Technical Director (Civil and Structural) of Murray North (M) Sdn Bhd. In 1998, he left the company to venture into his own business, KP Perunding (Civil and Structural Consulting Engineers). He was admitted as a Corporate Member of the Institution of Engineers Malaysia ("IEM") in 1986 and was the Honorary Treasurer of IEM (Southern Branch) for 1988-89, 89-90 and 90-91 sessions and the Honorary Secretary of IEM (Southern Branch) for 1991-92, 92-93 and 93-94 sessions. He was registered as a Professional Engineer (Malaysia) in 1988. Since 1995, Ir. Koh Thong How has been providing advice as the engineering advisor for Hooker Chemical Sdn Bhd.

He is the brother-in-law of Pang Wee See. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2019. He is a member of the Audit Committee and Nomination Committee of the Company.

NG KOK ANN *Independent Non-Executive Director*

Ng Kok Ann, a Malaysian, male, aged 46, was appointed to the Board on 21 January 2009.

He graduated from the Association of Chartered Certified Accountant (ACCA), United Kingdom in 1999. He is a member of the Association of Chartered Certified Accountants (ACCA) and is a Chartered Accountant of Malaysian Institute of Accountants (MIA).

Mr. Ng started his career as an Audit Assistant with Ling Kam Hoong & Co. in 1999 and was involved in accounting, auditing and taxation and business advisory of companies from various industries. He left Ling Kam Hoong & Co. in 2003 and joined Terence Oh & Associates as Principal. Subsequently, he was appointed as Branch Manager of Yee Choon Kong & Co. in 2014. He is currently involved in corporate finance, tax planning, business advisory and secretarial functions of companies for various types of companies.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2019. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

DIRECTORS' PROFILE (CONT'D)

WEE SWEE CHENG Independent Non-Executive Director

Wee Swee Cheng, a Malaysian, male, aged 64, was appointed to the Board on 28 May 2019.

Mr. Wee has a wide working experience in the finance services industry and has served in various senior capacities. He joined a local bank in 1977 and rose from the rank and file to serve as branch manager for several branches in the Klang Valley with lending exposures in varying industries such as agro & food, wood & furniture, wholesale & retail, plastics & rubber gloves and general services. He subsequently became the regional head in charge of credit administration & supervision, overseeing some 13 branches within the banking group. After his retirement from the bank in 2011, he joined another local bank as a branch manager on a contractual basis until 2013. He is currently self-employed as a freelance financial consultant for loan arrangement, loan restructuring and rescheduling, loan moratorium, hair-cut or debt settlement, negotiation of terms and conditions, due diligence study and any other issue of finance related.

Mr. Wee holds a diploma from the Malaysian Institute of Management (MIM) in 1987 and a diploma from Institut Bank Bank Malaysia (IBBM) in 1998.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) year. He does not hold directorship of any other public listed company.

He attended three (3) Board meetings of the Company held during the financial year ended 31 December 2019. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

MADAM YEE OII PAH @ YEE OOI WAH Alternate Director to Pang Wee See

Yee Oii Pah @ Yee Ooi Wah, a Malaysian, female, aged 66, was appointed as an alternate Director to Pang Wee See on 25 May 2002.

She obtained her Bachelor degree in Pharmacy (Hons) from Universiti Sains Malaysia in 1978. She is a registered pharmacist with the Malaysian Pharmacy Board and also a member of the Malaysian Pharmaceutical Society. Upon graduation, she underwent one year of pupilage training. In 1979, she joined Mediko Farmasi Sdn Bhd as a pharmacist. She has since accumulated over 20 years of professional experience and exposure in the pharmaceutical industry. She also sits on the Board of another private company. She does not hold directorship of any other public listed company.

Madam Yee is the spouse of Pang Wee See. She has no conflict of interest with the Company and she has not been convicted for any offences in the past ten (10) years.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Brite-Tech Group is an integrated water purification and wastewater treatment solutions provider and the Group's business activities comprises of the following business segments:

Environmental products and services

To provide a complete range of services and products in the field of water treatment as well as engineered and formulated chemical products for water and wastewater treatment; and to provide analytical laboratory and environmental monitoring services.

System equipment and ancillary products

To provide consultation, engineering design, construction, installation and commissioning of water purification, water recycling and wastewater treatment systems; and to provide rental of portable ion-exchange resin columns as well as supply of chemicals and consumer products.

Investments

Investments, management and other operations which are not sizeable to be reported separately.

FINANCIAL PERFORMANCE REVIEW

FIVE YEAR FINANCIAL HIGHLIGHTS

Financial year ended	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000
Revenue	27,059	30,858	25,760	26,611	27,855
Profit before tax	5,997	6,345	5,513	5,789	7,154
Profit after tax	4,718	4,952	3,996	4,285	6,041
Profit after tax attributable to owners of the Company	4,718	4,890	3,984	4,313	5,846
Share capital	25,200	25,200	25,200	25,200	25,200
Total Assets	61,398	67,926	69,197	81,215	93,121
Total Liabilities	7,446	12,450	13,757	22,429	30,466
Basic earnings per share attributable to owners of the Company (sen)	1.87	1.94	1.58	1.71	2.32
Gross Dividends per share (sen)	1.26	1.53	1.60	1.60	1.60*

* *The Board of Directors is proposing a final single tier dividend of 0.80 sen per share in respect of the financial year ended 31 December 2019 for the approval of shareholders at the forthcoming Annual General Meeting.*

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL PERFORMANCE REVIEW (CONT'D)

FIVE YEAR FINANCIAL HIGHLIGHTS (Cont'd)

The Group's revenue for the financial year ended 31 December 2019 showed an increase of 4.67% to RM27.855 million from RM26.611 million in the preceding financial year.

The environmental products and services segment is the main contributor to the Group's revenue, contributing 87.41% or RM24.348 million while the system equipment and ancillary products contributed 12.59% or RM3.507 million.

In line with the increase in the Group's revenue for the financial year ended 31 December 2019, the Group's profit before tax increased by 23.58% to RM7.154 million as against preceding financial year's profit before tax of RM5.789 million. The increase in the Group's profit before tax was due to the higher operating income achieved.

ECONOMIC OUTLOOK

The global economy is projected to register negative growth in 2020, due mainly to the significant economic repercussions arising from the unprecedented coronavirus disease (COVID-19) pandemic. The IMF is expecting the global economy to undergo a recession in 2020 that is at least as bad as the global financial crisis, with a projected recovery in 2021. Growth prospects for advanced countries and emerging market economies will be weak, with advanced economies in particular expected to experience a contraction in growth.

Measures implemented to contain the rapid spread of COVID-19, including broad-based travel restrictions, enforced business closures and restrictions on social activities, will suppress private sector activity globally. Nonetheless, the unprecedented nature and scale of fiscal and monetary policy intervention across economies is expected to cushion the economic disruptions caused by COVID-19. These measures will support a gradual normalisation in economic activities upon the successful containment of the pandemic.

Against this highly challenging global economic outlook, Malaysia's GDP growth is projected to be between -2.0 to 0.5% in 2020 (2019: 4.3%). The domestic economy will be impacted by the necessary global and domestic actions taken to contain the outbreak. Of significance, tourism-related sectors are expected to be affected by broad-based travel restrictions and travel risk aversion, while production disruptions in the global supply chain will weigh on the manufacturing sector and exports. The implementation and subsequent extension of the Movement Control Order (MCO), while critical, will dampen economic activity following the suspension of operations by non-essential service providers and lower operating capacity of manufacturing firms. Beyond the MCO period, reduced social and recreational activities until the pandemic is fully controlled globally and domestically will continue to dampen consumption and investment activity. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector. Unfavourable weather conditions and maintenance works will weigh on the production of oil palm, crude oil and natural gas.

(Source: Economic and Monetary Review 2019; Bank Negara Malaysia)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROSPECTS

The Group expects the year ahead to be challenging with the unprecedented outbreak of the COVID-19 pandemic and the effects related to implementation of the MCO which will undeniably have an adverse impact to business in Malaysia including our Group. The implementation of the MCO is expected to have some impact to the Group's revenue due to the closure of premises and suspension of business activities of the Group.

As at the date of this annual report, the Group is unable to reliably estimate the financial impact of the COVID-19 pandemic on the Group's performance for the year ending 31 December 2020. Despite such challenges, the Group believes that the Group shall be able to ride through this difficult time with the resources the Group has and efforts taken by the Group.

The Group maintains a positive outlook for the business activities that the Group are involved in. The Group will continue to focus on its existing business activities and concentrate on its core competencies while at the same time, improve its operational efficiency and cost management. The Group will continue to implement various cost saving measures and stringent cost control to counter the challenges ahead and to enhance the Group's competitiveness in the Group's industry.

The Group will continue to explore and assess other viable business and investment opportunities within the same or complementary sectors and also outside the Group's industry domain for opportunities which can bring financial stability to the Group.

Barring any unforeseen circumstances, the Board of Directors is of the opinion that the performance of the existing business of the Group is likely to remain satisfactory for the coming year.

DIVIDENDS

We are always grateful for the support of our shareholders and we remained committed to paying steady dividend as recognition of your continuous support. The Company had declared an interim single tier dividend on ordinary share of 0.80 sen per share for year ended 31 December 2019 as compared to 0.80 sen per share for the previous financial year that was paid on 26 September 2019.

The Board of Directors is pleased to recommend a final single tier dividend of 0.80 sen per share for the approval of shareholders at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to the management and staff for their hard work and contribution to the Group; our valued shareholders, all regulatory authorities, bankers, customers and business associates for their co-operation and support.

Finally, I would like to express my sincere appreciation and gratitude to my fellow directors for their invaluable contributions and support.

Pang Wee See
Executive Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of the Company recognizes the importance of good corporate governance and is committed to promote the highest standards of corporate governance within the Group by supporting and implementing the principles and best practices as outlined in the Malaysian Code on Corporate Governance ("MCCG") and the relevant provisions of the Bursa Securities Listing Requirements for ACE Market.

The Board strives to ensure that high standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Company.

The Board is pleased to set out below our Corporate Governance Overview Statement which describes how the Group has applied the principles of the MCCG and the extent to which it has complied with the best practices set out in the MCCG during the financial year ended 31 December 2019. This statement also serves as a compliance with Rule 15.25 of the Bursa Securities Listing Requirements for ACE Market.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Responsibilities of the Board

The Board has overall responsibility for the performance of the Group and its responsibilities include the following:-

- reviewing and adopting a strategic plan for the Group;
- overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

Composition of the Board

The Board currently consists of six (6) members, comprising an Executive Chairman, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. This composition complies with Rule 15.02(1) of the Bursa Securities Listing Requirements for ACE Market which requires that at least two directors or one-third of the Board, whichever is the higher, comprises of independent directors. In the event of any vacancy in the Board, resulting in the non-compliance with Rule 15.02(1), the Company must fill the vacancy within three (3) months.

The Company considers that its complement of non-executive directors provides an effective Board with a mix of industry-specific knowledge and broad business and commercial experience. The balance enables the Board to provide clear and effective leadership of the Company and to bring informed and independent judgment to many aspects of the Company's strategy and performance so as to ensure the highest standards of conduct and integrity are maintained throughout the Group.

No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the investment of the shareholders.

The Board has a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Company is firmly in its hands.

The Board acknowledges the need for gender diversity for good governance practices and to enhance the efficient functioning of the Board. The Board believes that the evaluation of any candidate's suitability is guided by the skills, experience, competency and knowledge of the individual candidate and it shall review any potential candidate wherever reasonably possible. The Company currently has one (1) female representation in the Board. The Board is comfortable with its current composition and does not consider that setting a short term target for gender diversity on the Board is appropriate at the current time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Directors' Code of Conduct

The Board has adopted the Code of Ethics for Company Directors established by the Companies Commission of Malaysia in discharging its role effectively. The Code of Ethics requires all Directors to observe high ethical business standards and to apply these values to all aspects of the Group's business and professional practices and to act in good faith in the best interest of the Group and its shareholders.

Strategies Promoting Sustainability

The Board recognizes the need for the Company strategies to promote sustainability and regularly reviews the strategic direction of the Group as well as the progress of the Group's operations. The Board will take into consideration the environmental, social and governance aspects when developing the Company's strategies.

Access to Information and Advice

All Directors receive appropriate and timely information which includes an agenda prior to the Board meetings to enable the Board to discharge its duties.

The Board receives information that is not just historical and bottom line and financial-oriented but information that is beyond assessing the quantitative performance of the Group and looks at other performance factors such as customer satisfaction, product and service quality, market share, market reaction, environmental performance. This enables the Board to deal with any item on the agenda to facilitate informed decision-making and thus enable the Board to discharge its duties effectively.

All Directors have full access to information pertaining to all matters for the purpose of making decisions. There is an agreed procedure for the Directors to take independent professional advice at the Company's expense, if necessary.

All Directors have access to the advice and services of the Company Secretary who ensures compliance with statutory obligations, Bursa Securities Listing Requirements for ACE Market or other regulatory requirements.

Company Secretaries

The Board recognizes that the Company Secretary should be suitably qualified and capable to carry out the duties required. The Company Secretaries of the Company, who are members of professional bodies, assist the Board to ensure that Board meetings procedures are followed and the applicable statutory and regulatory requirements are complied with. The Board is satisfied with the service and support rendered by the Company Secretaries to the Board in the discharge of their roles and responsibilities. The removal of the Company Secretary shall be a matter for the Board as a whole.

Board Charter

The Board has adopted a Board Charter which sets out of the role, functions, authority, compositions and responsibilities of the Board to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities. The Board Charter serves as a source of reference and primary literature to provide insight to existing and prospective Board members in their performance and discharge of their fiduciary duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

STRENGTHEN COMPOSITION

To assist the Board in the discharge of its duties effectively, the Board has delegated certain responsibilities to the Board Committees, namely Audit Committee, Remuneration Committee and Nomination Committee, which operate within clearly defined terms of reference.

Audit Committee

The composition and the terms of reference of the Audit Committee are set out in the Audit Committee Report on Page 23 of this Annual Report.

Remuneration Committee

The present members of the Remuneration Committee are as follows:

Chairman:	Ng Kok Ann	(Independent Non-Executive Director)
Members:	Wee Swee Cheng *(Appointed on 28 May 2019)*	(Independent Non-Executive Director)
	Kan King Choy	(Executive Director)

The Committee's roles include making recommendations to the Board on the remuneration framework for Executive Directors of the Group as well as reviewing and recommending annual remuneration adjustments of the Executive Directors, where necessary, with the emphasis being placed on performance and comparability with market practises and the performance of the Group.

The Board, as a whole, determines the remuneration of the Executive and Non-Executive Directors and the individual Director is required to abstain from discussing his own remuneration.

Directors' Remuneration

The Group's remuneration scheme for Executive Directors is linked to performance, seniority, experience and scope of responsibility and is benchmarked to market/industry practises. For Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by them.

Details of the aggregate remuneration received/receivable by the Directors of the Company from the Company and the Group for the financial year ending 31 December 2019 are as follows:

Received/receivable from the Company

	Fees RM	Salaries and other emoluments RM	Bonus RM	Benefit-in-kind RM	Others RM	Total RM
Pang Wee See	87,000	294,000	49,000	–	–	430,000
Tan Boon Kok	87,000	188,400	31,400	–	–	306,800
Kan King Choy	87,000	188,400	31,400	–	–	306,800
Ir. Koh Thong How	9,800	–	–	–	600	10,400
Ng Kok Ann	9,800	–	–	–	–	9,800
Wee Swee Cheng	8,000	–	–	–	–	8,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

STRENGTHEN COMPOSITION (CONT'D)

Directors' Remuneration (Cont'd)

Received/receivable from the Group

	Fees RM	Salaries and other emoluments RM	Bonus RM	Benefit-in-kind RM	Others RM	Total RM
Pang Wee See	87,000	294,000	49,000	17,400	–	447,400
Tan Boon Kok	87,000	188,400	31,400	11,100	–	317,900
Kan King Choy	87,000	188,400	31,400	11,100	–	317,900
Ir. Koh Thong How	9,800	–	–	–	600	10,400
Ng Kok Ann	9,800	–	–	–	–	9,800
Wee Swee Cheng	8,000	–	–	–	–	8,000

Nomination Committee

The present members of the Nomination Committee are as follows:

Chairman:	Ng Kok Ann	(Independent Non-Executive Director)
Members:	Ir. Koh Thong How	(Non-Independent Non-Executive Director)
	Wee Swee Cheng *(Appointed on 28 May 2019)*	(Independent Non-Executive Director)

The Committee's role includes review and recommending of candidates to the Board for directorships and seats of Board committees. The Committee is also responsible for assessing the effectiveness of the Board and the various committees of the Board as a whole, and contribution of all members of the Board. It also reviews the appropriate Board balance and size, and that the Board has the required mix of expertise, skills, independence and experience.

Retirement and Re-election of Directors

In accordance with the Company's Constitution, at least one third of the Directors shall retire by rotation from office at least once in every three (3) years but shall be eligible for re-election.

All Directors who are appointed by the Board shall subject themselves for re-election by shareholders at the next Annual General Meeting immediately after their appointment.

REINFORCE INDEPENDENCE

The Board takes note that the MCCG recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years and upon completion of the nine years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the director is to remain designated as an independent director, the Board shall first justify and seek shareholders' approval.

From the date the independent directors were appointed, they were required to give an undertaking to Bursa Securities confirming and declaring that they are independent directors as defined under Rule 1.01 of the Listing Requirements for ACE Market. The Board is of the view that the length of service of the independent directors for more than nine years does not interfere with their exercise of independent judgment or their ability to act in the best interest of the Company. On the other hand, length of service enables the independent directors to better understand the Company and its businesses over long term and therefore, better serve the interests of the Company and its shareholders by having long-term familiarity with and understanding of the Company, its operations and growth strategies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

REINFORCE INDEPENDENCE (CONT'D)

The Board is satisfied that Mr. Ng Kok Ann has fulfilled the criterias and would recommend to retain him as independent director of the Company, notwithstanding that he has served for more than nine years as independent director. In view thereof, the Board has recommended that approval be sought for Mr. Ng Kok Ann to continue to serve as independent director at the forthcoming Annual General Meeting of the Company.

The MCCG recommends that the Chairman of the Board is a Non-Executive member of the Board and the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director. Though the Company deviates from the recommendation of the MCCG, the Board believes that the interests of shareholders are best served by the Executive Chairman who is sanctioned by the shareholders and, who will act and safeguard the interests of shareholders as a whole. As the Executive Chairman is the major shareholder of the Company, he is well placed to act on behalf of the shareholders and in their best interests. The Board is of the view that the independent directors are able to exercise strong independent judgement and provide independent views and advice in all Board deliberations. The Board believes that the Executive Chairman is competent to act on behalf of the shareholders in their best interests and does not recommend the necessity of nominating an Independent Non-Executive Chairman at this juncture. The Board will look into identifying suitable candidates as independent directors but the process will be executed with due care and careful assessment to ensure that the suitable candidates are able to provide meaningful contribution to the effectiveness of the Board as a whole.

FOSTER COMMITMENT

Board Meetings

The Board ordinarily meets at least four (4) times a year at quarterly interval with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. There were four (4) meetings held during the financial year ended 31 December 2019.

Details of the attendance of Directors at the Board meetings are as follows:-

Name	Designation	Attendance
Pang Wee See	Executive Chairman	4/4
Tan Boon Kok	Executive Director	4/4
Kan King Choy	Executive Director	4/4
Ir. Koh Thong How	Non-Independent Non-Executive Director	4/4
Ng Kok Ann	Independent Non-Executive Director	4/4
Wee Swee Cheng *(Appointed on 28 May 2019)*	Independent Non-Executive Director	3/3

Based on the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in Rule 15.05 of the Bursa Securities Listing Requirements for ACE Market.

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

FOSTER COMMITMENT (CONT'D)

Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) in accordance to Bursa Securities Listing Requirements for ACE Market.

The Directors are encouraged to attend relevant training programmes, seminars and courses to keep abreast with development in the business environment as well as with the new regulatory and statutory requirements. The Board will assess the training needs of the Directors and encourages the Directors to attend any relevant programme to further enhance their knowledge to enable them to discharge their responsibilities more effectively.

During the financial year ended 31 December 2019, the seminars and training courses attended by the Directors are as follows:

Directors	Seminar/Training Course Attended
Pang Wee See	Corporate Liability under the MACC Act: Building Adequate Procedures for your Organisation
	Session on Corporate Governance and Anti-Corruption by Bursa Malaysia & Securities Commission
	Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009 by Bursa Malaysia
Tan Boon Kok	Corporate Liability under the MACC Act: Building Adequate Procedures for your Organisation
Kan King Choy	Corporate Liability under the MACC Act: Building Adequate Procedures for your Organisation
	Session on Corporate Governance and Anti-Corruption by Bursa Malaysia & Securities Commission
	Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009 by Bursa Malaysia
Ir. Koh Thong How	Technical Talk on Waterproofing Solutions for Substructure Works – The Way Forward
	Half Day Professional Interview Training & Certification Workshop
Ng Kok Ann	Auditor's Report and Auditor's Duty of Care to Third Parties
Wee Swee Cheng	Mandatory Accreditation Programme for Directors of Public Listed Companies
	Evaluating Effectiveness of Internal Audit Function – Audit Committee's Guide on How To

Other than as disclosed above, the Directors have kept themselves abreast on the financial and business matters through readings to enable them to contribute to the Board. The Directors are mindful that they shall continue to participate in relevant training programmes to keep abreast with new regulatory developments and on corporate governance matters, from time to time.

In addition, the Directors were briefed at Board meetings and Audit Committee meetings on any updates or changes to the relevant guidelines on the regulatory and statutory requirements by the Company Secretary, Internal Auditors and External Auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board of Directors aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects through the annual financial statements, quarterly announcements to shareholders as well as Chairman's Statement and Financial Review in the Annual Report. In this respect, the Audit Committee assists the Board by overseeing the Group's financial reporting processes, the quality of the financial reporting and that the financial statements comply with applicable reporting standards.

Relationship with the Auditors

The Board has established a transparent and independent relationship with the external auditors through the Audit Committee, which has been accorded the power to communicate directly with the external auditors, towards ensuring compliance with the accounting standards and other related regulatory requirements.

The Audit Committee will convene meetings with the external auditors without the presence of management as and when necessary. The Audit Committee also assesses and reviews the appointment, independence, performance and remuneration as well as the re-appointment of the external auditors before recommending to the Board for approval and subsequently to the shareholders for their re-appointment during the Annual General Meeting.

RECOGNISE AND MANAGE RISKS

Risk Management and Internal Control

The Board acknowledges its responsibility for the Group's system of risk management and internal controls that is designed to identify and manage the risks to which the Group is exposed. However, the Board recognizes that such system is structured to manage rather than eliminate possibility of encountering risk of failure to achieve corporate objectives.

The Group's overall internal controls system includes :-

- clearly established policies and procedures;
- regular review and update of policies and procedures to meet business needs;
- clearly defined job responsibilities and appropriate segregation of duties;
- regular internal audits to monitor compliance with policies, procedures, external regulations and assess integrity of financial information.

The internal audit function has been outsourced to an external independent internal audit service provider to advise and assist the Audit Committee in the internal audit functions of the Group.

These are covered in more detail in the "Statement on Risk Management and Internal Control" in Pages 26 to 28.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board maintains an effective and timely communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decisions.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:-

a) the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Audit Committee and Board of Directors. The Notice of Annual General Meeting ("AGM") together with the Annual Report is dispatched to shareholders at least twenty eight (28) days prior to the AGM date;

b) various announcements made to the Bursa Securities, which includes announcement on quarterly results;

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Relationship with Shareholders

In addition to the timely communications policy mentioned above, the AGM provides an opportunity for the shareholders to seek and clarify any matter pertaining to the business and financial performance of the Group. The Board encourage shareholders to attend and participate in the AGM held annually.

The Board takes note of the recommendation by the MCCG to consider leveraging technology to facilitate electronic voting and remote shareholding participation to facilitate greater shareholders' participation. Pursuant to Paragraph 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, any resolution set out in the notice of any general meeting, or in any resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. An announcement of the detailed results will be made showing the number of votes cast for and against each resolution.

The Company maintains a website at www.brite-tech.com that allows all shareholders and investors to gain access information about the Group to encourage effective communication and proactive engagements with shareholders. The Company has yet to identify a senior independent non-executive director to whom concerns may be conveyed by shareholders and the general public. However, any enquiry regarding the Company and the Group may be conveyed to Mr. Kan King Choy, Executive Director, at kc_kan@brite-tech.com.my.

STATEMENT OF COMPLIANCE

Except for the explanations provided above on any departures from the best practices of the MCCG, the Board believes that the Company has, in all material aspects, complied with the best practices of the MCCG during the financial year.

AUDIT COMMITTEE REPORT

1. INTRODUCTION

The Audit Committee was established on 2002 and currently comprises the following committee members:

Chairman:	Ng Kok Ann	Independent Non-Executive Director
Members:	Ir. Koh Thong How	Non-Independent Non-Executive Director
	Wee Swee Cheng *(Appointed on 28 May 2019)*	Independent Non-Executive Director

2. TERMS OF REFERENCE

a) Composition of Audit Committee

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall comprise no fewer than three (3) members, the majority of whom shall be independent and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience approved by the Bursa Securities.

No alternate director of the Board shall be appointed as a member of the Audit Committee and no former key audit partner shall be appointed as a member of the Audit Committee unless the said former key audit partner has observed a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director. The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three years to determine whether the Audit Committee has carried out their duties according with their terms of reference.

b) Meetings

The Audit Committee shall meet not less than four (4) times per year and as and when necessary. The quorum of each meeting shall be a minimum of two (2) members of which the majority must be Independent Non-Executive Directors. The presence of external auditors can be requested if required while other members of the Board and employees may attend the meeting upon the invitation of the Committee. The secretary to the Audit Committee shall be the Company Secretary and minutes of each meeting shall be distributed to each member of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

c) Authority

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference. The Committee shall have unrestricted access to information, records, properties and personnel of the Company and has direct communication channels with the external auditors and person(s) carrying out the internal audit function. The Committee shall have all the resources it needs to perform its duties at the cost of the Company including the right to appoint independent professionals to advice the Committee.

Notwithstanding the above, the Committee does not have executive powers, and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company.

AUDIT COMMITTEE REPORT (CONT'D)

2. TERMS OF REFERENCE (CONT'D)

d) Duties and Responsibility

The duties and responsibilities of the Audit Committee shall include the following:

(i) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;

(ii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(iii) To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors.

(iv) To review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.

(v) To review the quarterly and year-end financial statements of the Board, focusing particularly on:

- any changes in the accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumptions; and
- compliance with accounting standards and other legal requirements.

(vi) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of the management where necessary);

(vii) To review the external auditor's management letter and the management's response;

(viii) To do the following where the internal audit function is outsourced:

- review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(ix) To consider any related party transactions that may arise within the Company or the Group;

(x) To consider the major findings of internal investigations and the management's response;

(xi) To consider other topics as defined by the Board from time to time.

AUDIT COMMITTEE REPORT (CONT'D)

3. *SUMMARY OF ACTIVITIES*

The Audit Committee held four (4) meetings during the financial year ended 31 December 2019. The details of their meetings are as follows:

Audit Committee Members	Attendance
Ng Kok Ann	4/4
Ir. Koh Thong How	4/4
Wee Swee Cheng *(Appointed on 28 May 2019)*	3/3

The activities of the Audit Committee during the financial year ended 31 December 2019 include the following:-

(i) Reviewed the Group's quarterly unaudited financial statements prior to submission to the Board for consideration and approval for release to Bursa Securities;

(ii) Reviewed the Group's year end audited financial statements prior to submission to the Board for consideration and approval;

(iii) Reviewed the scope of work and audit plan of the external auditors;

(iv) Reviewed the scope of work and audit plan of the internal audit consultants for 2019 as well as reviewed the internal audit reports issued. Thereafter discussed with internal auditors and management on the management's response to the findings and recommendations;

(v) Reviewed the Corporate Governance Overview Statement, Audit Committee Report and Statement on Risk Management and Internal Control, and recommended the same to the Board for approval and disclosure in the Company's Annual report;

(vi) Held discussions with external auditors without the presence of management;

(vii) Reviewed related party transactions within the Group;

(viii) Reviewed the effectiveness of the Group's system of internal control;

(ix) Considered and recommended to the Board for approval the audit fees payable to external auditors.

(x) Reviewed the performance of the external auditors and made recommendation to the Board for their re-appointment.

4. *INTERNAL AUDIT FUNCTION*

The Group has outsourced its Internal Audit function to an external independent internal audit service provider to advise and assist the Audit Committee in the Internal Audit functions of the Group within the framework as directed by the Audit Committee, which is in accordance with Bursa Securities "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

The internal audit activities during the financial year covered amongst others, areas such as human resources administrative controls and information technology general controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Brite-Tech Berhad ("the Board") is pleased to present this Statement on Risk Management and Internal Control ("Statement") for the financial year ended 31 December 2019. This Statement is prepared pursuant to paragraph 15.26(b) of the ACE Market Listing Requirements and guided by the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" ("the Guidelines") which was endorsed by the Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility for maintaining a sound internal control system for the Group to safeguard the shareholders' investment and the Group's assets, and to discharge their stewardship responsibilities in identifying and reviewing risks and ensuring the implementation of appropriate systems to manage these risks.

The Board understands the principal risks of the business that the Group involves and accepts that business decisions require the incurrence and balancing of risk and return in order to reward the shareholders. Functionally, risk management are the responsibility of all Executive Directors and management staff members who manage the business risks in the Group and ensure that businesses are under control.

RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION

The risk management processes in identifying, evaluating, managing risk are embraced in the Risk Management Policy Statement in accordance to the risk management framework in which material risk are proactively identified, managed and communicated across the group.

The risk management and internal controls are established after considering the overall control environment of the Group. The systems are designed to achieve proper balance between risks undertaken and the potential returns to shareholders.

The risk management thought process involves the identification of issues, consideration of the impact of the identified issues as well as effectiveness and adequacy of management actions.

In complementing the above risk management process, the Board has applied this thought process when reviewing the business and operational issues. Similarly, when deliberating business agenda, the Board together with the Audit Committee has applied the risk management thought process for identifying, evaluating and managing the significant risks faced by the Group and improving the system of internal controls when there are changes to business environment or regulatory guidelines.

The Group's Internal Audit function is outsourced to an external consultant to assist the Board and Audit Committee in carrying out independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control systems. The scope of the review of the outsourced internal audit function is approved by the Audit Committee based on the feedback from Executive Management proposed the internal audit plan. The fee incurred for the outsourced internal audit function for the financial year ended 31 December 2019 is RM36,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROLS

The key elements of the systems of internal control of the Group are as follows:

- Periodic Board and management meetings to review financial performance and business operations of the Group to ensure that they are in line with the corporate objectives, strategies and annual sales target;
- Annual budget prepared for the subsidiaries of the Group are reviewed and approved by the Executive Directors. Management accounts/reports are prepared and the actual performance against the budget is reviewed on a monthly basis with detailed explanation of any major variances;
- Board Committees, namely the Audit Committee, Remuneration and Nomination Committees are established with defined terms of reference;
- Management organisation structure with defined lines of responsibilities and appropriate levels of delegation and authority;
- MS ISO/IEC 17025 standard operating procedures for the analytical laboratory services business of the Group are operationalised and subjected to internal quality audits and surveillance audits carried out by a certified body to provide assurance of compliance;
- Guidelines for selection and hiring of staff, formal training programmes as well as annual performance appraisals are in place to ensure that staff are competent and adequately trained in carrying out their responsibilities;
- The Audit Committee reviews of the quarterly financial results, annual report, audited financial statements, and internal control issues identified by the External Auditors, Internal Auditors and the management; and
- The internal audit function assists the Board and Audit Committee to overseeing the adequacy and integrity of the systems of internal control and reports its findings to the Audit Committee periodically.

BOARD REVIEW

In considering the effectiveness of the risk management and systems of internal control, the Board uses the following processes and information to derive its comfort which are in place during the financial year:

- Quarterly review of financial information covering financial performance and quarterly financial results;
- Discussion during the board meetings on business and operational information and updates;
- Audit Committee review the audit findings presented by External Auditors in assessing the integrity of financial information and performance;
- The Internal Audit function assist the Audit Committee and the Board in carrying out independent assessment on the internal control system; and
- Management assurance that the Group's risk management and internal control systems are adequate and effective, in all material respects.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

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

As provided in the Guideline, the Executive Chairman and the Management have provided assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects during the financial year under review.

BOARD ASSURANCE AND LIMITATION

The Board recognises that the system of risk management and internal control should be continuously improved, consistent with the evolving business and operating environment. Nonetheless, it should be noted that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the systems of risk management and internal control in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

The Board is of the view that the systems of risk management and internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the shareholders' investment and the Group's assets. Although, some areas of improvement to the systems of internal control were identified during the financial year, there were no weaknesses in the systems of internal control which have resulted material losses to the Group that requires further disclosure in this Statement and Annual Report.

REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group. However, AAPG3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

The external auditors have reviewed this statement on risk management and internal control and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control.

This Statement on Risk Management and Internal Control was made in accordance with the approval of the Board on 3 June 2020.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposal during the financial year.

2. AUDIT AND NON-AUDIT FEES

During the financial year, the total audit and non-audit fees paid to the external auditors by the Company and the Group is disclosed in Note 27 to the financial statements.

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries which involved the directors and substantial shareholders' interest during the financial year ended 31 December 2019.

4. RECURRENT RELATED PARTY TRANSACTION OF REVENUE NATURE

The Company does not have any recurrent related party transaction of revenue nature during the financial year.

5. CORPORATE SOCIAL RESPONSIBILITY

Apart from giving some token donations to certain charity organization, the Group did not undertake any corporate social responsibility activities during the financial year ended 31 December 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible in the preparation of financial statements prepared for each financial year to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- ensured that applicable approved accounting standards have been complied with.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and ensuring that the financial statements comply with the applicable Accounting Standards of Malaysia, the Companies Act 2016 and Bursa Securities Listing Requirements for ACE Market.

SUSTAINABILITY STATEMENT

The Board recognizes the need for the Group's strategies to promote sustainability and regularly reviews the strategic direction of the Group as well as the progress of the Group's operations. The Board will take into consideration the economic, environmental, social and governance aspects when developing the Group's strategies.

ECONOMIC

The Group is committed to ensure that our shareholders' interests are taken care of and also to ensure that the interests of all other stakeholders in particular, customers, suppliers, bankers and regulatory bodies are being taken care of. In that regard, the Group emphasizes on good corporate governance practices and transparency to meet the expectation of these stakeholders including the Company's shareholders.

The Group recognises that customers' satisfaction is one of the key factors underlying the long-term sustainability of our Group's operations. In this regard, we value our customers' feedback and continuously enhance our services and reliability. Our staffs schedule regular meetings, both formal and informal, with our customers to build a strong and trustworthy relationship.

The Group is committed that all services delivered to customers must be of the required quality that meets the customers' expectations. We uphold the belief to deliver quality services to our customers and conducting business in an ethical manner

ENVIRONMENTAL

The Group is dedicated to upholding environmentally-friendly practices and will continue to pursue the initiatives in reducing the impact that our business operations have on the environment. The Group will continue to operate in a responsible manner by optimising our resources and reducing the generation of waste. We also ensure that waste is recycled where possible, and that non-recyclable waste is disposed of responsibly.

The Group has identified opportunities to reduce or reuse the resources we consume as we believe that efficient reuse, recycling and efficient utilisation of resources will help reduce our overall carbon footprint. We constantly educate our staff on the importance of energy conservation by practicing good habits of switching off unused lights and air conditioning, and our paper management initiative to print only where necessary and where possible, recycling of used printed papers. In addition, to minimize energy usage, energy saving light-bulbs are used whenever possible throughout our operations and our staffs are encourage to communicate to customers via email to reduce usage of paper.

SOCIAL

The Group is committed to developing our employees to the best of their abilities as we believe every employee plays a vital role in our Group's success. The Group encourages employee diversity and employees of different background are given equal opportunity for career development and advancement in the Group. The Group ensures that the safety and wellbeing of its employees are given the highest priority and ensuring they can work in safe and conducive environment.

The Group provides opportunities to attend various training programmes, workshops and seminars for our management and staff and through these opportunities our employees acquire the right technical knowledge and skills for their daily duties.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are engaged in the business of investment holding and provision of management services to subsidiary companies.

The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	6,040,903	3,709,502
Attributable to:		
Owners of the Company	5,846,209	3,709,502
Non-controlling interests	194,694	–
	6,040,903	3,709,502

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provision during the financial year except as disclosed in the financial statements.

DIRECTORS' REPORT (CONT'D)

DIVIDENDS

The amount of dividends paid/payable or declared by the Company since previous financial year were as follows:

	RM
In respect of the financial year ended 31 December 2018, as reported in the Directors' Report of that financial year:	
Single Tier final dividend of 0.80 sen per share, on 252,000,000 ordinary shares, was declared on 28 May 2019 and paid on 28 June 2019.	2,016,000
In respect of the financial year ended 31 December 2019:	
Single Tier final interim dividend of 0.80 sen per share, on 252,000,000 ordinary shares, was declared on 27 August 2019 and paid on 26 September 2019.	2,016,000
	4,032,000

At the forthcoming Annual General Meeting, a final dividend (single-tier) in respect of the financial year ended 31 December 2019, of 0.80 sen on 252,000,000 ordinary shares, amounting to a dividend payable of RM2,016,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Pang Wee See
Tan Boon Kok
Kan King Choy
Ir. Koh Thong How
Ng Kok Ann
Wee Swee Cheng *(Appointed on 28 May 2019)*
Yee Oii Pah @ Yee Ooi Wah (f)
(Alternate Director to Pang Wee See)

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year were as follows:

Shareholdings in the name of directors	As at 01.01.2019	Acquired	Sold	As at 31.12.2019
	Number of ordinary shares			
Direct interest				
Pang Wee See	113,152,861	–	–	113,152,861
Tan Boon Kok	24,821,963	–	–	24,821,963
Kan King Choy	10,215,841	–	–	10,215,841
Ir. Koh Thong How	337,200	–	–	337,200
Yee Oii Pah @ Yee Ooi Wah (f) *(Alternate Director to Pang Wee See)*	487,200	–	–	487,200
Indirect interest				
Pang Wee See *	824,400	–	–	824,400
Tan Boon Kok **	16,800	1,890,000	–	1,906,800
Kan King Choy #	90,552	–	–	90,552
Ir. Koh Thong How +	113,152,861	–	–	113,152,861
Yee Oii Pah @ Yee Ooi Wah (f) ^ *(Alternate Director to Pang Wee See)*	113,152,861	–	–	113,152,861

* Deemed interest by virtue of the shareholdings of his spouse, Yee Oii Pah @ Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

** Deemed interest by virtue of the shareholdings of his spouse, Liong Mee Mee and his son, Tan Shern Tzer

Deemed interest by virtue of the shareholdings of his spouse, Lee Kim Peng

\+ Deemed interest by virtue of the shareholdings of his brother-in-law, Pang Wee See

^ Deemed interest by virtue of the shareholdings of her spouse, Pang Wee See

By virtue of their interests in the shares of the Company, all the above Directors are also deemed to have interests in the shares of the subsidiary companies to the extent the directors have their interests.

Other than disclosed above, the other Directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATIONS

The details of the directors' remuneration paid or payable to the directors or past directors of the Company during the financial year are disclosed in Note 30 to the financial statements.

The details of the other benefits otherwise than in cash received or receivable from the Group and the Company by the Directors of the Group and of the Company during the financial year are disclosed in Note 30 to the financial statements.

No payment has been paid to or payable to any third party in respect of the services provided to the Group and the Company by the Directors of the Group and of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects 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.

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 30 to the financial statements) 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.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that no bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(i) which would render it necessary to write off for any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of the financial statements of the Group and of the Company; or

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

(iii) which have arisen which would 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 which 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 and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

There is no significant event during the financial year.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

The significant events subsequent to the financial year is disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, CAS Malaysia PLT , Chartered Accountants have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 27 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 3 June 2020.

PANG WEE SEE
Director

KAN KING CHOY
Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **PANG WEE SEE** and **KAN KING CHOY**, being two of the directors of **BRITE-TECH BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 44 to 123 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 3 June 2020.

PANG WEE SEE
Director

KAN KING CHOY
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, **PANG WEE SEE**, being the director primarily responsible for the accounting records and financial management of **BRITE-TECH BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 44 to 123 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
PANG WEE SEE)
at Puchong in the state of Selangor Darul Ehsan)
on 3 June 2020)

PANG WEE SEE

Before me,

KHOR HAN GHEE
Commissioner for Oath

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **BRITE-TECH BERHAD**, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

1. **Valuation and impairment assessment of properties**
   Refer to Note 3.4 and 3.5 - Significant Accounting Policies, Note 4.2.1 – Significant Accounting Judgements, Estimates and Assumptions, Note 5 – Property, Plant and Equipment, Note 6 – Leases and Note 7 – Investment Properties.

   The risk

   The Group hold properties which are classified as land and buildings and investment properties as disclosed in Note 5, Note 6 and Note 7 to the financial statements respectively which are measured at fair value, unless otherwise stated.

   The Group is required to perform an impairment test on the land and buildings where there is an indication of impairment, by comparing the carrying amount with its recoverable amount.

   Revaluations for each class of land and buildings is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

1. Valuation and impairment assessment of properties (Cont'd)

The risk (Cont'd)

The frequency of revaluation depends upon the changes in fair values of the land and buildings. Frequent revaluation is not necessary for land and buildings with only insignificant changes in fair value.

The Group has engaged an independent valuer in December 2019 to carry out a formal valuation of these assets. When estimating the fair value of the land and buildings and investment properties, the objective is to estimate the price that would be received from the sale of land and buildings and investment properties in an orderly transaction between market participants under the current market condition.

We considered this as key audit matter due to the significance of land and buildings and investment properties to the Group's financial statements and the determination of the fair values involves significant judgement and estimation.

Our response

Our audit procedures in relation to the valuation of land and buildings and investment properties are as follows:-

(i) evaluate the independent external valuers' competency, capabilities and objectivity which included consideration of their qualifications and experience;
(ii) review the valuation reports and discussed with the independent valuers on the valuation approach and the significant judgement they made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties;
(iii) understanding the scope and purpose of the valuation and assessing whether any matters that might have affected their objectivity or limited the scope of their work; and
(iv) assessing the valuation approach used and appropriateness of the key assumptions based on our knowledge of the property industry.

We have also assessed the appropriateness of the disclosures on the fair values of land and buildings and investment properties in the financial statements.

2. Impairment of trade receivables

Refer to Note 3.10 - Impairment of financial assets, Note 4.2.4 – Significant Accounting Judgements, Estimates and Assumptions and Note 11– Trade Receivables.

The risk

Trade receivables are significant to the Group as these represent approximately 9.1% (2018: 10%) of the total assets as disclosed in Note 11 to the financial statements.

We considered this as key audit matter because it requires the management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward-looking information, significant increase in credit risk, and estimated cash flows recoverable in worst-case scenario.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

2. Impairment of trade receivables (Cont'd)

Our response

Our audit procedures included:

i) reviewed the receivables aging analysis and testing the reliability thereof;
ii) evaluated subsequent year end receipts and recoverability of outstanding trade receivables;
iii) made inquiries of management pertaining to the recoverability of significant and overdue debts;
iv) evaluated the basis and evidence used by management for the impairment test and adequacy of allowance for impairment made;
v) assessed the reasonableness of the Group's expected credit loss (ECL) model by reviewing the probability of default using historical data and forward-looking information adjustment applied by the Group;
vi) identified any loss events subsequent to the end of reporting period for indications of increase in credit risk; and
vii) made inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

We have evaluated the adequacy of the Group's disclosure for trade receivables.

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 which we obtained prior to the date of this auditors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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:

(i) 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.

(ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

(vi) 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

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

CAS MALAYSIA PLT
[No. (LLP0009918-LCA) & (AF 1476)]
Chartered Accountants

CHEN VOON HANN
[No. 02453/07/21(J)]
Chartered Accountant

Date: 3 June 2020

Puchong

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
NON-CURRENT ASSETS					
Property, plant and equipment	5	38,986,178	45,987,965	32,156	33,375
Right-of-use assets	6	2,398,242	–	–	–
Investment properties	7	23,469,145	9,830,000	–	–
Investment in subsidiary companies	8	–	–	17,371,690	18,062,324
Deferred taxation	19	–	33,593	–	–
Goodwill	9	640,714	640,714	–	–
		65,494,279	56,492,272	17,403,846	18,095,699
CURRENT ASSETS					
Inventories	10	1,024,023	1,051,890	–	–
Trade receivables	11	8,514,062	8,095,270	329,900	662,190
Other receivables	12	663,907	710,471	2,018,061	2,026,561
Amount due from subsidiary companies	13	–	–	2,755,757	2,560,554
Tax recoverable		165,096	393,444	43,310	26,097
Short-term investments	14	13,522,357	11,472,067	4,303,404	3,810,367
Fixed deposits with a licensed bank	15	111,770	171,481	–	–
Cash and bank balances		3,625,328	2,828,143	91,430	79,085
		27,626,543	24,722,766	9,541,862	9,164,854
TOTAL ASSETS		93,120,822	81,215,038	26,945,708	27,260,553

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (CONT'D)

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	25,200,000	25,200,000	25,200,000	25,200,000
Revaluation reserve	17	16,966,354	14,987,149	–	–
Retained earnings	18	19,571,005	17,756,796	1,542,616	1,865,114
Total equity attributable to owners of the Company		61,737,359	57,943,945	26,742,616	27,065,114
Non-controlling interest		917,370	841,713	–	–
TOTAL EQUITY		62,654,729	58,785,658	26,742,616	27,065,114
NON-CURRENT LIABILITIES					
Deferred taxation	19	3,148,845	3,195,017	45,854	45,854
Lease liabilities	6	544,688	–	–	–
Loan and borrowings	20	20,285,104	14,448,964	–	–
		23,978,637	17,643,981	45,854	45,854
CURRENT LIABILITIES					
Trade payables	21	1,984,113	1,503,042	–	–
Other payables	21	1,928,403	1,520,912	157,238	149,585
Amount due to directors	22	–	6,254	–	–
Bank overdraft	23	100,041	98,673	–	–
Lease liabilities	6	248,248	–	–	–
Loan and borrowings	20	1,879,378	1,518,213	–	–
Provision for taxation		347,273	138,305	–	–
		6,487,456	4,785,399	157,238	149,585
TOTAL LIABILITIES		30,466,093	22,429,380	203,092	195,439
TOTAL EQUITY AND LIABILITIES		93,120,822	81,215,038	26,945,708	27,260,553

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	24	27,855,005	26,610,781	6,034,070	6,997,050
Cost of sales		(14,898,715)	(14,264,756)	–	–
GROSS PROFIT		12,956,290	12,346,025	6,034,070	6,997,050
Other operating income		1,980,408	763,253	–	–
Administrative expenses		(6,306,351)	(6,163,798)	(1,774,742)	(1,496,237)
Other operating expenses		(1,180,001)	(1,033,205)	(691,853)	(1,938,602)
PROFIT FROM OPERATIONS		7,450,346	5,912,275	3,567,475	3,562,211
Finance income	25	443,028	267,229	149,286	91,054
Finance costs	26	(739,447)	(389,816)	–	–
PROFIT BEFORE TAXATION	27	7,153,927	5,789,688	3,716,761	3,653,265
Taxation	28	(1,113,024)	(1,504,872)	(7,259)	(60,849)
PROFIT AFTER TAXATION		6,040,903	4,284,816	3,709,502	3,592,416
Other comprehensive income, net of tax		2,060,168	3,092,201	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		8,101,071	7,377,017	3,709,502	3,592,416

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the company		5,846,209	4,313,020	3,709,502	3,592,416
Non-controlling interest		194,694	(28,204)	–	–
		6,040,903	4,284,816	3,709,502	3,592,416
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:					
Owners of the company		7,825,414	7,405,221	3,709,502	3,592,416
Non-controlling interest		275,657	(28,204)	–	–
		8,101,071	7,377,017	3,709,502	3,592,416
Basic earnings per share attributable to owners of the company (sen)	31	2.32	1.71		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2019 Group	Note	Share capital RM	Revaluation reserve RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
		Attributable to owners of the Company					
		Non-distributable		Distributable			
Balance as at 1 January 2019		25,200,000	14,987,149	17,756,796	57,943,945	841,713	58,785,658
Profit for the financial year		–	–	5,846,209	5,846,209	194,694	6,040,903
Other comprehensive income, net of tax		–	1,979,205	–	1,979,205	80,963	2,060,168
Total comprehensive income for the financial year		–	1,979,205	5,846,209	7,825,414	275,657	8,101,071
Dividend	32	–	–	(4,032,000)	(4,032,000)	(200,000)	(4,232,000)
Balance as at 31 December 2019		25,200,000	16,966,354	19,571,005	61,737,359	917,370	62,654,729

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Attributable to owners of the Company					
		Non-distributable		Distributable			
2018 Group	Note	Share capital RM	Revaluation reserve RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
Balance as at 1 January 2018		25,200,000	11,894,948	17,475,776	54,570,724	869,917	55,440,641
Profit for the financial year		–	–	4,313,020	4,313,020	(28,204)	4,284,816
Other comprehensive income, net of tax		–	3,092,201	–	3,092,201	–	3,092,201
Total comprehensive income for the financial year		–	3,092,201	4,313,020	7,405,221	(28,204)	7,377,017
Dividend	32	–	–	(4,032,000)	(4,032,000)	–	(4,032,000)
Balance as at 31 December 2018		25,200,000	14,987,149	17,756,796	57,943,945	841,713	58,785,658

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Company	Note	Share capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2018		25,200,000	2,304,698	27,504,698
Total comprehensive income for the financial year		–	3,592,416	3,592,416
Dividend paid	32	–	(4,032,000)	(4,032,000)
Balance as at 31 December 2018		25,200,000	1,865,114	27,065,114
Total comprehensive income for the financial year		–	3,709,502	3,709,502
Dividend paid	32	–	(4,032,000)	(4,032,000)
Balance as at 31 December 2019		25,200,000	1,542,616	26,742,616

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		7,153,927	5,789,688	3,716,761	3,653,265
Adjustments for:					
Gain on disposal of property, plant and equipment	27	(16,598)	(24,298)	–	–
Revaluation loss on property, plant and equipment	5	–	27,816	–	–
Gain on fair value adjustment of investment properties	7	(1,082,041)	–	–	–
Depreciation of property, plant and equipment	5	1,384,380	1,314,044	1,219	1,085
Depreciation of right-of-use assets	6	176,737	–	–	–
Property, plant and equipment written off	27	36,190	10,233	–	–
Finance income	25	(443,028)	(267,229)	(149,286)	(91,054)
Finance costs	26	739,447	389,816	–	–
Impairment loss on goodwill	9	–	127,338	–	–
Allowance for impairment losses on trade receivables	11	347,517	387,694	–	–
Reversal for impairment losses of trade receivables	11	(252,882)	(198,586)	–	–
Unwinding of discount on deposit received	27	(14,241)	–	–	–
Dividend income	24	–	–	(4,334,000)	(5,322,000)
Inventories written off	10	71,052	–	–	–
Unrealised loss on foreign exchange	27	491	12,527	–	–
Impairment loss on investment in subsidiary companies	8	–	–	690,634	1,937,517
Operating profit/(loss) before working capital changes		8,100,951	7,569,043	(74,672)	178,813
Decrease in inventories		43,185	94,102	–	–
(Increase)/decrease in receivables		(466,863)	(963,910)	340,790	(464,860)
Increase/(decrease) in payables		874,321	122,326	(7,653)	(9,463)
Cash generated from/ (used in) operations		8,552,085	6,821,561	258,465	(295,510)
Interest received		443,028	267,229	149,286	91,054
Interest paid		(739,447)	(389,816)	–	–
Income tax refund		51,800	21,774	15,306	20,757
Income tax paid		(1,399,681)	(1,546,941)	(24,472)	(19,250)
Net cash generated from/ (used in) operating activities		6,907,785	5,173,807	398,585	(202,949)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment, and right-of-use asset	33	(563,949)	(4,413,665)	–	(30,600)
Proceeds from disposal of plant and equipment		16,598	24,300	–	–
Dividends received		–	–	4,334,000	3,300,000
Net cash (used in)/generated from investing activities		(547,351)	(4,389,365)	4,334,000	3,269,400
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment to directors		(6,254)	(10,959)	–	(3,432)
(Advance to)/repayment from subsidiary companies		–	–	(195,203)	3,590,501
Net drawdown of loan and borrowings		669,108	7,027,722	–	–
Repayment of lease liabilities		(204,892)	–	–	–
Dividend paid to the owners of the Company	32	(4,032,000)	(4,032,000)	(4,032,000)	(4,032,000)
Net cash (used in)/generated from financing activities		(3,574,038)	2,984,763	(4,227,203)	(444,931)
Net increase in cash and cash equivalents		2,786,396	3,769,205	505,382	2,621,520
Cash and cash equivalents as at beginning of the financial year		14,373,018	10,603,813	3,889,452	1,267,932
Cash and cash equivalents as at end of the financial year		17,159,414	14,373,018	4,394,834	3,889,452
Cash and cash equivalents comprise of:					
Short term investments		13,522,357	11,472,067	4,303,404	3,810,367
Fixed deposits with a licensed bank		111,770	171,481	–	–
Cash and bank balances		3,625,328	2,828,143	91,430	79,085
Bank overdraft		(100,041)	(98,673)	–	–
		17,159,414	14,373,018	4,394,834	3,889,452

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

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

The Company's registered office is located at B-25-2, Block B, Jaya One, No. 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 14, (PT 5015), Jalan Pendamar 27/90, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan, Malaysia.

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

The Company is principally engaged in the business of investment holding and provision of management services to subsidiary companies. The principal activities of its subsidiary companies are set out in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 June 2020.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

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

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year except for the changes stated in Note 2.4.

2.2 Adoption of Amendments to MFRSs and Annual Improvements

At the beginning of the financial year, the Group and the Company adopted the following Amendments to MFRSs and Annual Improvements which are mandatory for the financial periods beginning on or after 1 January 2019:

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements
MFRS 16	Leases
Amendments to MFRS 112	Income Taxes
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle	

The adoption of the above pronouncements did not have material impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

2.3 Standards issued but not yet effective

The Company has not adopted the following Standards, Amendments and Annual Improvements that have been issued but are not yet effective by the Malaysian Accounting Standards Board ("MASB").

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payments
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 7	Financial Instruments: Disclosure
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Cost
Annual Improvements to MFRS Standards 2015-2017 Cycle	

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective date to be determined by Malaysian Accounting Standards Board

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above mentioned standards, amendments or interpretations, if applicable, when they become effective in respective financial periods. The Directors do not expect any material impact to the financial statements of the above pronouncements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

2.4 Changes in accounting policies and disclosures

In the current year, the Group and the Company have applied MFRS 16 which is effective for an annual period that begins on or after 1 January 2019. Several other amendment and interpretations are also applied for the first time in 2019, but do not have a material effect on the financial statements of the Group and the Company. The Group and the Company have not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

The changes of the new standards are described below:

2.4.1 MFRS 16 Leases

The Group and the Company changed their accounting policies on leases at the date of initial application of 1 January 2019 by applying modified retrospective approach. As permitted by the Standard, the Group and the Company have elected not to restate comparative information, which continues to be reported under MFRS 117. Under this method, the cumulative effect of adopting MFRS 16 where the Group is a lessee is recognised in equity as an adjustment to the opening balance of retained earnings as at 1 January 2019.

As a lessor, the Group will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117 at the date of initial application. The Group is not required to make any adjustment on transition, except for the reassessment of existing operating subleases at the date of initial application.

Under MFRS 16, it eliminates the classification of leases by the lessee as either finance leases or operating leases. It requires a lessee to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Under MFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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 standalone prices.

(b) The Group as a lessee

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership.

Under MFRS 16, it requires lessee to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The Group recognises right-of-use assets and lease liabilities for those leases which had previously been classified as operating leases under the principles of MFRS 117. However, the Group has elected not to recognise right-of-use assets and liabilities for leases of low-value assets. The Group also made use of the transition practical expedient in the standard to not recognise lease arrangements for which the lease term ends within 12 months from the date of initial application. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

2.4 Changes in accounting policies and disclosures (Cont'd)

2.4.1 MFRS 16 Leases (Cont'd)

(b) The Group as a lessee (Cont'd)

The Group and the Company has elected, on a lease-by-lease basis, to recognise the right-of-use assets at the amount equal to the lease liabilities, hence there were no impact to the retained earnings brought forward as at 1 January 2019.

For the first time application of MFRS 16, the Group has elected to apply the following practical expedients on a lease-by-lease basis:

(i) The use of single discount rate to those portfolio of leases with reasonably similar characteristics;

(ii) Lease contracts with lease term not exceeding 12 months at the date of initial application are not recognised under MFRS 16;

(iii) The exclusion of initial direct costs from the measurement of right-of-use asset at the date of initial application; and

(iv) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(c) Property, plant and equipment

Leasehold land and motor vehicles previously recognised under finance lease (within property, plant and equipment) has been reclassified to right-of use assets.

The adoption of MFRS 16 impacts the Group's performance in the current financial year as follows:-

(i) Statement of profit and loss and other comprehensive income

Leasing expenses that previously being included under operating cost within Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") were replaced by interest expense in respect of lease liability and amortisation of right-of-use asset.

(ii) Statement of financial position

Under MFRS 16, for those leases which has previously been classified as operating leases under the principles of MFRS 117, in relation to single on-balance sheet model, assets and liabilities are increased due to the recognition of right-of-use asset and lease liabilities as at the date of initial application.

(iii) Statement of cash flows

The rental payments paid for operating lease which are previously recorded within cash flow from operating activities were reclassified as cash flow from financing activities for repayment of principal and interest portion of lease liabilities.

As at 1 January 2019, the right of use assets is measured at RM2,310,797 with no restatement to prior year comparative information. This includes the lease assets recognised previously under finance lease of RM1,299,644 that were reclassified from Property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

2.4 Changes in accounting policies and disclosures (Cont'd)

2.4.1 MFRS 16 Leases (Cont'd)

In summary, the adoption of MFRS 16 Leases has the following impact:

(a) To the opening balance as at 1 January 2019:

Statement of Financial Position

	Note	MFRS 16 Adjustments RM	As previously reported RM	After adjustments RM
Non-current assets				
Property, plant and equipment	5	(2,289,644)	2,289,644	–
Right of use assets	6	2,310,797	–	2,310,797
Non-current liabilities				
Finance lease liabilities	20	(745,169)	745,169	–
Lease liabilities	6	756,563	–	756,563
Current Liabilities				
Finance lease liabilities	20	(231,505)	231,505	–
Lease liabilities	6	241,264	–	241,264

(b) To the Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2019:

	2019 RM
Depreciation charge of right of use assets (included in other operating expenses)	176,737
Interest expense on lease liabilities (included in finance costs)	45,893
	222,630

(c) To the Statement of Cash Flows for the financial year ended 31 December 2019:

At the end of the financial year, the Company had total cash outflow for leases of RM250,785.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

2.4 Changes in accounting policies and disclosures (Cont'd)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

Assets	RM
Operating lease commitments as at 31 December 2018	22,500
Incremental borrowing rate as at 1 January 2019	8.32%
Discounted operating lease commitments as at 1 January 2019	21,153
Add: commitments relating to leases previously classified as finance lease	976,674
Lease liabilities as at 1 January 2019	997,827

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the financial statements.

2.6 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019.

The financial statements of the Company's subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies to like transactions and events in similar circumstances.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

All intercompany balances, income and expenses and unrealized gain or loss transactions between Group and subsidiary companies are eliminated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, if required in accordance with other MFRSs.

All of the above will be accounted for from the date when control is lost.

The accounting policies for business combination and goodwill are disclosed in Note 3.3.

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not owned, directly and indirectly by the Company. NCI are presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in a deficit balance. Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3.2 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6 below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

3.3 Business combination and goodwill

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of profit or loss and other comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Business combination and goodwill (Cont'd)

All other business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on the date of acquisition and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at fair value on the date of acquisition and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus reserve of that asset.

Freehold land and buildings and leasehold land and buildings are stated at their revalued amount, being its fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent impairment losses, if any. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Except for freehold land and building under construction, depreciation on the property, plant and equipment are calculated so as to write off the cost or valuation of the assets to their residual values on a straight line basis over the expected useful lives of the assets, summarised as follows:

Freehold buildings	50 - 100 years
Leasehold buildings	Over the period of lease (66 - 94 years)
Electrical fittings	10 - 20 years
Motor vehicles	4 - 10 years
Furniture and fittings, laboratory, signboard, research and development, demo, store, office, equipment and machinery	4 - 20 years
Renovation	5 - 10 years

Depreciation of an asset begins when it is ready for its intended use.

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

Building under construction in property, plant and equipment are not depreciated as these assets are not yet available for use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (Cont'd)

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.6 on impairment of non-financial assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

3.5 Investment properties

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

Investment properties are initially measured at cost and subsequently at fair value, representing open market value determined annually by external valuers or assessed by the Directors. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. If this information is not available, the Group will use alternative valuation method such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in profit or loss for the period in which they arise.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

3.6 Impairment of non-financial assets

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

For goodwill, property, plant and equipment that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment of non-financial assets (Cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the assets 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 assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only when there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of that asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Costs of inventories are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress includes raw materials, direct labour and appropriate proportion of production overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in management of their short term funding requirements. These also include bank overdrafts that form an integral part of the Group's cash management.

3.9 Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. *SIGNIFICANT ACCOUNTING POLICIES (CONT'D)*

3.9 Financial assets (Cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For the purpose of subsequent measurement under MFRS 9, financial assets are classified as follows:

3.9.1 Financial assets at amortised cost

Financial assets shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade receivables, other receivables and short term investments, fixed deposits with licensed bank, and cash and bank balances.

3.9.2 Financial assets at FVOCI

Debt instruments

Debt instruments are measured at FVOCI if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial assets (Cont'd)

3.9.2 Financial assets at FVOCI (Cont'd)

Debt instruments (Cont'd)

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company did not hold any debt instruments at FVOCI at the current and previous financial year.

Equity instruments

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

3.9.3 Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial assets (Cont'd)

3.9.3 Financial assets at FVTPL (Cont'd)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

(a) the economic characteristics and risks are not closely related to the host;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group and the Company do not have any financial assets at FVTPL at the current and previous financial year end.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the rights to receive cash flows from the asset are transferred or all the risk and rewards are transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

3.10 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate.

The Group and the Company measure loss allowance 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 balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. For trade receivables, contract assets and lease receivables, loss allowance are measured based on lifetime expected credit losses at each reporting date. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience, adjusted for forward looking factor specific to the debtors and the economic environment.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of financial assets (Cont'd)

In 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.

An impairment loss in respect of the financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are recognised in profit or loss. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows of the financial asset.

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

3.11 Financial liabilities

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

The categories of financial liabilities at an initial recognition are as follows:

3.11.1 Financial liabilities at FVTPL

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's and the Company's key management personnel; or

(c) if a contract contains one or more embedded derivative and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

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

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

The Group and the Company do not have financial liabilities at FVTPL in the current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial liabilities (Cont'd)

3.11.2 Amortised cost

Other financial liabilities not categorised as FVTPL 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.

Derecognition

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

3.12 Share capital

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

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

3.13 Leases

Current financial year

3.13.1 Leases in which the Group is a lessee

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease based on whether the contract conveys to the user the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and servicing elements, the consideration is allocated to each of the lease and non-lease components and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

(a) Right-Of-Use Assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset comprises of the amount of lease liabilities adjusted for the lease payments that are paid at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred for dismantling and removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives received. If the Group and the Company are reasonably certain that the ownership of the underlying asset will be transferred to them by the end of the lease term, the right-of-use asset are depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset are depreciated on a straight-line basis from the commencement date to the earlier of the end of its useful life or the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Leases (Cont'd)

Current financial year (Cont'd)

3.13.1 Leases in which the Group is a lessee (Cont'd)

(b) Lease Liabilities

The Group and the Company recognise lease liability, which is measured at the present value of the lease payments to be made over the lease term, at the commencement date. The lease payments include fixed payments including in-substance fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, less lease incentives receivable. The lease payments also include the exercise price of purchase option if the Group and the Company are reasonably certain to exercise, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The lease payments are discounted using incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. The carrying amount of lease liabilities is remeasured in order to reflect any reassessment or lease modifications.

(c) Short-term leases and leases of low-value assets

The Group and the Company elected to apply exemption to those short term leases in which the lease term is 12 months or less from the commencement date and without purchase option. Besides, exemption is also applied for the lease of low value assets. The lease payments incurred on the exempted leases are recognised as expenses on a straight-line basis over the lease term.

(d) Lease term

The lease term includes non-cancellable period of a lease together with periods covered by an option to extend or terminate the lease if the Group and the Company are reasonably certain to exercise that option.

Under some of the leases, the Group and the Company are offered with the option to extend the lease term for additional two to five years. The Group and the Company apply judgement in considering all relevant facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the termination option, to evaluate whether it is reasonably certain that the option will be exercised. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or not to terminate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. *SIGNIFICANT ACCOUNTING POLICIES (CONT'D)*

3.13 Leases (Cont'd)

Previous financial year

3.13.1 Leases in which the Group is a lessee (Cont'd)

(a) Finance lease

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is 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 are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(b) Operating lease

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

3.13.2 Leases in which the Group is a lessor

As a lessor, the Group and the Company determine whether a lease is finance lease or operating lease. The assessment are based on if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to them. Examples of indicators for finance lease are:-

(i) Ownership is transferred at the end of lease term;

(ii) Purchase option is offered at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable;

(iii) The lease term is for the major part of the economic life of the underlying asset;

(iv) The present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset;

(v) The underlying asset is of such a specialised nature that only the Company can use it.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Leases (Cont'd)

Previous financial year (Cont'd)

3.13.2 Leases in which the Group is a lessor (Cont'd)

Operating lease

Lease payment from operating lease are recognised as income by the Group and the Company on straight line basis over the lease term of the lease. Initial direct costs incurred in obtaining the assets that are leased out are included in the carrying amount of the underlying assets, and the subsequent costs incurred is recognised as expense for the period of earning the income. Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets.

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred with any difference between the initial fair value and proceeds (net of transaction costs) being charged to profit or loss at initial recognition. In subsequent periods, borrowings are stated at amortised cost using the effective interest method with the difference between the initial fair value and the redemption value is recognised in the profit or loss over the period of the borrowings.

Profit, interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3.15 Income tax

3.15.1 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Income tax (Cont'd)

3.15.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. *SIGNIFICANT ACCOUNTING POLICIES (CONT'D)*

3.16 Provisions

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

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

The Group and the Company typically provide warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 Provisions, Contingent Liabilities and Contingent Assets when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

3.17 Revenue recognition and other income

Revenue is measure at the fair value of consideration received or receivable. The Group and the Company recognise revenue as follows:

3.17.1 Sale of goods and services

Revenue from sales of goods is recognised at the point in time when the customer obtains control of goods, which is generally at the time of delivery. Revenue is measured at the fair value of the consideration received or receivables, net of discounts and taxes applicable to the revenue. Revenue from services is recognised upon services rendered.

3.17.2 Contract income

Revenue from contract income is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that they are the principal in its revenue arrangements because its typically control the goods and services before transferring them to the customer.

3.17.3 Dividend income

Dividend income is recognised when the shareholders' rights to receive payment is established.

3.17.4 Interest income

Interest income is recognised as it accrues, taking into account the principal outstanding and the effective rate over period of maturity.

3.17.5 Management fee

Management fee is recognised on an accrual basis when service is rendered.

3.17.6 Rental income

Rental income is recognised on a straight-line basis over the term of the tenancy agreement subject to revision of rental rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Employee benefits

3.18.1 Short term employee benefits

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

3.18.2 Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The contributions are charged as an expense in the financial year in which the employees render their services. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

3.19 Foreign currency

3.19.1 Functional and presentation currency

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

3.19.2 Foreign currency transactions

Transactions in currencies other than the Group's and the Company's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are disclosed in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.21 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.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company in the current and previous financial year end.

3.22 Related parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;

(ii) the party is an associated of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a closed member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 Fair value measurement

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

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

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

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

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

3.24 Earnings per ordinary share

The Group presents basic and diluted 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

4.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, there were no critical judgements made by management on the amounts recognised in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4.2.1 Revaluation of properties

The Group carries its properties at fair value, with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2019 for all properties. A valuation methodology based on comparison method of valuation (open market value) was used, which entails comparing recorded transaction at similar properties in the vicinity and/or investment method of valuation, which entails the capitalisation of net income of the properties.

4.2.2 Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within a range of 4 to 20 years. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amount of the Group's and the Company's property, plant and equipment at the reporting date is disclosed in Note 5.

4.2.3 Income taxes

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.2 Key sources of estimation uncertainty (Cont'd)

4.2.4 Provision for expected credit losses of trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, product type, customer type and rating).

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 11.

4.2.5 Impairment of goodwill

The Group and the Company perform an annual assessment of the carrying value of its goodwill against the recoverable amount of the cash-generating units ("CGUs") to which the goodwill have been allocated. The measurement of the recoverable amount of CGUs are determined based on the value-in-use method, incorporating the present value of estimated future cash flows expected to arise from the respective CGU's ongoing operations. Management judgement is used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used. The estimation of pre-tax cash flows is sensitive to the periods for which the forecasts are available and to assumptions regarding the long-term sustainable cash flows, and reflect management's view of future performance.

4.2.6 Classification between investment properties and owner-occupied properties

The Group determines whether a property qualified as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portion could can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group

2019	Freehold land and buildings (at valuation) RM	Leasehold buildings (at valuation) RM	Building under construction RM	Motor vehicles RM	Furniture fittings, laboratory, signboard, research and development demo, store, office, equipment and machinery RM	Electrical fittings RM	Renovation RM	Total RM
At cost, unless otherwise stated								
Balance as at 1 January 2019, as previously stated	26,402,262	5,158,144	5,438,928	4,066,387	14,481,114	264,106	783,066	56,594,007
Adjustment on initial adoption of MFRS 16	–	(990,000)	–	(1,515,245)	–	–	–	(2,505,245)
Balance as at 1 January 2019, as restated	26,402,262	4,168,144	5,438,928	2,551,142	14,481,114	264,106	783,066	54,088,762
Additions	77,704	43,157	6,469,371	–	327,802	12,670	94,140	7,024,844
Revaluation surplus	2,170,351	46,120	–	–	–	–	–	2,216,471
Elimination of accumulated depreciation	(47,650)	(24,900)	–	–	–	–	–	(72,550)
Written off/Disposal	–	–	–	(156,071)	(79,017)	–	–	(235,088)
Transfer to investment properties	(3,864,778)	(3,332,522)	(5,438,928)	–	–	–	–	(12,636,228)
Balance as at 31 December 2019	24,737,889	899,999	6,469,371	2,395,071	14,729,899	276,776	877,206	50,386,211
Accumulated depreciation								
Balance as at 1 January 2019, as previously stated	31,491	–	–	2,427,160	7,328,929	135,578	682,884	10,606,042
Adjustment on initial adoption of MFRS 16	–	–	–	(215,601)	–	–	–	(215,601)
Balance as at 1 January 2019, as restated	31,491	–	–	2,211,559	7,328,929	135,578	682,884	10,390,441
Charge for the financial year	76,748	99,142	–	72,144	1,089,265	9,686	37,395	1,384,380
Elimination of accumulated depreciation	(47,650)	(24,900)	–	–	–	–	–	(72,550)
Written off/Disposal	–	–	–	(151,802)	(47,096)	–	–	(198,898)
Transfer to investment properties	(29,098)	(74,242)	–	–	–	–	–	(103,340)
Balance as at 31 December 2019	31,491	–	–	2,131,901	8,371,098	145,264	720,279	11,400,033

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group

2018	Freehold land and buildings (at valuation) RM	Leasehold land and buildings (at valuation) RM	Building under construction RM	Motor vehicles RM	Furniture fittings, laboratory, signboard research and development demo, store, office, equipment and machinery RM	Electrical fittings RM	Renovation RM	Total RM
At cost, unless otherwise stated								
Balance as at 1 January 2018	23,616,588	5,031,054	4,542,474	4,113,988	11,067,205	263,006	772,066	49,406,381
Additions	30,728	–	590,048	1,020,166	3,589,023	1,100	11,000	5,242,065
Revaluation surplus	3,067,403	296,416	306,406	–	–	–	–	3,670,225
Elimination of accumulated depreciation	(312,457)	(141,510)	–	–	–	–	–	(453,967)
Revaluation loss	–	(27,816)	–	–	–	–	–	(27,816)
Written off	–	–	–	(47,767)	(175,114)	–	–	(222,881)
Disposal	–	–	–	(1,020,000)	–	–	–	(1,020,000)
Balance as at 31 December 2018	26,402,262	5,158,144	5,438,928	4,066,387	14,481,114	264,106	783,066	56,594,007
Accumulated depreciation								
Balance as at 1 January 2018	246,204	60,591	–	3,323,553	6,570,371	125,461	652,431	10,978,611
Charge for the financial year	97,744	80,919	–	170,622	924,189	10,117	30,453	1,314,044
Elimination of accumulated depreciation	(312,457)	(141,510)	–	–	–	–	–	(453,967)
Written off	–	–	–	(47,017)	(165,631)	–	–	(212,648)
Disposal	–	–	–	(1,019,998)	–	–	–	(1,019,998)
Balance as at 31 December 2018	31,491	–	–	2,427,160	7,328,929	135,578	682,884	10,606,042
Net carrying amounts								
Balance as at 31 December 2019	24,706,398	899,999	6,469,371	263,170	6,358,801	131,512	156,927	38,986,178
Balance as at 31 December 2018	26,370,771	5,158,144	5,438,928	1,639,227	7,152,185	128,528	100,182	45,987,965

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

2019	Motor vehicles RM	Furniture and fittings, and office equipments RM	Renovation RM	Total RM
Cost				
Balance as at 1 January 2019	28,300	51,147	64,382	143,829
Additions	–	–	–	–
Balance as at 31 December 2019	28,300	51,147	64,382	143,829
Accumulated depreciation				
Balance as at 1 January 2019	–	46,075	64,379	110,454
Charge for the financial year	–	1,219	–	1,219
Balance as at 31 December 2019	–	47,294	64,379	111,673
2018				
Cost				
Balance as at 1 January 2018	–	48,847	64,382	113,229
Additions	28,300	2,300	–	30,600
Balance as at 31 December 2018	28,300	51,147	64,382	143,829
Accumulated depreciation				
Balance as at 1 January 2018	–	44,990	64,379	109,369
Charge for the financial year	–	1,085	–	1,085
Balance as at 31 December 2018	–	46,075	64,379	110,454
Net carrying amounts				
Balance as at 31 December 2019	28,300	3,853	3	32,156
Balance as at 31 December 2018	28,300	5,072	3	33,375

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group has pledged the following property, plant and equipment to licensed banks to secure banking facilities granted to the Group as referred to in Note 20:

	2019 RM	2018 RM
Net carrying value		
Freehold land and buildings	13,472,160	11,684,336
Leasehold land and building	2,100,000	3,291,870

Revaluation of land and buildings

On 31 December 2019, the entire land and buildings of the Group were revalued by an independent qualified valuer, Nasir, Sabaruddin & Associates, registered with Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. The valuation was arrived at based on the Comparison Method of Valuation. A revaluation surplus of RM2,060,168 (net of deferred taxation) had been recognised as other comprehensive income.

6. LEASES

The Group as lessee

Right-of-use assets

2019	Long Leasehold Land (at valuation) RM	Building RM	Motor Vehicles RM	Total RM
At cost				
Balance as at 1 January 2019	990,000	21,153	1,515,245	2,526,398
Addition	–	–	43,976	43,976
Revaluation surplus	220,206	–	–	220,206
Elimination of accumulated depreciation	(10,206)	–	–	(10,206)
Balance as at 31 December 2019	1,200,000	21,153	1,559,221	2,780,374
Less: Accumulated depreciation				
Balance as at 1 January 2019	–	–	215,601	215,601
Charge for the financial year	10,206	7,051	159,480	176,737
Elimination of accumulated depreciation	(10,206)	–	–	(10,206)
Balance as at 31 December 2019	–	7,051	375,081	382,132
Net carrying amount				
Balance as at 31 December 2019	1,200,000	14,102	1,184,140	2,398,242

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

6. LEASES (CONT'D)

The Group as lessee (Cont'd)

Lease liabilities

	Building RM	Motor Vehicles RM	Total RM
Carrying amount			
Balance as at 1 January 2019	21,153	976,675	997,828
Lease payment	(10,500)	(240,285)	(250,785)
Interest expense	740	45,153	45,893
Balance as at 31 December 2019	11,393	781,543	792,936

Represented by:

	2019 RM	2018 RM
Current liabilities		
Secured		
- Lease liability	242,697	–
Unsecured		
- Lease liability	5,551	–
	248,248	–
Non-current liabilities		
Secured		
- Lease liability	538,846	–
Unsecured		
- Lease liability	5,842	–
	544,688	–
Total lease liabilities		
Secured		
- Lease liability	781,543	–
Unsecured		
- Lease liability	11,393	–
	792,936	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

6. LEASES (CONT'D)

The Group as lessee (Cont'd)

Rates of interest charged per annum:

	2019 %	2018 %
Lease liabilities owing to financial institutions	2.33 - 3.55	–
Lease liabilities owing to non-financial institutions	8.32	–

	2019 RM	2018 RM
Minimum lease payment		
- Not later than one year	283,755	–
- Later than one year and not later than five years	578,629	–
	862,384	–
Future finance charges on finance lease	(69,448)	–
Present value of finance lease liabilities	792,936	–

Present value of lease is analysed as follows:

	2019 RM	2018 RM
Current liabilities		
- Not later than one year	248,248	–
Non-current liabilities		
- Later than one year and not later than five years	544,688	–
	792,936	–

(a) The Group has certain leases of equipments with lease term of 12 months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

(b) The following are the amounts recognised in profit or loss:

	2019 RM
Depreciation of right-of-use assets (included in other operating expenses)	176,737
Interest on lease liabilities (included in finance cost)	45,893
	222,630

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

6. *LEASES (CONT'D)*

The Group as lessee (Cont'd)

(c) At the end of the financial year, the Group had total cash outflow for leases of RM250,785.

(d) In cases in which the Group is not reasonably certain to exercise extension and termination options, payments associated with the optional period are not included within lease liabilities.

The followings are the undiscounted potential future rental payments that are not included in recognised lease liabilities:

2019	Within five years RM	More than five years RM	Total RM
Extension options expected not to be exercised	6,000	–	6,000
	6,000	–	6,000

The Group as lessor

The Group has entered into non-cancellable lease agreements on certain properties for terms between two to three years and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent.

As at the end of the reporting period, the future minimum lease receivables are as follows:

	2019 RM
Less than one year	1,016,150
One to two years	862,350
Two to three years	366,000
	2,244,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

7. INVESTMENT PROPERTIES

Investment properties

	Group	
	2019 **RM**	**2018** **RM**
At valuation		
At beginning of the financial year	9,830,000	9,830,000
Addition	24,216	–
Gain on fair value adjustment of investment properties	1,082,041	–
Transfer from property, plant and equipment (Note 5)	12,532,888	–
At end of the financial year	23,469,145	9,830,000

Revaluation of investment properties

On 31 December 2019, the investment properties of the Group were revalued again by an independent qualified valuer, Nasir, Sabaruddin & Associates, registered with Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. The valuation was arrived at based on the Comparison Method of Valuation.

	Group	
	2019 **RM**	**2018** **RM**
Rental income derived from investment properties	612,490	357,276
Direct operating expenses generating rental income	(88,753)	(22,003)
Profit arising from investment properties carried at fair value	523,737	335,273

The Group have pledged investment properties with carrying amount of RM16,577,500 (2018: RM8,450,000) to licensed banks to secure banking facilities granted to the Group as referred to in Note 20.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

7. INVESTMENT PROPERTIES (CONT'D)

Fair value information

The Group's investment properties and fair value hierarchy as at 31 December 2019 and 31 December 2018 are as follows:

Group

	2019			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
Investment properties	–	23,469,145	–	23,469,145
	–	23,469,145	–	23,469,145

	2018			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
Investment properties	–	9,830,000	–	9,830,000
	–	9,830,000	–	9,830,000

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

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

Level 2 fair value

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

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

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2019 RM	Company 2018 RM
Unquoted shares, at cost		
At beginning and end of the financial year	25,036,086	25,036,086
Less: Accumulated impairment loss		
At beginning of the financial year	6,973,762	5,036,245
Impairment losses recognised during the financial year	690,634	1,937,517
At end of the financial year	7,664,396	6,973,762
Carrying amount	17,371,690	18,062,324

The subsidiary companies, which are incorporated in Malaysia, are as follows:-

Name of subsidiaries	Effective equity interest 2019	Effective equity interest 2018	Principal activities
Brite-Tech Corporation Sdn. Berhad	100%	100%	To provide a complete range of services and products in the field of water treatment, pollution control and fuel treatment as well as engineered and formulated chemical products for water clarification, wastewater treatment, minimizing wastewater sludge generation, steam generation system and cooling water system.
Hooker Chemical Sdn. Berhad	100%	100%	To provide consultation, environmental impact studies, engineering design, construction, installation and commissioning of water purification, recycling and wastewater treatment systems.
Rank Chemical Sdn. Berhad	100%	100%	To provide rental of portable ion-exchange resin columns and supply of institutional housekeeping chemicals, industrial maintenance chemicals and hotel amenities.
Spectrum Laboratories Sdn. Berhad	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of subsidiaries	Effective equity interest 2019	Effective equity interest 2018	Principal activities
Spectrum Laboratories (Johore) Sdn. Berhad	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.
Spectrum Laboratories (Penang) Sdn. Berhad	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.
Renown Orient Sdn. Bhd.	100%	100%	In the process of being striking off.
Sincere United Sdn. Bhd.	70%	70%	To import and export chemical and other raw materials.
Tan Tech-Polymer Sdn. Bhd. (1)	60%	60%	To provide consultancy services and manufacturing of polymers and its related products.
Subsidiary company of Brite-Tech Corporation Sdn. Berhad			
Cybond Chemical Sdn. Bhd.	100%	100%	To produce water treatment chemicals and provision of related services.
Subsidiary company of Hooker Chemical Sdn. Berhad			
Akva-Tek Sdn. Bhd.	51%	51%	The Company has ceased operation.

(1) Not audited by CAS Malaysia PLT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

9. GOODWILL

	Group 2019 RM	Group 2018 RM
Cost		
Balance at beginning and end of the financial year	5,678,772	5,678,772
Less: Accumulated impairment loss		
At beginning of the financial year	5,038,058	4,910,720
Impairment losses recognised during the financial year	–	127,338
At end of the financial year	5,038,058	5,038,058
Carrying amount	640,714	640,714

The carrying amounts of the goodwill allocated to the cash-generating units (CGU) are as follows:

	Group 2019 RM	Group 2018 RM
Manufacturing - CGU 1	640,714	640,714

The recoverable amounts of the cash-generating units are determined based on the computation of value in use.

The key assumptions used in the computation of value in use are growth rates used to extrapolate the cash flows and the discount rates assigned to the CGU.

Discount rate is determined based on the pre-tax rate that reflect current market assessment of the time value of money and risks specific to the assets.

The projected cash flows from used are derived from the most recent financial budgets approved by management for the next five years and extrapolated cash flows for the following years based on estimated growth rates. The projected growth rates do not excess the industrial average growth rates.

The estimate of net cash flows for the disposal of the asset at the end of its useful life is the present value of the amount that the Group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

The key assumptions used for determining value in use, which are determined based on management's past experience and expectation of the future development, are as follows:

	Manufacturing segment %
Gross profit margin	26.0
Growth rate	0 - 3
Discount rate	8.6

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

10. INVENTORIES

	Group 2019 RM	Group 2018 RM
At cost		
Laboratory supplies	197,429	255,409
Raw materials	559,573	405,636
Work-in-progress	18,257	135
Finished goods	248,764	390,710
	1,024,023	1,051,890
Recognised in profit or loss		
Inventories recognised as cost of sales	8,145,150	7,469,730

11. TRADE RECEIVABLES

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Trade receivables - gross	9,306,972	9,343,295	329,900	662,190
Less: Allowance for impairment losses	(792,910)	(1,248,025)	–	–
Trade receivables - net	8,514,062	8,095,270	329,900	662,190

Movement in the allowance for impairment losses

The allowance account in respect of the trade receivables are used to record impairment losses. The creation and release of allowance for impaired receivables have been included in 'other operating expenses' in the profit or loss. Unless the Group is satisfied that recovery of the amount is possible, then the amount considered irrecoverable is written off against the receivable directly.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

11. TRADE RECEIVABLES (CONT'D)

Movement in the allowance for impairment losses (Cont'd)

The movement in the allowance for impairment losses of trade receivables during the financial year are as follows:

Group

	Lifetime ECL RM	Credit impaired RM	Total RM
2019			
Balance as at beginning of the financial year	160,298	1,087,727	1,248,025
Provision for impairment losses	151,190	196,327	347,517
Write off	–	(549,750)	(549,750)
Reversal of allowance for impairment losses	(91,439)	(161,443)	(252,882)
Balance as at end of the financial year	220,049	572,861	792,910
2018			
Balance as at beginning of the financial year	–	1,058,917	1,058,917
Provision for impairment losses	160,298	227,396	387,694
Reversal of allowance for impairment losses	–	(198,586)	(198,586)
Balance as at end of the financial year	160,298	1,087,727	1,248,025

The allowance for impairment losses of trade receivables are those trade receivables that are individually impaired. These trade receivables are in significant difficulties and have defaulted on payments. They are not secured by any collateral or credit enhancement.

Based on the Group's and the Company's historical collection experience, the amounts of trade receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

11. TRADE RECEIVABLES (CONT'D)

Movement in the allowance for impairment losses (Cont'd)

The ageing of the receivables and provision for impairment losses provided for above are as follows:

Group

	Gross carrying amount RM	Provision for impairment loss ECL (Collectively assessed) RM	ECL (Individually assessed) RM	Net balance RM
2019				
Neither past due nor impaired	2,484,120	–	–	2,484,120
Past due 1 - 30 days	2,079,749	–	–	2,079,749
Past due 31 - 60 days	1,567,619	–	–	1,567,619
	6,131,488	–	–	6,131,488
Credit Impaired				
Past due more than 60 days	3,175,484	(220,049)	(572,861)	2,382,574
	9,306,972	(220,049)	(572,861)	8,514,062
2018				
Neither past due nor impaired	2,338,464	–	–	2,338,464
Past due 1 - 30 days	2,007,071	–	–	2,007,071
Past due 31 - 60 days	1,215,229	–	–	1,215,229
	5,560,764	–	–	5,560,764
Credit Impaired				
Past due more than 60 days	3,782,531	(160,298)	(1,087,727)	2,534,506
	9,343,295	(160,298)	(1,087,727)	8,095,270

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

11. TRADE RECEIVABLES (CONT'D)

Movement in the allowance for impairment losses (Cont'd)

Company

	Gross carrying amount RM	Provision for impairment loss ECL (Collectively assessed) RM	ECL (Individually assessed) RM	Net balance RM
2019				
Neither past due nor impaired	59,430	–	–	59,430
Past due 1 - 30 days	59,430	–	–	59,430
Past due 31 - 60 days	–	–	–	–
Past due more than 60 days	211,040	–	–	211,040
	329,900	–	–	329,900
Credit Impaired				
Past due more than 60 days	–	–	–	–
	329,900	–	–	329,900
2018				
Neither past due nor impaired	119,500	–	–	119,500
Past due 1 - 30 days	–	–	–	–
Past due 31 - 60 days	–	–	–	–
Past due more than 60 days	542,690	–	–	542,690
	662,190	–	–	662,190
Credit Impaired				
Past due more than 60 days	–	–	–	–
	662,190	–	–	662,190

The maximum exposure of credit risk at the reporting date is the carrying value of receivables mentioned above. The Group and the Company does not hold any collateral as security.

The Group's and the Company normal trade credit term range from 30 to 120 days (2018: 30 to 120 days). Other credit terms are assessed and approved on a case by case basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

12. OTHER RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables - gross	456,718	480,457	3,661	2,561
Less: Allowance for impairment losses	–	(5,000)	–	–
Other receivables - net	456,718	475,457	3,661	2,561
Deposits	174,806	172,923	2,000	2,000
Prepayments	32,383	62,091	400	–
Dividend receivable from subsidiary companies	–	–	2,012,000	2,022,000
	663,907	710,471	2,018,061	2,026,561

The movement in the allowance for impairment losses of other receivables during the financial year are as follows:

Group

	Lifetime ECL RM	Credit impaired RM	Total RM
2019			
Balance as at beginning of the financial year	–	5,000	5,000
Write off	–	(5,000)	(5,000)
Balance as at end of the financial year	–	–	–
2018			
Balance as at beginning of the financial year	–	–	–
Provision for impairment losses	–	5,000	5,000
Balance as at end of the financial year	–	5,000	5,000

13. AMOUNT DUE FROM SUBSIDIARY COMPANIES

The amount due from subsidiary companies represented non-trade transactions which are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

14. SHORT-TERM INVESTMENTS

Short-term investments represent deposits placement with investment fund management companies. The average effective interest rates of the short-term investments range from 2.60% to 3.58% (2018: 2.61% to 3.64%) on daily basis and are readily convertible to cash with insignificant risk of changes in value.

15. FIXED DEPOSITS WITH A LICENSED BANK

The effective interest rates of the fixed deposits with a licensed bank at the reporting date are 2.95% (2018: 3.20%) per annum and with maturity period of 1 month (2018: 1 month).

16. SHARE CAPITAL

	Group and Company			
	2019	2018	2019	2018
	Number of shares (units)		RM	RM
Issued and fully paid:				
Balance at the beginning and end of the financial year	252,000,000	252,000,000	25,200,000	25,200,000

17. REVALUATION RESERVE

Revaluation reserve are not available for distribution as dividends to the Company's shareholders.

The following are the movements of revaluation reserve:

	2019 RM	2018 RM
At beginning of the financial year	14,987,149	11,894,948
Recognised in other comprehensive income:		
Revaluation surplus (Note 5 and Note 6)	2,436,677	3,670,225
Less: Other comprehensive income attributable to non-controlling interest	(80,963)	–
Less: Deferred tax liability on revaluation surplus (Note 19)	(376,509)	(578,024)
Revaluation surplus, net of tax	1,979,205	3,092,201
At end of the financial year	16,966,354	14,987,149

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

18. RETAINED EARNINGS

The entire retained earnings of the Company as at 31 December 2019 and 31 December 2018 may be distributed as dividends under the single tier system.

19. DEFERRED TAXATION

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position.

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Deferred tax assets, net	–	(33,593)	–	–
Deferred tax liabilities, net	3,148,845	3,195,017	45,854	45,854
	3,148,845	3,161,424	45,854	45,854

The following are the movements of deferred tax liabilities:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
At beginning of the financial year	3,161,424	2,451,253	45,854	–
Recognised in profit or loss (Note 28)	(389,088)	132,147	–	45,854
Recognised in other comprehensive income	376,509	578,024	–	–
At end of the financial year	3,148,845	3,161,424	45,854	45,854

The components of the deferred tax assets and liabilities at the end of the financial year comprise tax effects of:

	Group	
	2019 RM	**2018 RM**
Deferred tax assets		
Unused reinvestment tax allowance	106,067	81,753
Deferred tax assets (before offsetting)	106,067	81,753
Offsetting	(106,067)	(48,160)
Deferred tax assets (after offsetting)	–	33,593

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

19. DEFERRED TAXATION (CONT'D)

Recognised deferred tax assets and liabilities (Cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred tax liabilities				
Revaluation surplus arise from properties	2,119,888	2,203,843	–	–
Gain on fair value adjustment of investment properties	301,312	251,165	–	–
Excess of capital allowances over corresponding depreciation	833,712	788,169	45,854	45,854
Deferred tax liabilities (before offsetting)	3,254,912	3,243,177	45,854	45,854
Offsetting	(106,067)	(48,160)	–	–
Deferred tax liabilities (after offsetting)	3,148,845	3,195,017	45,854	45,854

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Temporary difference	–	(3,299)	–	–
Unabsorbed capital allowances	5,823	6,959	–	–
Unutilised tax losses	1,776,908	1,499,503	–	–
	1,782,731	1,503,163	–	–
Unrecognised deferred tax assets at 24% (2018: 24%)	427,855	360,759	–	–

The unabsorbed capital allowances can be carried forward indefinitely, and unutilised tax losses can be carried forward for a maximum period of seven (7) consecutive years of assessment effective from year 2019 and it can only be utilised against income from the same business source. 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 Company can utilise the benefits. The unabsorbed capital allowances and unutilised tax losses are subject to the agreement of the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

20. LOAN AND BORROWINGS

	Group	
	2019 RM	2018 RM
Current liabilities		
Islamic term financing		
- Term loans (secured)	1,019,533	525,404
Conventional financing		
- Bankers' acceptance (secured)	724,000	633,000
- Finance lease liabilities (secured)	–	231,505
- Term loans (secured)	135,825	128,304
	1,879,378	1,518,213
Non-current liabilities		
Islamic term financing		
- Term loans (secured)	17,189,481	10,436,379
Conventional financing		
- Finance lease liabilities (secured)	–	745,169
- Term loans (secured)	3,095,623	3,267,416
	20,285,104	14,448,964
Total borrowings		
Islamic term financing		
- Term loans (secured)	18,209,034	10,961,783
Conventional financing		
- Bankers' acceptance (secured)	724,000	633,000
- Finance lease liabilities (secured)	–	976,674
- Term loans (secured)	3,231,448	3,395,720
	22,164,482	15,967,177

Rates of interest charged per annum:

	Group	
	2019 %	2018 %
Bankers' acceptance	3.89 - 5.87	5.63 - 6.13
Finance lease liabilities	–	2.33 - 3.55
Term loan	BLR - 2.00 p.a to 2.30 p.a	BLR - 2.00 p.a to 2.30 p.a
Islamic term financing	IFR - 1.25 p.a to 2.20 p.a	IFR - 1.25 p.a to 2.20 p.a

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

20. LOAN AND BORROWINGS (CONT'D)

(a) Finance lease liabilities

	Group	
	2019	**2018**
	RM	**RM**
Minimum lease payment		
- Not later than one year	–	268,153
- Later than one year and not later than five years	–	817,038
	–	1,085,191
Future finance charges on finance lease	–	(108,517)
Present value of finance lease liabilities	–	976,674

Present value of finance lease is analysed as follows:

	Group	
	2019	**2018**
	RM	**RM**
Current liabilities		
- Not later than one year	–	231,505
Non-current liabilities		
- Later than one year and not later than five years	–	745,169
	–	976,674

Upon adoption of MFRS 16, the maturity analysis and present value of finance lease commitment is included within lease liabilities in Note 6.

(b) Term loans

	Group	
	2019	**2018**
	RM	**RM**
Repayable:		
- Not later than one year	1,155,378	653,708
- Later than one year and not later than five years	5,196,814	2,789,005
- More than five year	15,088,290	10,914,790
	21,440,482	14,357,503

These facilities are secured by the following:

(i) legal charge over assets of the Group as disclosed in Note 5 and Note 7;
(ii) corporate guarantee by the Company; and
(iii) joint and several guarantees by certain directors of a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	1,984,113	1,503,042	–	–
Add:				
Other payables	678,196	545,756	44,477	37,890
Accruals	1,027,571	910,760	112,761	111,695
Deposits received	222,636	64,396	–	–
	1,928,403	1,520,912	157,238	149,585
Total financial liabilities carrying at amortised costs	3,912,516	3,023,954	157,238	149,585

The trade payables are non-interest bearing and the normal trade credit terms received by the Group range from 60 to 90 days (2018: 60 to 90 days).

22. AMOUNT DUE TO DIRECTORS

The amount due to Directors represented advance from Directors which are unsecured, interest free and repayable on demand.

23. BANK OVERDRAFT

	Group	
	2019 RM	2018 RM
Unsecured	100,041	98,673

The bank overdraft of the Group is denominated in RM, bear interest at BLR + 1.50%.

These facilities are secured by the following:

(i) corporate guarantee by the Company; and
(ii) joint and several guarantees by certain directors of a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

24. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trading sales and services	27,855,005	26,610,781	–	–
Dividend income from subsidiaries	–	–	4,334,000	5,322,000
Management fee income	–	–	1,700,070	1,675,050
	27,855,005	26,610,781	6,034,070	6,997,050

The following is a description of the principal activities - separated by reportable segments - from which the Group generates its revenue. For more detailed information about reportable segments, refer Note 37, as disclosed in the financial statements.

i. *Environmental products and services*

Revenue for environmental products are recognised at a point in time when the products are delivered and accepted by the customers at their premise. For environmental services, revenue is recognised upon services performed. Credit period of 60 to 90 days from invoice date is given for both environmental products and services.

ii. *System equipment and ancillary products*

Revenue is recognised at a point in time when the products are delivered and accepted by the customer at its premise. The term of payment is generally within 60 to 90 days from invoice date.

iii. *Investments*

This includes management fee income charged on the subsidiaries. The Group and the Company recognise revenue on an accrual basis when service is rendered. Management fees are billed and paid on a monthly basis. Credit period in range of 60 to 90 days from invoice date is given to the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

25. FINANCE INCOME

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income on:				
Fixed deposits	12,647	12,607	–	–
Bank interest	4,495	56,232	645	738
Short-term investments	425,886	198,390	148,641	90,316
	443,028	267,229	149,286	91,054

26. FINANCE COSTS

	Group	
	2019 RM	2018 RM
Profit sharing on Islamic term financing:		
- Term loans	490,518	175,411
Interest expenses on conventional financing:		
- Lease liabilities	45,893	–
- Finance leases	–	25,397
- Overdraft	8,453	8,410
- Term loans	165,512	138,134
- Bankers' acceptance	29,071	42,464
	739,447	389,816

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

27. PROFIT BEFORE TAXATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation is arrived at after charging/(crediting):				
Allowance for impairment losses on trade receivables	347,517	387,694	–	–
Auditors' remuneration:				
- statutory audit	74,550	57,900	20,000	18,500
- other auditors	6,300	5,300	–	–
- overprovision in previous financial year	–	(200)	–	–
- non-audit services	5,000	3,000	5,000	3,000
Unwinding of discount on deposit received	(14,241)	–	–	–
Depreciation of property, plant and equipment	1,384,380	1,314,044	1,219	1,085
Depreciation of right-of-use assets	176,737	–	–	–
Directors' fee	302,400	330,698	290,400	282,600
Directors' non-fee emoluments	926,148	1,032,800	782,600	782,600
Impairment loss on goodwill	–	127,338	–	–
Impairment loss on investment in subsidiary companies	–	–	690,634	1,937,517
Revaluation loss on property, plant and equipment	–	27,816	–	–
Inventories written off	71,052	27,512	–	–
Property, plant and equipment written off	36,190	10,233	–	–
Rental of equipment	12,230	4,756	–	–
Rental of motor vehicle	11,400	11,420	–	–
Rental of premises	10,500	14,914	–	–
Reversal of allowance for impairment losses on trade receivables	(252,882)	(198,586)	–	–
Dividend income from subsidiary companies	–	–	(4,032,000)	(4,032,000)
Unrealised loss on foreign exchange	491	12,527	–	–
Gain on disposal of property, plant and equipment	(16,598)	(24,298)	–	–
Gain on fair value adjustment of investment properties	(1,082,041)	–	–	–
Management fee income	–	–	(1,700,070)	(1,675,050)
Rental income	(612,490)	(403,126)	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

28. TAXATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Income taxation				
Provision for current financial year	1,529,016	1,479,077	5,189	13,249
(Over)/underprovision in the previous financial year	(26,904)	(106,352)	2,070	1,746
	1,502,112	1,372,725	7,259	14,995
Deferred taxation (Note 19)				
Recognised in the income statement	(381,080)	133,294	–	48,552
Overprovision in the previous financial year	(8,008)	(1,147)	–	(2,698)
	(389,088)	132,147	–	45,854
Tax expenses for the current financial year	1,113,024	1,504,872	7,259	60,849

Domestic current income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

28. TAXATION (CONT'D)

The reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation	7,153,927	5,789,688	3,716,761	3,653,265
Tax at the statutory tax rate of 24% (2018: 24%)	1,716,942	1,389,525	892,023	876,784
Non-deductible expenses	406,360	882,733	188,707	483,973
Non-taxable income	(549,865)	(558,753)	(1,075,834)	(1,298,956)
Deferred tax assets not recognised during the financial year	72,265	49,716	293	–
Derecognition of deferred tax due to transfer of properties to investment properties	(407,070)	–	–	–
Derecognition of deferred tax on investment properties	–	(144,761)	–	–
Reversal of deferred tax asset previously recognised	(33,593)	–	–	–
Utilisation of previously unrecognised deferred tax assets	(91,729)	(17,059)	–	–
Deferred tax arising from gain on fair value adjustment of investment properties	42,080	32,753	–	–
Crystallisation of deferred tax liabilities arose from revaluation surplus	(7,454)	(21,783)	–	–
Taxation (over)/underprovided in the previous financial year	(26,904)	(106,352)	2,070	1,746
Deferred taxation overprovided in the previous financial year	(8,008)	(1,147)	–	(2,698)
Tax expenses for the current financial year	1,113,024	1,504,872	7,259	60,849

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

29. EMPLOYEES BENEFIT EXPENSES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Staff costs:				
Salaries, bonuses, incentives, overtime, commissions and allowances	6,306,977	6,280,643	1,184,320	1,180,550
Pension costs: defined contribution plans	699,789	727,391	109,821	109,876
Social security costs	114,584	76,726	2,979	2,984
	7,121,350	7,084,760	1,297,120	1,293,410

Employees benefit expenses including the aggregate amount of emoluments received and receivable by the Directors of the Group and of the Company during the financial year.

30. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors:				
Remuneration	814,348	921,000	670,800	670,800
Bonus	111,800	111,800	111,800	111,800
Fees	273,000	309,098	261,000	261,000
Non-Executive Directors:				
Fees	29,400	21,600	29,400	21,600
	1,228,548	1,363,498	1,073,000	1,065,200

The estimated monetary value of benefits-in-kind received by the directors of the Group amounted to RM39,600 (2018: RM39,600).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

31. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2019 is based on the profit attributable to owners and divided by weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2019 RM	2018 RM
Profit attributable to ordinary shareholders (RM)	5,846,209	4,313,020
Weighted average number of ordinary shares	252,000,000	252,000,000
Basic earnings per ordinary share (sen)	2.32	1.71

(b) Diluted earnings per ordinary share

The Group does not have any potential dilutive ordinary shares, thus, diluted earnings per ordinary share is not presented.

32. DIVIDENDS

	Group and Company	
	2019 RM	2018 RM
Paid:		
In respect of the financial year ended 31 December 2019 an interim single tier dividend of 0.80 sen per ordinary share	2,016,000	–
In respect of the financial year ended 31 December 2018 a final single tier dividend of 0.80 sen per ordinary share	2,016,000	–
In respect of the financial year ended 31 December 2018 an interim single tier dividend of 0.80 sen per ordinary share	–	2,016,000
In respect of the financial year ended 31 December 2017 an interim single tier dividend of 0.80 sen per ordinary share	–	2,016,000
	4,032,000	4,032,000

At the forthcoming Annual General Meeting, a final dividend (single-tier) in respect of the financial year ended 31 December 2019, of 0.80 sen on 252,000,000 ordinary shares, amounting to a dividend payable of RM2,016,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cost of property, plant and equipment purchased	7,024,844	5,242,065	–	30,600
Purchase of right-of-use asset	43,976	–	–	–
Amount financed through loan and borrowings/lease liabilities	(6,504,871)	(828,400)	–	–
Cash disbursed for purchase of property, plant and equipment	563,949	4,413,665	–	30,600

34. RELATED PARTY DISCLOSURES

(a) In addition to the information detailed elsewhere in the financial statements, the Company carried out the following transactions with its related parties during the financial year:

	Company	
	2019 RM	2018 RM
Subsidiaries		
Dividend income received/receivable	4,334,000	5,322,000
Management fees	1,700,070	1,675,050

(b) The key management personnel comprised mainly Executive Directors of the Company whose remuneration are disclosed in Note 30.

The Directors of the Company are of the opinion that the related party transactions have been entered into the normal course of business on an arm's length basis and have established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

35. CAPITAL COMMITMENT

As of 31 December 2019, the Group has the following capital commitment:

	Group	
	2019 RM	2018 RM
Approved and contracted for:		
Purchase of property, plant and equipment	4,530,629	9,000
Approved but not contracted for:		
Purchase of property, plant and equipment	–	37,083

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

36. CONTINGENT LIABILITIES

	Company	
	2019	**2018**
	RM	**RM**
Unsecured:-		
Corporate guarantee given to financial institutions for loan and borrowings facilities granted to subsidiary companies	22,264,523	15,089,176

The Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material as the repayment is on schedule. Therefore, no financial liabilities have been accounted for in the financial statements.

37. SEGMENT INFORMATION

The Board of Directors is the Group's chief operating decision maker. For management purposes, the segment information is presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure. No geographical segmental information is presented as the business segments are principally operated in Malaysia only.

Segment revenues, expenses and result included transfers between segments. The prices charged on intersegment transactions are at an arm's length transactions and not materially different for similar goods to parties outside of the economic entity. These transfers are eliminated on consolidation.

Segment assets principally comprise all assets. The Group's segments' assets exclude income tax assets, assets from defined pension benefit plans and other post-employment benefit plans and certain financial assets (including liquidity).

Segment liabilities principally comprise all liabilities. The Group's segments' liabilities exclude income tax liabilities, liabilities from defined pension benefit plans and other post-employment benefit plans and certain financial liabilities (including financing liabilities).

The Group comprises the following main business segments:

Environmental and services	To provide a complete and integrated range of services and products in the field of water treatment as well as engineered and formulated chemical products for water and wastewater treatment; and to provide analytical laboratory and environmental monitoring services.
System equipment and ancillary products	To provide consultation, engineering design, construction, installation and commissioning of water purification, water recycling and wastewater treatment systems; and to provide rental of portable ion-exchange resin columns as well as supply of chemicals and consumer products.
Investments	Investments, management and other operations which are not sizeable to be reported separately.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

37. SEGMENT INFORMATION (CONT'D)

Segment turnover, profit before taxation and the assets employed are as follows:

Group 2019	Environmental Products and Services RM	System Equipment and Ancillary Products RM	Investments RM	Eliminations RM	Total RM
Revenue					
External revenue	24,348,036	3,506,969	–	–	27,855,005
Inter-segment revenue	254,357	19,525	1,700,070	(1,973,952)	–
Total revenue	24,602,393	3,526,494	1,700,070	(1,973,952)	27,855,005
Results					
Segment results (external)	8,634,642	569,121	(1,753,417)	–	7,450,346
Finance income					443,028
Finance costs					(739,447)
Profit before taxation					7,153,927
Income tax expenses					(1,113,024)
Profit after taxation					6,040,903
Non-controlling interests					(194,694)
Net profit attributable to owners of the Company					5,846,209
Other information					
Segment assets	80,690,567	7,361,397	5,068,858	–	93,120,822
Segment liabilities	28,296,421	2,009,435	160,237	–	30,466,093
Capital expenditure	6,912,621	112,223	–	–	7,024,844
Depreciation	1,461,852	98,046	1,219	–	1,561,117
Non-cash expenses other than depreciation	72,626	112,151	–	–	184,777

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

37. SEGMENT INFORMATION (CONT'D)

Group 2018	Environmental Products and Services RM	System Equipment and Ancillary Products RM	Investments RM	Eliminations RM	Total RM
Revenue					
External revenue	22,992,927	3,617,854	–	–	26,610,781
Inter-segment revenue	316,848	12,954	1,675,050	(2,004,852)	–
Total revenue	23,309,775	3,630,808	1,675,050	(2,004,852)	26,610,781
Results					
Segment results (external)	5,500,052	366,124	173,437	–	6,039,613
Impairment loss on goodwill					(127,338)
Finance income					267,229
Finance costs					(389,816)
Profit before taxation					5,789,688
Income tax expenses					(1,504,872)
Profit after taxation					4,284,816
Non-controlling interests					28,204
Net profit attributable to owners of the Company					4,313,020
Other information					
Segment assets	68,147,765	8,071,533	4,568,703	–	80,788,001
Segment liabilities	16,664,267	2,282,206	149,585	–	19,096,058
Capital expenditure	4,934,182	277,283	30,600	–	5,242,065
Depreciation	1,227,988	84,971	1,085	–	1,314,044
Non-cash expenses other than depreciation	214,290	1,096	127,338	–	342,724

Major customer

During current and prior financial years, there was no customer with revenue equal to or more than 10% of Group revenue.

38. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its risks.

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

38.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

The excess funds of the Group and of the Company are invested in bank deposits and other short term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 50 basis points, interest income of the Group and of the Company for the financial year would increase/ decrease by RM68,171 (2018: RM58,218) and RM21,517 (2018: RM19,052), respectively.

The Group adopts a strategy of mixing fixed and floating rate borrowing to minimise exposure to interest rate risk. The Company also reviews its debt portfolio to ensure favourable rates are obtained.

Sensitivity analysis for interest rate risk

If the interest rate had been 100 basis point higher/lower and all other variables held constant, the Group's profit before taxation would increase/decrease by approximately RM215,406 (2018: RM144,562) as a result of exposure to floating rate borrowings.

38.2 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk mainly arises from its receivables. Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis. For bank balances, the Group and the Company minimises credit risk by dealing exclusively with reputable financial institution. As at 31 December 2019, the Group and the Company have no significant concentration of credit risk exposure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

38.3 Foreign currency risk

The Group and the Company are not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Euro Dollar ("EURO").

Foreign currency exposures in transactional currencies other than functional currencies are kept to an acceptable level. The Group and the Company has not entered into any derivative financial instruments such as forward foreign exchange contracts.

The net unhedged financial assets/(liabilities) of the Group at year end that are not denominated in Ringgit Malaysia are as follows:

Group 2019	USD RM	EURO RM	Others RM	Total RM
Trade receivables	6,343	–	–	6,343
Cash and bank balances	989	9,925	12,356	23,270
Trade payables	(74,160)	–	–	(74,160)
	(66,828)	9,925	12,356	(44,547)
2018				
Trade receivables	6,534	–	–	6,534
Cash and bank balances	10,891	9,913	12,368	33,172
Trade payables	(42,848)	–	–	(42,848)
	(25,423)	9,913	12,368	(3,142)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's pre-tax profit to a reasonably possible change in the USD, EURO and others exchange rates against the respective functional currencies of the Group, with all other variables held constant.

Group	2019 RM	2018 RM
USD/RM	(6,683)	(2,542)
	6,683	2,542
EURO/RM	993	991
	(993)	(991)
Others/RM	1,236	1,237
	(1,236)	(1,237)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

38. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)*

38.4 Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage liquidity risk by maintaining sufficient cash. In addition, the Group and the Company maintains bank facilities such as working capital lines deemed adequate by the management to ensure it will have sufficient liquidity to meet its liabilities when they fall due.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on undiscounted contractual cash flows.

Group

	Carrying amount RM	Contractual interest rate	Contractual cash flow RM	Not later than 1 year RM	Later than 1 year but not later than 5 years RM	More than 5 years RM
2019						
Trade and other payables	3,912,516	–	3,912,516	3,912,516	–	–
Bank overdraft	100,041	8.32	100,041	100,041	–	–
Bankers' accceptances	724,000	3.89 - 5.87	724,000	724,000	–	–
Term loans	3,231,448	4.46 - 5.02	4,538,362	283,724	1,134,896	3,119,742
Islamic term financing	18,209,034	4.54 - 4.94	21,773,966	1,862,796	7,451,184	12,459,986
Lease liabilities	792,936	2.33 - 3.55	874,384	289,755	584,629	–
	26,969,975		31,923,269	7,172,832	9,170,709	15,579,728
2018						
Trade and other payables	3,023,954	–	3,023,954	3,023,954	–	–
Amount due to directors	6,254	–	6,254	6,254	–	–
Bank overdraft	98,673	8.31	98,673	98,673	–	–
Bankers' accceptances	633,000	5.63 - 6.13	633,000	633,000	–	–
Term loans	3,395,720	4.46 - 4.85	4,872,410	283,688	1,134,752	3,453,970
Islamic term financing	10,961,783	4.50 - 4.54	16,375,285	1,066,521	4,101,257	11,207,507
Finance lease liabilities	976,674	2.33 - 3.55	1,085,191	268,153	817,038	–
	19,096,058		26,094,767	5,380,243	6,053,047	14,661,477

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

38. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)*

38.4 Liquidity and cash flow risk (Cont'd)

Company

2019	**Carrying amount RM**	**Contractual interest rate**	**Contractual cash flow RM**	**Not later than 1 year RM**	**Later than 1 year but not later than 5 years RM**	**More than 5 years RM**
Other payables	157,238	–	157,238	157,238	–	–
Financial guarantee	22,264,523	–	22,264,523	22,264,523	–	–
	22,421,761		22,421,761	22,421,761	–	–
2018						
Other payables	149,585	–	149,585	149,585	–	–
Financial guarantee	15,089,176	–	15,089,176	15,089,176	–	–
	15,238,761		15,238,761	15,238,761	–	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

38.5 Classification of financial instruments

	Group		Company	
Financial assets	2019 RM	2018 RM	2019 RM	2018 RM
At amortised costs				
Trade receivables	8,514,062	8,095,270	329,900	662,190
Other receivables	631,524	653,380	2,017,661	2,026,561
Amount due from a subsidiary company	–	–	2,755,757	2,560,554
Short-term investments	13,522,357	11,472,067	4,303,404	3,810,367
Fixed deposits with licensed banks	111,770	171,481	–	–
Cash and bank balances	3,625,328	2,828,143	91,430	79,085
	26,405,041	23,220,341	9,498,152	9,138,757

	Group		Company	
Financial liabilities	2019 RM	2018 RM	2019 RM	2018 RM
At amortised costs				
Trade payables	1,984,113	1,503,042	–	–
Other payables	900,832	610,152	44,477	37,890
Amount due to directors	–	6,254	–	–
Bank overdraft	100,041	98,673	–	–
Bankers' acceptance	724,000	633,000	–	–
Finance lease liabilities	–	976,674	–	–
Term loans	3,231,448	3,395,720	–	–
Islamic term financing	18,209,034	10,961,783	–	–
Lease liabilities	792,936	–	–	–
	25,942,404	18,185,298	44,477	37,890

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

38.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

	Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value			
Group	**Level 1**	**Level 2**	**Level 3**	**Total**
2019	**RM**	**RM**	**RM**	**RM**
Financial liabilities				
Loan and borrowings	–	–	22,164,482	22,164,482
Bank overdraft	–	–	100,041	100,041
	–	–	22,264,523	22,264,523
2018				
Financial liabilities				
Loan and borrowings	–	–	15,967,177	15,967,177
Bank overdraft	–	–	98,673	98,673
Amount due to directors	–	–	6,254	6,254
	–	–	16,072,104	16,072,104
Company				
2019				
Financial asset				
Amount due from a subsidiary company	–	–	2,755,757	2,755,757
	–	–	2,755,757	2,755,757
2018				
Financial asset				
Amount due from a subsidiary company	–	–	2,560,554	2,560,554
	–	–	2,560,554	2,560,554

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

38.6 Fair value of financial instruments (Cont'd)

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

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

Level 2 fair value

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

Transfer between Level 1 and Level 2 fair values

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

Level 3 fair value

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

Amount due from a subsidiary company, loan and borrowings

The fair value of these financial instruments which is determine for disclosure purposes, are estimated by discounting expected future cash flows at market increment lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The interest rates used to discount estimated cash flows, when applicable, are as follows:

The responsibility for managing the above risks is vested in the directors.

39. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout Malaysia and around the world. On 16 March 2020, the Malaysian Prime Minister announced Movement Control Order ("MCO") which includes closure of all government and private premises except those involved in essential services effective 18 March 2020, through 14 April 2020 which was further extended to 12 May 2020 thereafter. The MCO may impact the Group and the Company's operations and overall business by delaying their business activities. There is uncertainty as to the duration and hence the potential impact. The directors of Group and the Company are unable to estimate the potential impact on their business as of the date of this financial statements and therefore the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's debts include trade payables, other payables, deposits and accruals, amount due to director, lease liabilities, bank overdraft and loan and borrowings less cash and cash equivalents.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	1,984,113	1,503,042	–	–
Other payables	1,928,403	1,520,912	157,238	149,585
Amount due to director	–	6,254	–	–
Bank overdraft	100,041	98,673	–	–
Lease liabilities	781,543	–	–	–
Loan and borrowings	22,164,482	15,967,177	–	–
Less: Cash and cash equivalents	(3,625,328)	(2,828,143)	(91,430)	(79,085)
Fixed deposits with a licensed bank	(111,770)	(171,481)	–	–
Short-term investments	(13,522,357)	(11,472,067)	(4,303,404)	(3,810,367)
	9,699,127	4,624,367	(4,237,596)	(3,739,867)
Equity attributable to owners of the Company	61,737,359	57,943,945	26,742,616	27,065,114
Capital and net debt	71,436,486	62,568,312	22,505,020	23,325,247
Gearing ratio	14%	7%	*	*

* The Company is in a cash positive position. Therefore, gearing ratio does not apply.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

41. MATERIAL LITIGATION

(i) GLS Tanks (M) Sdn. Bhd. vs Hooker Chemical Sdn. Bhd.

Hooker Chemical Sdn. Berhad ("HCSB"), a wholly-owned subsidiary of the Company entered into a Contract Agreement dated on 21 September 2016 to appoint GLS Tanks Malaysia Sdn Bhd ("GLS") to design, supply, deliver, install and carry out water leaking testing for Fiber Plant Wastewater Treatment Plant Project ("WWTP Project"). The Contract Agreement was executed for a total of EUR207,693 for the supply and RM75,000 for the installation.

On 26 October 2016, HCSB ("the Defendant") received a Notice of Adjudication dated on 21 October 2016 from GLS ("the Plaintiff"). The claim from GLS as stated in the Notice is RM304,498. HCSB has submitted its response to GLS's Notice of Adjudication on 15 February 2017.

On 26 April 2017, HCSB was served with a Writ of Summons and Statement of Claim in the High Court of Malaya at Shah Alam, Selangor by GLS.

The particulars of interest rate on the amount claimed for, and other relief sought which includes:

1) RM222,669 being the outstanding sum due to date;
2) General damages to be assessed for breach of contract;
3) Interests;
4) Costs; and
5) Any other relief that the Court deems fits.

There is no interest rate stated in the Statement of Claims.

During the case management on 18 May 2017, the High Court ("Court") suggested that the Plaintiff withdraw the claim and file the matter afresh in the Sessions Court since the total sum claimed will not exceed RM1,000,000. The Plaintiff has accepted the Court's suggestion and had filed a Notice of Discontinuance. The Notice of Discontinuance was subsequently served on the Defendant's solicitors on 25 May 2017. The Plaintiff's solicitors had informed that the Plaintiff will be filing the matter afresh in the Sessions Court and will serve the new Writ of Summons filed in the Sessions Court.

The Plaintiff has filed the matter afresh in the Sessions Court of Malaya at Shah Alam and the Defendant was served with a Writ of Summons and Statement of Claim, dated 26 May 2017, for the sum of RM222,669 in respect of the design, supply, installation and commissioning of a GLS Glass Fused Steel Tank in consideration of a contract sum of approximately EURO207,693 for the supply; and RM75,000.00 for the installation. The Writ of Summons and Statement of Claim were received by the Defendant's solicitors on 6 June 2017.

On 21 August 2018, both the Plaintiff and Defendant succeeded in their claim and counterclaim respectively, therefore both parties have to bear their own costs. The net effect is that the Plaintiff is to pay to the Defendant the sum of RM279,420.04 with interest.

On the same date, the Plaintiff had filed a Notice of Appeal against the part of the decision allowing the Defendant's counterclaim of sum of RM502,088.76 in the High Court of Malaya at Shah Alam. The Defendant has also filed a Notice of Appeal against the part of the decision allowing the Plaintiff's claim of sum of RM222,668.72 and interest of 5% thereon from 21.8.2018 until full realisation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

41. MATERIAL LITIGATION (CONT'D)

(i) GLS Tanks (M) Sdn. Bhd. vs Hooker Chemical Sdn. Bhd. (Cont'd)

The solicitors attended the Court on 5 April 2019 and the matter is now postponed to 13 May 2019 for hearing to allow parties time to explore the possibility of amicable settlement of the matter.

On 13 May 2019, the Judge dismissed both appeals by the parties with no order as to costs and maintained the decision of the Sessions Court, which would result in a net sum of RM279,400.04 with interest being payable by the Plaintiff to Defendant. Following the outcome of the decision, the Plaintiff has applied for leave to appeal to the Court of Appeal. The Plaintiff has also filed an appeal against the decision of the High Court Judge in dismissing the Plaintiff's appeal with no order as to costs.

On 24 June 2019, the Plaintiff's application for leave to appeal to the Court of Appeal has been fixed for hearing on 10 October 2019.

On 10 October 2019, the Plaintiff has withdrawn the application for leave to appeal to the Court of Appeal and its appeal to the Court of Appeal, the matter has come to a close and no further announcement will be made for this matter.

Based on appropriate legal advice, the Board of Directors do not expect the outcome of the legal suit against the Group and the Company to have a material impact on the financial position of the Group and the Company.

(ii) Mr. Chan Ah Kien vs Brite-Tech Berhad and Brite-Tech Corporation Sdn. Bhd.

On 22 January 2018, Brite-Tech Berhad ("BTECH" or the "1st Defendant") and Brite-Tech Corporation Sdn. Bhd. ("BCSB" or the "2nd Defendant"), a wholly-owned subsidiary of BTECH, were served with a Writ of Summons and Statement of Claim filed by a former director ("the Plaintiff") of BTECH and Hooker Chemical Sdn. Bhd. ("HCSB"), a wholly-owned subsidiary of BTECH. The Writ of Summons and Statement of Claim were received by BTECH on 26 January 2018 and by BCSB on 25 January 2018.

The Plaintiff in his Statement of Claim alleged that BTECH, BCSB and HCSB had via its employees, during 19 June 2017 to 22 June 2017 negligently divulged a letter from Lembaga Hasil Dalam Negeri containing his personal data to certain employees in BTECH, BCSB, HCSB and also to the tax agent.

The Plaintiff stated that the actions by the employees of BTECH and its subsidiaries had breached their duty of care in preserving his personal data as an ex-Director of the Group and did not obtain his prior consent before releasing his personal information to third parties.

The Plaintiff claims that the incidents have directly and indirectly caused the breach of confidence, breach of privacy, infringed his privacy by divulging his personal information such as salaries and director fees to staff, ex-staff and third parties in which as a result has caused embarrassment, anguish, humiliation, disappointment, frustration, loss of dignity and anxiety to the Plaintiff.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

41. MATERIAL LITIGATION (CONT'D)

(ii) Mr. Chan Ah Kien vs Brite-Tech Berhad and Brite-Tech Corporation Sdn. Bhd. (Cont'd)

The particulars of the amount claimed for, and other relief sought from the 1st and 2nd Defendant as follows:

a) General damages for negligence and breach of duty of care to be assessed by the Court;
b) General damages for breach of confidence;
c) General damages for breach of privacy;
d) Aggravated damages which is deemed fit by the Court;
e) Exemplary damages which is deemed fit by the Court;
f) BTECH and BCSB be instructed to disclose all the personal data in all agreements or contracts signed by the Plaintiff thus far;
g) BTECH and BCSB are to apologise publicly admitting the mistake in all major national newspapers in Malaysia;
h) Interest of 5% on all the amount stated in paragraph (a) to (e) to the date of judgement and full and final settlement;
i) Costs; and
j) Other relief which deemed fit and expedient by the Court.

On 2 April 2019, the solicitors of BTECH and BCSB attended the hearing of an interlocutory application filed by the Plaintiff. The Judge heard parties orally and, thereafter, dismissed the Plaintiff's application with costs of RM3,000 in favour of the Defendants.

On 14 October 2019, the solicitors of BTECH and BCSB attended the High Court today for the hearing of the decision of the Court and the Judge dismissed the Plaintiff's case with costs of RM20,000 each in favour of the Defendants.

The Plaintiff has filed an appeal on 13 November 2019 against the decision of the High Court Judge in dismissing the Plaintiff's case with costs of RM20,000 each in favour of the Defendants.

The solicitors of the Defendants attended the case management in the Court of Appeal on 7 January 2020 and informed the Court that the Record of Appeal has not been finalized by the Plaintiff. The appeal was subsequently fixed on 12 February 2020.

On 12 February 2020, the solicitors of the Defendants attended the case management and the Court subsequently directed as follows:

a) The Common Core Bundles are to be filed if the Record of Appeal exceeds more than five (5) volumes;
b) Written submissions are to be filed two (2) weeks before the date of the hearing of the Appeal. In the event that the submissions exceed thirty (30) pages, parties are to file an executive summary of not more than five (5) pages; and
c) The hearing of the Appeal is fixed on 1 October 2020.

42. COMPARATIVE FIGURES

During the year, the Group and the Company adopted MFRS 16, Leases. The Group and the Company generally applied MFRS 16 using modified retrospective method with optional exemptions as allowed by the standard. As permitted by MFRS 16, the Group and the Company have elected not to restate the comparative information.

STATISTIC OF SHAREHOLDINGS

AS AT 29 MAY 2020

Authorised Share Capital	-	RM50,000,000
Issued and Fully Paid-Up Share Capital	-	RM25,200,000
Class of Shares	-	Ordinary Share
Voting Rights	-	One vote per ordinary share
No. of Shareholders	-	1,442

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of Issued share capital
Less than 100	85	5.89	3,559	0.00
100 - 1,000	171	11.86	73,859	0.03
1,001 - 10,000	452	31.35	2,755,924	1.09
10,001 - 100,000	587	40.71	22,520,792	8.94
100,001 to less than 5% of issued shares	145	10.05	88,671,042	35.19
5% and above of issued shares	2	0.14	137,974,824	54.75
	1,442	100.00	252,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Name of Shareholders	No. of shares	% of shareholdings
1	Pang Wee See	113,152,861	44.90
2	Tan Boon Kok	24,821,963	9.85
		137,974,824	54.75

DIRECTORS' SHAREHOLDINGS

		No. of ordinary shares held			
	Name	Direct	%	Indirect	%
1	Pang Wee See	113,152,861	44.90	2,881,520	1.14
2	Tan Boon Kok	24,821,963	9.85	2,825,800 **	1.12
3	Kan King Choy	10,215,841	4.05	90,552 #	0.04
4	Ir. Koh Thong How	337,200	0.13	113,152,861 +	44.90
5	Ng Kok Ann	–	–	–	–
6	Wee Swee Cheng	–	–	–	–
7	Yee Oii Pah @ Yee Ooi Wah	2,544,320	1.01	113,152,861 ^	44.90

* Deemed interested by virtue of the shareholdings of 2,544,320 shares, of his spouse, Yee Oii Pah @ Yee Ooi Wah and 337,200 shares, of brother-in-law, Ir. Koh Thong How

\+ Deemed interested by virtue of the shareholdings of his brother-in-law, Pang Wee See

^ Deemed interested by virtue of the shareholdings of her spouse, Pang Wee See

** Deemed interested by virtue of the shareholdings of his spouse, Liong Mee Mee and his son, Tan Shern Tzer

\# Deemed interested by virtue of the shareholdings of his spouse, Lee Kim Peng

LIST OF 30 LARGEST SHAREHOLDERS

AS AT 29 MAY 2020

	Name of Shareholders	No. of Shares	%
1	PANG WEE SEE	113,152,861	44.90
2	TAN BOON KOK	24,821,963	9.85
3	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHONG FOONG MELW*	11,762,088	4.67
4	KAN KING CHOY	10,215,841	4.05
5	SEE TIAN CHWAN	3,528,000	1.40
6	CHAN AH KIEN	3,469,600	1.38
7	TAN LENG MOOI	3,220,000	1.28
8	TAN SHERN TZER	2,809,000	1.11
9	NG CHIN HENG	2,800,000	1.11
10	YEE OII PAH @ YEE OOI WAH	2,057,120	0.82
11	LEE YEW FAI	2,040,000	0.81
12	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YAP CHEE SENG*	1,950,292	0.77
13	LIANG G-E	1,787,681	0.71
14	LOW KHAR MING	1,700,000	0.67
15	YEE DE-SHENG	1,638,752	0.65
16	LEE SIONG CHUAN	1,091,100	0.43
17	LIM KING KING	1,084,000	0.43
18	YEOH POI LONG	975,828	0.39
19	WAYDAT MOTOR SDN. BERHAD	975,200	0.39
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YAP YUEN CHOY (8077937)*	974,400	0.39
21	YAP CHEE TEONG	900,000	0.36
22	PHUA SIN LOKE	840,000	0.33
23	TEO HWEE MIEN	814,800	0.32
24	GAN LAY KENG	800,000	0.32
25	CHOONG SHOW KEE	780,000	0.31
26	NOR AINI BINTI MOHAMMAD	730,000	0.29
27	TAY LAY CHENG	699,544	0.28
28	CHEAH YOKE THAI	698,904	0.28
29	TAN BOON ENG	619,800	0.25
30	LEE JIA YIAN	600,000	0.24
		199,536,774	79.18

LIST OF PROPERTIES

AS AT 31 DECEMBER 2019

The following are the properties held by the Group as at 31 December 2019:

A summary of the land and building owned by Brite-Tech Corporation Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2019 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S.(D) 29637, P.T. No. 5015, Mukim Damansara, Daerah Petaling, Selangor	Freehold Land & Building (Rented to related company)	42,880	15,750	Triple storey office block and a single storey detached factory	24	30,484
H.S.(M) 2273, P.T. No. 12144, Mukim Kapar, Daerah Klang, Selangor	Freehold Land & Building (Operational assets held for owner occupation)	4,220	850	Double storey semidetached factory	40	5,395
PM 60, Lot 20002, Pekan Nilai, Daerah Seremban Negeri Sembilan	Leasehold Land (99 years, expiring in 2/10/2085)	49,869	7,718	Triple storey office block and a single storey detached factory	2	42,996
H.S.(D) 153813, PT 74007, Mukim Kapar, Daerah Klang, Selangor	Freehold Land (Under construction)	65,326	5,226	Triple storey semi-detached office block and a single storey semi-detached factory	–	–
H.S.(D) 153814, PT 74008 Mukim Kapar, Daerah Klang, Selangor	Freehold Land (Under construction)	65,326	5,226	Triple storey semi-detached office block and a single storey semi-detached factory	–	–

LIST OF PROPERTIES

AS AT 31 DECEMBER 2019 (CONT'D)

A summary of the land and building owned by Spectrum Laboratories Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2019 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
GRN 284628, Lot 37098, Pekan Subang Jaya, Daerah Petaling, Selangor	Freehold Building (Assets held for investments)	1,765	3,885	Triple storey shophouse	27	5,161

A summary of the land and building owned by Rank Chemical Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2019 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (D) 31573, PTD 42295, Mukim and District of Kluang, Johor	Freehold Building (Operational assets held for owner occupation)	9,375	590	1½ storey detached factory	20	7,040
H.S. (D) 23144, PTD 38519, Mukim and District of Kluang, Johor	Freehold Building (Assets held for investments)	1,540	240	1½ storey shophouse	22	2,156
H.S.(D) 14153, PTD 32881, Mukim and District of Kluang, Johor	Freehold Building (Assets held for investments)	1,540	430	Double storey shophouse	25	3,080
PTD 42334, Mukim and District of Kluang, Johor*	Freehold Building (Operational assets held for owner occupation)	7,700	330	Double storey semidetached factory	18	4,675
PTD 42336, Mukim and District of Kluang, Johor*	Freehold Building (Operational assets held for owner occupation)	7,700	330	Double storey semidetached factory	18	4,675
H.S.(D) 299221, PTD 78237, Mukim Tebrau, Daerah Johor Bahru, Johor	Freehold Building (Assets held for investments)	1,540	525	Double storey shop office	16	3,080

LIST OF PROPERTIES

AS AT 31 DECEMBER 2019 (CONT'D)

A summary of the land and building owned by Rank Chemical Sdn. Bhd. is set out below: - (Cont'd)

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2019 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S.(D) 299222, PTD 78238, Mukim Tebrau, Daerah Johor Bahru, Johor	Freehold Building (Assets held for investments)	1,540	525	Double storey shop office	16	3,080
H.S.(D) 299223, PTD 78239, Mukim Tebrau, Daerah Johor Bahru, Johor	Freehold Building (Assets held for investments)	1,540	525	Double storey shop office	16	3,080
H.S.(D) 299224, PTD 78240, Mukim Tebrau, Daerah Johor Bahru, Johor	Freehold Building (Assets held for investments)	1,540	525	Double storey shop office	16	3,080

A summary of the land and building owned by Sincere United Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2019 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (D) 97263, P.T. No. 27732, Mukim and District of Petaling, State of Selangor	Leasehold Land & Building (87 years, expiring in 14/11/2090) (Assets held for investments)	1,604	745	Single storey terrace factory	31	1,600

LIST OF PROPERTIES

AS AT 31 DECEMBER 2019 (CONT'D)

A summary of the land and building owned by Spectrum Laboratories (Penang) Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2019 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
GM 8217, Lot No. 4567, Mukim 14, District Seberang Perai Tengah, Pulau Pinang	Freehold Building (Operational assets held for owner occupation)	1,540	535	Double storey shophouse	27	2,640
GM 8218, Lot No. 4568, Mukim 14, District Seberang Perai Tengah, Pulau Pinang	Freehold Building (Operational assets held for owner occupation)	1,540	535	Double storey shophouse	27	2,640

A summary of the land and building owned by Spectrum Laboratories (Johore) Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2019 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
GRN 370208, Lot 122667, Mukim Tebrau, Daerah Johor Bahru, Johor	Freehold Building (Assets held for investments)	1,870	575	Double storey shop office	8	3,740
GRN 370209, Lot 122668, Mukim Tebrau, Daerah Johor Bahru, Johor	Freehold Building (Assets held for investments)	1,870	575	Double storey shop office	8	3,740
GRN 370210, Lot 122669, Mukim Tebrau, Daerah Johor Bahru, Johor	Freehold Building (Assets held for investments)	1,870	575	Double storey shop office	8	3,740
GRN 370211, Lot 122670, Mukim Tebrau, Daerah Johor Bahru, Johor	Freehold Building (Assets held for investments)	1,870	575	Double storey shop office	8	3,740

LIST OF PROPERTIES

AS AT 31 DECEMBER 2019 (CONT'D)

A summary of the land and building owned by Spectrum Laboratories (Johore) Sdn. Bhd. is set out below: - (Cont'd)

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2019 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
GRN 370212, Lot 122671, Mukim Tebrau, Daerah Johor Bahru, Johor	Freehold Building (Assets held for investments)	1,870	575	Double storey shop office	8	3,740
GRN 178731, Lot 57697, Mukin Pelentong, District Johor Bahru, Johor	Freehold Building (Operational assets held for owner occupation)	2,400	1,100	Double storey shop office	28	4,800

A summary of the land and building owned by Tan Tech-Polymer Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2019 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
PN 57351, Lot 63492, Mukim Durian Tunggal, Daerah Alor Gajah, Melaka	Leasehold Land & Building (99 years, expiring in 25/03/2113) (Operational assets held for owner occupation)	5,005	900	One and a half storey semidetached factory	4	3,400
PN 57352, Lot 63493, Mukim Durian Tunggal, Daerah Alor Gajah, Melaka	Leasehold Land & Building (99 years, expiring in 25/03/2113) (Operational assets held for owner occupation)	9,386	1,200	One and a half storey semidetached factory	4	3,400

Note:-

The properties were revalued on 31 December 2019. The valuations were carried out by Messrs. Nasir, Sabarudin & Associates, an independent qualified valuer registered with the Board of Valuers, Appraisers and Estate Agents Malaysia based on the Comparison Method of Valuation

BRITE-TECH BERHAD

Registration No. 200101014455 (550212-U)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	CDS Account No.

I/We ....

of ....

being a member/members of **BRITE-TECH BERHAD** hereby appoint ....

....

1) Name of proxy: .... NRIC No: ....
(Full Name in Block Capitals)

Address: ....

No. of shares Represented: ....

2) Name of proxy: .... NRIC No: ....
(Full Name in Block Capitals)

Address: ....

No. of shares Represented: ....

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company, to be held at the Broadcast Venue at Brite-Tech Berhad Conference Room, Lot 14 (PT 5015), Jalan Pendamar 27/90, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan on Friday, 10 July 2020 at 10.00 a.m. and any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicated below:

No.	Resolution	For	Against
1.	To declare a final single tier dividend of 0.80 sen per ordinary share in respect of the financial year ended 31 December 2019.		
2.	To approve the payment of Directors' fees of RM290,400.00 and benefits of RM40,200.00 for the financial year ended 31 December 2019.		
3.	To approve the payment of Directors' fees and benefits up to RM465,000.00 from 1 January 2020 until the next Annual General Meeting.		
	To re-elect the following Directors who are retiring by rotation, pursuant to Clause 104 of the Constitution of the Company, and being eligible, offer themselves for re-election :-		
4.	Mr. Tan Boon Kok		
5.	Mr. Ng Kok Ann		
	To re-elect the following Director who are retiring pursuant to Clause 110 of the Constitution of the Company, and being eligible, offer himself for re-election :-		
6.	Mr. Wee Swee Cheng		
7.	To re-appoint Messrs CAS Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
	Special Business		
8.	**Ordinary Resolution** - To authorise the Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016.		
9.	**Ordinary Resolution** - To approve the continuing in office of Mr. Ng Kok Ann as Independent Non-Executive Director.		
10.	**Ordinary Resolution** - To approve the Proposed Authority for Purchase of Own Shares by the Company		

(Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain at his/their discretion)

Signed this .... day of 2020

....
Signature/Common Seal of Shareholder(s)

Notes :

1. *The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders and hence, is not put forward.*
2. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
3. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *The instrument of appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing in that behalf.*
6. *The instrument appointing a proxy must be deposited at the Registered Office at B-25-2, Block B, Jaya One, No. 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote.*
7. *Only a depositor whose name appears on the Record of Depositors as at 3 July 2020 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.*
8. *According to Clause 64 of the Constitution of the Company and pursuant to Paragraph 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

PERSONAL DATA PRIVACY :

By submitting an instrument appointing a proxy(ies) and / or representative(s) to attend, speak and vote at the Company's AGM and/or any adjournment thereof, a member of the Company:-

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes").

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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AFFIX
STAMP

The Company Secretary

BRITE-TECH BERHAD

Registration No. 200101014455 (550212-U)
B-25-2, Block B, Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

2nd Fold Here

Fold This Flap For Sealing

BRITE-TECH BERHAD
Registration No. 200101014455 (550212-U)