



Malpac Holdings Berhad
199001005856 (197424-V)

ANNUAL REPORT 2020

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NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of the Company will be held at Presidents Room, Royal Selangor Club, Jalan Raja, 50704 Kuala Lumpur on Thursday, 26 November 2020 at 2.30 p.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1 on Ordinary Business)
2. To approve the payment of Directors' fees of RM60,000.00 for the financial year ended 30 June 2020. (Resolution 1)
(Please refer to Explanatory Note 2 on Ordinary Business)
3. To approve the payment of Directors' benefits of up to RM400,000.00 for the period from the conclusion of the Thirtieth Annual General Meeting till the next Annual General Meeting of the Company. (Resolution 2)
(Please refer to Explanatory Note 2 on Ordinary Business)
4. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Company's Constitution:- (Please refer to Explanatory Note 3 on Ordinary Business)
 - (i) Mr. Tan Chon Sing @ Tan Kim Tieng; (Resolution 3)
 - (ii) Mr. Lim Hong Liang; and (Resolution 4)
 - (iii) Encik Muhayuddin Bin Musa. (Resolution 5)
5. To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration. (Please refer to Explanatory Note 4 on Ordinary Business)
(Resolution 6)

SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION
AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** (Please refer to Explanatory Note 1 on Special Business)

"THAT subject always to the Companies Act, 2016 ("the Act"), the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and the approvals of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time at such price, upon such terms and conditions, and 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 pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and THAT the Directors be and are hereby also authorised to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting." (Resolution 7)
7. **ORDINARY RESOLUTION
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES** (Please refer to Explanatory Note 2 on Special Business)

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:- (Resolution 8)

 - (i) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
 - (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.

("Proposed Share Buy-Back").

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

- (a) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

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

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

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- (viii) To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

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

8. ORDINARY RESOLUTIONS CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

(Please refer to Explanatory
Note 3 on Special Business)

- (i) "THAT approval be and is hereby given to Encik Johari Low Bin Abdullah who has served as a Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." (Resolution 9)
- (ii) "THAT subject to the passing of Resolution 5 above, approval be and is hereby given to Encik Muhayuddin Bin Musa who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." (Resolution 10)

- 9. To consider any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

WONG WAI FOONG [SSM PC NO. 202008001472 (MAICSA 7001358)]
NG BEE LIAN [SSM PC NO. 201908003459 (MAICSA 7041392)]
YAP SIT LEE [SSM PC NO. 202008001865 (MAICSA 7028098)]
Company Secretaries

Kuala Lumpur
28 October 2020

Notice Of Thirtieth Annual General Meeting (Continued)

NOTES:-

APPOINTMENT OF PROXY

- (a) For the purpose of determining who shall be entitled to attend this Annual General Meeting (“AGM”), the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a **Record of Depositors** as at 19 November 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
- (b) A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her/its place. A proxy may but need not be a member of the Company.
- (c) A member of the Company who is entitled to attend and vote at an AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the AGM.
- (d) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- (e) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“**Central Depositories Act**”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (f) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (g) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (h) The appointment of a proxy may be made in a hard copy form and must be deposited with the Share Registrar of the Company at Lot 9-7, Menara Sentral Vista, No 150 Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
- (i) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company’s Share Registrar of the Company at Lot 9-7, Menara Sentral Vista, No 150 Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (j) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (k) Last date and time for lodging this proxy form is Tuesday, 24 November 2020 at 2.30 p.m.
- (l) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:-
 - (a) Identity card (NRIC) (Malaysian), or
 - (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - (c) Passport (Foreigner).
- (m) For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company’s registered office earlier.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only. They do not require shareholders’ approval and hence, will not be put forward for voting by shareholders of the Company.

2. PAYMENT OF DIRECTORS’ FEES AND BENEFITS

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

The proposed Resolution 2, if approved, will authorise the payment of Directors’ Benefits comprises allowance and other emoluments/benefits payable to Chairman and the Non-Executive Directors. The current board remuneration policy is set out below:-

DESCRIPTION	RM
Monthly allowance (per month)	1,000.00
Meeting allowance (per Board of Directors meeting)	1,500.00
Other Benefits	Medical and health care coverage; Business Travel and Accommodation and other benefits

Note: The Group’s Executive Directors do not receive the above said Directors’ Benefits other than those specified in the service contract of the respective Executive Director of the Group.

The estimated amount from the conclusion of the 30th Annual General Meeting until the next Annual General Meeting in 2021 is RM400,000.00. In the event that the proposed Directors’ Benefits are insufficient, approval will be sought at the next Annual General Meeting for the shortfall.

3. RE-ELECTION OF DIRECTORS

Mr. Tan Chon Sing @ Tan Kim Tieng, Mr. Lim Hong Liang and Encik Muhayuddin Bin Musa are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Annual General Meeting.

The Board has also through the Nomination Committee assessed the independence of Encik Muhayuddin Bin Musa and satisfied that he has complied with the criteria on independence as prescribed by the Listing Requirements of Bursa Securities.

4. RE-APPOINTMENT OF AUDITORS

The Audit Committee has at its meeting held on 21 August 2020 assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs PKF as External Auditors of the Company for the financial year ending 30 June 2021. The Board has in turn reviewed the recommendation of the Audit Committee and recommended the same to be tabled for approval at the forthcoming 30th Annual General Meeting of the Company under Resolution 6.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The proposed Resolution 7 is the renewal of the mandate obtained from the members at the last Annual General Meeting (“the previous mandate”). As at the date of this Notice, the Company did not issue and allot any shares pursuant to the mandate granted to the Directors at the Twenty-Ninth Annual General Meeting held on 28 November 2019 as there were no requirement for such fund raising activities.

The proposed Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company’s future investment project(s), working capital and/or acquisition(s), any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier.

2. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

The proposed Resolution 8, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 28 October 2020 in relation to the Proposed Renewal of Authority for Share Buy-Back for further details.

3. CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine years.

Encik Muhayuddin Bin Musa and Encik Johari Low Bin Abdullah were appointed to the Board on 9 March 2005 and 9 May 2007 respectively and have therefore served as the Independent Directors of the Company for a cumulative term of more than nine (9) years.

The Board of Directors has through the Nomination Committee assessed the independence of Encik Johari Low Bin Abdullah and Encik Muhayuddin Bin Musa and recommended them to continue to act as Independent Directors of the Company based on the following justifications:-

- (i) they have fulfilled the criteria under the definition on Independent Director as stated in the Listing Requirements of Bursa Securities and are therefore able to bring independent and objective judgment to the Board;
- (ii) they have been with the Company for many years and are familiar with the Company’s business operations, thus enabling them to contribute actively and effectively during deliberations or discussions at Board meetings;
- (iii) their length of service on the Board does not in any way interfered with their exercise of independent judgement. They have remained objective and independent in expressing their views and participating in deliberation and decision making of the Board and Board Committees;
- (iv) their vast experience in accounting, finance and banking and business management enables them to provide the Board, as the case may be, with pertinent expertise, skills and competence;
- (v) they have continued to exercise their independence and due care during their tenure as Independent Directors of the Company and carried out their duties in the interest of the Company and shareholders; and
- (vi) they have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors.

The proposed Resolutions 9 and 10, if passed, will enable Encik Johari Low Bin Abdullah and Encik Muhayuddin Bin Musa to continue to act as Independent Directors of the Company.

ADMINISTRATIVE GUIDE FOR MALPAC HOLDINGS BERHAD 30TH ANNUAL GENERAL MEETING

Date : 26 November 2020 (Thursday)

Time : 2:30 p.m.

Venue : Presidents Room, Royal Selangor Club, Jalan Raja, 50704 Kuala Lumpur

1. PUBLIC HEALTH PREVENTIVE MEASURES

In light of the recent COVID-19 pandemic outbreak, we would appreciate it if all shareholders/proxies including the attendees could kindly take all necessary precautions and preventive measures as issued or directed by the Ministry of Health whilst when attending the 30th AGM.

If you have travelled overseas to affected countries in the past fourteen (14) days or if you are unwell with sore throat, flu, fever, cough, shortness of breath or any symptoms of the COVID-19, please do not attend the 30th AGM and quarantine yourself at home.

2. BE RESPONSIBLE AND SAFEGUARD MEASURES DUE TO COVID-19 PANDEMIC

- (a) All attendees who were screened and tested positive or is believed to be suffering from pneumonia symptoms (which include fever, cough, breathing difficulties) kindly do not attend the 30th AGM and be responsible.
- (b) Your safety is our priority. We have taken the following precautionary measures to contain the spread of the COVID-19 to ensure the safety of attendees at the 30th AGM:-
 - (i) If you have returned from or travelled overseas in the past 14 days, please quarantine yourself at home and not to attend the 30th AGM but to appoint a proxy to attend on your behalf instead.
 - (ii) Shareholders are encouraged to appoint the Chairman of the 30th AGM as your proxy to attend and vote on your behalf at the 30th AGM. You may submit your Proxy Forms with pre-determined voting instructions for the Chairman to vote for and on your behalf.
 - (iii) The Company reserves the right to limit the total number of physical attendees at the 30th AGM pursuant to the requirements by the relevant authorities. Hence, the entrance to the meeting venue is based on first-come-first-serve basis and again, safety is a non-negotiable priority for the Company.
 - (iv) The Company will take precautionary measures by conducting temperature checks on all attendees upon arrival at the meeting venue. You will not be allowed to enter the meeting venue if you have the symptoms as specified under item (a) or having a body temperature above 37.5 °C. All attendees are advised to sanitise their hands and wear face mask before entering and at all times while at the meeting venue.

3. DEPOSIT OF PROXY FORM

- (a) A member entitled to attend and vote is entitled to appoint proxy/proxies to attend and vote instead of him. If you are unable to attend the 30th AGM and wish to appoint a proxy to vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions printed therein.
- (b) The original hardcopy of Proxy Form or the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of attorney or authority, can be deposited with the Share Registrar of the Company at Lot 9-7, Menara Sentral Vista, No 150 Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur no later than **Tuesday, 24 November 2020 at 2.30 p.m.**

4. **REGISTRATION**

- (a) Registration will start at 1:30 p.m. on the day of the 30th AGM up to the time of the commencement of the 30th AGM at 2:30 p.m. Please do go to the meeting venue as early as possible and follow the signage to find your way to the registration desk to register your attendance and join the queue accordingly and observe social distancing.
- (b) Please produce your original MyKad/Passport at the registration counter for verification.
- (c) After the verification, your MyKad/Passport will be returned to you.
- (d) No person will be allowed to register on behalf of another person even with the original MyKad/Passport of that other person.

5. **VOTING PROCEDURES**

- (a) Voting will be conducted by poll. The Company has appointed Sctrars Management Sdn. Bhd. as the Poll Administrator and TMF Administrative Services Malaysia Sdn. Bhd. as the Scrutineer to verify the poll results.
- (b) During the 30th AGM, the Chairman will invite the Poll Administrator to brief on the voting procedures.
- (c) While the verification and counting of votes by the Scrutineer is in progress, all attendees are required to remain seated or if you wish to leave your seat, please maintain social distancing of one (1) meter.

6. **NO BREAKFAST/LUNCH PACKS, DOOR GIFTS OR FOOD VOUCHERS**

To ensure social and physical distancing as well as a measure to control the crowd at the 30th AGM, there will be no distribution of breakfast/lunch packs, door gifts or food vouchers to attendees at the 30th AGM.

Enquiry

If you have any queries prior to this 30th AGM, please contact the number below during office hours from 9:00 a.m. to 5:00 p.m. on Monday to Friday (except for Public Holidays):-

For general enquiries:

Malpac Holdings Berhad
4th Floor, Wisma Concorde
No.2 Jalan Sultan Ismail, 50250 Kuala Lumpur

Name : Mr. CS Lee
Telephone No. : +603-2145 2033

Board Of Directors

Encik Muhayuddin Bin Musa (<i>Chairman</i>)	Independent Non-Executive Director
Mr Chew Loy Chee (<i>Deputy Chairman</i>)	Non-Independent Non-Executive Director
Mr Lim Hong Liang	Non-Independent Executive Director
Mr Kan Ah Chun	Non-Independent Executive Director
Mr Tan Chon Sing @ Tan Kim Tieng	Non-Independent Executive Director
Mr Gan Teck Chong @ Gan Kwan Chong	Non-Independent Non-Executive Director
Encik Johari Low Bin Abdullah	Senior Independent Non-Executive Director

Chief Executive Officer

Mr Ang Poo Guan

Audit Committee

Chairman: Encik Johari Low Bin Abdullah

Members: Encik Muhayuddin Bin Musa
Mr Gan Teck Chong @ Gan Kwan Chong

Remuneration Committee

Chairman: Encik Muhayuddin Bin Musa

Members: Encik Johari Low Bin Abdullah
Mr Gan Teck Chong @ Gan Kwan Chong

Nomination Committee

Chairman: Encik Johari Low Bin Abdullah

Members: Encik Muhayuddin Bin Musa
Mr Gan Teck Chong @ Gan Kwan Chong

Investment Committee

Chairman: Mr Lim Hong Liang

Members: Mr Tan Chon Sing @ Tan Kim Tieng
Mr Kan Ah Chun
Mr Ang Poo Guan

Risk Management Committee

Chairman: Mr Lim Hong Liang

Members: Encik Muhayuddin Bin Musa
Encik Johari Low Bin Abdullah

Company Secretary

Ms Ng Bee Lian [SSM PC No. 201908003459 (MAICSA 7041392)]
Ms Wong Wai Foong [SSM PC No. 202008001472 (MAICSA 7001358)]
Ms Yap Sit Lee [SSM PC No. 202008001865 (MAICSA 7028098)]

Registered Office

Unit 30-01, Level 30, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel : 03-27839191
Fax : 03-27839111

Principal Place Of Business

2nd Floor, No. 23, Jalan Kong Sang
70000 Seremban, Negeri Sembilan Darul Khusus
Tel : 06-7653816 & 7653836
Fax : 06-7653815

External Auditors

Messrs PKF (AF 0911)
Level 33, Menara 1MK
Kompleks 1 Mont' Kiara
No. 1, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur

Tax Consultant

PKF Tax Services Sdn Bhd
Level 33, Menara 1MK
Kompleks 1 Mont' Kiara
No. 1, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur

Solicitors

Logan Sabapathy & Co
Weng & Co
Leong & Partners

Share Registrar

Sectrars Management Sdn Bhd
Lot 9-7 Menara Sentral Vista
No. 150 Jalan Sultan Abdul Samad Brickfields
50470 Kuala Lumpur
Tel : 03-22766138
Fax : 03-22766131

Principal Bankers

CIMB Bank Berhad
Hong Leong Islamic Bank Berhad
Alliance Bank Malaysia Berhad

Stock Exchange Listing

Bursa Malaysia Securities Berhad Main Market
Stock Name : Malpac
Stock Code : 4936

Company Website

<http://www.malpac.com.my>

PROFILE OF BOARD OF DIRECTORS AND KEY MANAGEMENT

ENCIK MUHAYUDDIN BIN MUSA

Chairman

Encik Muhayuddin Bin Musa, Malaysian, male, aged 57, was appointed to the Board of Malpac Holdings Berhad as an Independent and Non-Executive Director on 9 March 2005 and re-designated as Independent & Non-Executive Chairman on 14 August 2012. He is the Chairman of the Remuneration Committee and member of the Audit, Nomination and Risk Management Committee of the Company. He graduated with a Bachelor of Commerce (Hons) degree from the Carleton University, Ottawa, Canada. He started his career as a Financial Officer with Lembaga Letrik Negara ('LLN') (1985 – 1987). Thereafter, he joined the banking industry and has held various positions in both local and foreign banks. Subsequently, in 1993 he joined Federal Furniture Holdings (M) Berhad as Corporate Affairs Manager and Managing Director of a subsidiary of Federal Furniture Holdings (M) Berhad. Encik Muhayuddin is currently the Executive Director/Chief Executive Officer of Computer Forms (Malaysia) Berhad, a post he continues to hold till today since 1998.

Encik Muhayuddin attended all the four (4) Board Meetings held in the financial year ended 30 June 2020.

MR CHEW LOY CHEE

Deputy Chairman

Mr. Chew Loy Chee, Singaporean/Malaysian Permanent Resident, male, aged 84, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board as Deputy Chairman on 31 May 1990. He was engaged in the commercial banking sector for twenty years prior to being involved in the stockbroking industry and was a member of the KLSE (now known as Bursa Malaysia) from 1976 to 2001. He started as a senior partner of a stockbroking firm in Seremban from 1976 to March 1987. The firm was converted into a private limited company in April 1987 and he was appointed a director of the company till to date. The stockbroking business of the company was disposed to a third party in 2001. He served as a remisier in the new stockbroking outfit from 2001 to October 2016. He also sits on the Board of several other companies within the Malpac Group.

Mr. Chew attended three (3) out of four (4) Board Meetings held in the financial year ended 30 June 2020.

MR TAN CHON SING @ TAN KIM TIENG

Mr. Tan Chon Sing @ Tan Kim Tieng, Malaysian, male, aged 81, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He is a member of the Investment Committee of the Company. He graduated from Nanyang University in 1963 with a Bachelor of Commerce degree and was a banker for eleven years before joining the stockbroking industry in 1976 as Manager in a stockbroking firm in Seremban which was converted into a private limited company in 1987 and he was duly appointed a director of the company. The stockbroking business was disposed to a third party in 2001 and his position was converted to that of a remisier in the new outfit till October 2017. His directorship in other public listed company is in Three-A Resources Bhd. He also sits on the Board of several other companies within the Malpac Group as well as a few other private limited companies.

Mr. Tan attended all the four (4) Board Meetings held in the financial year ended 30 June 2020.

MR GAN TECK CHONG @ GAN KWAN CHONG

Mr. Gan Teck Chong @ Gan Kwan Chong, Malaysian, male, aged 73, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He is a member of the Audit, Remuneration and Nomination Committees of the Company. He has been in the stockbroking business for more than forty years. He commenced his career as a remisier in a stockbroking firm in Melaka and subsequently appointed as a partner of a stockbroking firm in Seremban. He was then appointed as director of the same stockbroking firm when it was converted into a private limited company in April 1987. The stockbroking business of the company was disposed to a third party in 2001 and his position was then converted to that of a remisier in the new outfit. He also sits on the Board of several other companies within the Malpac Group and currently holds a dealer's representative license under the Securities Industry Act, 1983.

Mr. Gan attended all the four (4) Board Meetings held in the financial year ended 30 June 2020.

MR LIM HONG LIANG

Mr. Lim Hong Liang, Malaysian, male, aged 61, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 16 October 1990. He is the Chairman of the Investment and Risk Management Committee of the Company. He holds a Bachelor of Commerce (Accounting) and Master of Commerce from University of New South Wales, Sydney. Before joining Malpac, he was employed in the commercial banking sector for six years. He is a director of a public listed company, APB Resources Berhad and also sits on the Board of few other companies within the Malpac Group as well as several other private limited companies.

Mr. Lim attended all the four (4) Board Meetings held in the financial year ended 30 June 2020.

MR KAN AH CHUN

Mr. Kan Ah Chun, Malaysian, male, aged 67, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 10 September 1996. He is a member of the Investment Committee of the Company. After graduating from University of Malaya with a Bachelor of Science (Hons) Degree in 1977, he was attached to the teaching profession from 1978 to 1982. He then joined a commercial bank until 1996 when he joined Malpac Securities Sdn. Bhd. He also sits on the Board of a company within the Malpac Group as well as several other private limited companies.

Mr. Kan attended all the four (4) Board Meetings held in the financial year ended 30 June 2020.

ENCIK JOHARI LOW BIN ABDULLAH

Encik Johari Low Bin Abdullah, Malaysian, male, aged 69, was appointed to the Board of Malpac Holdings Berhad as an Independent and Non-Executive Director on 9 May 2007. He is also the Chairman of the Audit and Nomination Committees and a member of the Remuneration and Risk Management Committees of the Company. Encik Johari is a Fellow Member of The Institute of Chartered Accountants (England & Wales), the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a member of Mensa International. He was previously an auditor with Coopers Lybrand London and Deloitte Kuala Lumpur, Executive Director of Ambank Group, Group Managing Director of Berjaya Group Berhad, CEO of KFC Holdings (M) Berhad and Deputy Chairman of Anglo Eastern Plantations PLC. He is currently the Chairman of the Rockwills International Group, a leading estate planning group in Malaysia.

Encik Johari attended all the four (4) Board Meetings held in the financial year ended 30 June 2020.

NONE OF THE DIRECTORS HAS:

- Any family relationship with any other Director and/or major shareholder of Malpac Holdings Berhad.
- Any conflict of interest with Malpac Holdings Berhad.
- Any conviction for offences within the past five years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

MR ANG POO GUAN

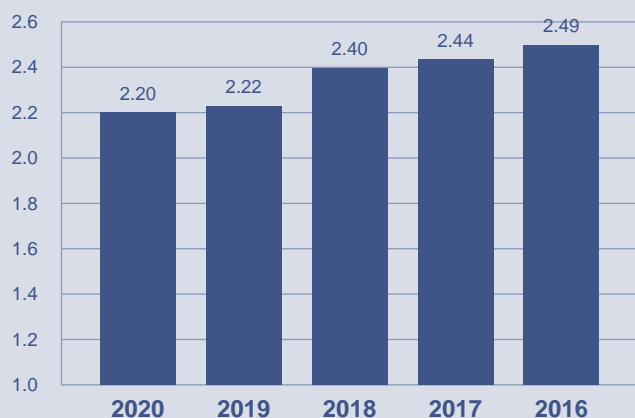
Chief Executive Officer

Mr. Ang Poo Guan, Malaysian, male, aged 71, was appointed as Chief Executive Officer of Malpac Holdings Berhad on 1 March 2002. He also holds directorships in a few subsidiary companies of the Group. He is a member of the Investment Committee of the Company. He graduated from the University of Malaya in 1972 with a Bachelor of Agric. Sc. (Hon.) degree. He joined a plantation management company for a short stint before joining an agricultural development bank in 1973. In 1980 he joined a foreign commercial bank where he rose to the position of Senior Vice President. In 1996, he left the banking sector to join Malpac Management Sdn. Bhd., a subsidiary of Malpac Holdings Berhad, where he was appointed Chief Executive Officer cum Director. He is also a director of several private limited companies. Mr Ang holds 168,500 (0.22%) shares indirectly in Malpac Holdings Berhad. He does not have any family relationship with any director and/or major shareholder of Malpac Holdings Berhad, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years or any public sanction or penalty imposed by the regulatory bodies during the financial year.

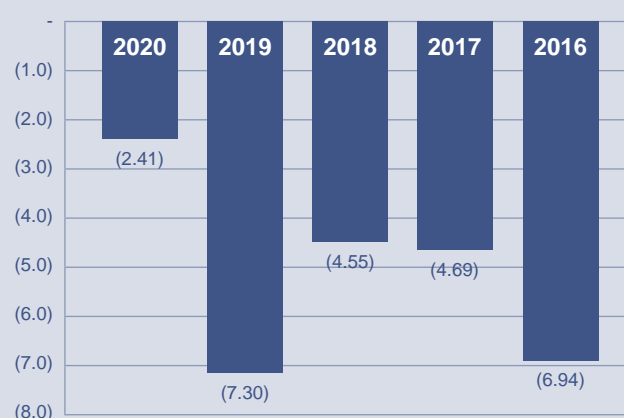
GROUP FINANCIAL HIGHLIGHTS

5-YEAR FINANCIAL HIGHLIGHTS (Ringgit Malaysia)	2020	2019	2018	2017	2016
A STATEMENT OF COMPREHENSIVE INCOME					
1 Revenue	3,566,793	4,190,971	4,971,584	33,987,998	6,271,797
2 EBITDA	(1,378,198)	(5,093,420)	(3,082,949)	(1,407,551)	(1,965,353)
3 (Loss)/Profit before tax	(1,781,664)	(5,474,444)	(3,405,059)	(3,514,208)	(5,382,532)
4 Profit after tax	(1,806,776)	(5,474,629)	(3,411,349)	(3,514,465)	(5,205,872)
5 Net (loss)/profit attributable to equity holders	(1,806,776)	(5,474,629)	(3,411,349)	(3,514,465)	(5,205,872)
B STATEMENT OF FINANCIAL POSITION					
1 Total assets	209,760,482	211,052,046	221,595,903	218,853,137	194,930,148
2 Total liabilities	44,886,449	44,371,237	41,940,465	35,786,350	8,348,896
3 Shareholders' equity	164,874,033	166,680,809	179,655,438	183,066,787	186,581,252
C FINANCIAL INDICATORS					
1. Return on equity (%)	(1.10)	(3.28)	(1.90)	(1.92)	(2.79)
2. Return on total assets (%)	(0.86)	(2.59)	(1.54)	(1.61)	(2.67)
3. (Loss)/Earnings per share (sen)	(2.41)	(7.30)	(4.55)	(4.69)	(6.94)
4. Net assets per share (RM)	2.20	2.22	2.40	2.44	2.49
5. Share price as at the financial year/period end (RM)	0.52	0.79	0.95	1.32	1.60

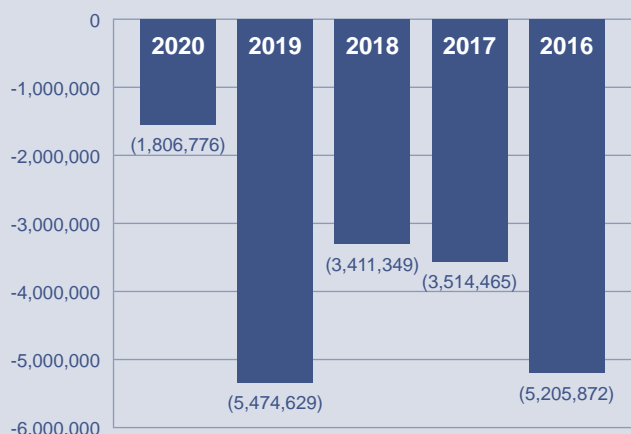
NET ASSET PER SHARE (Ringgit Malaysia)



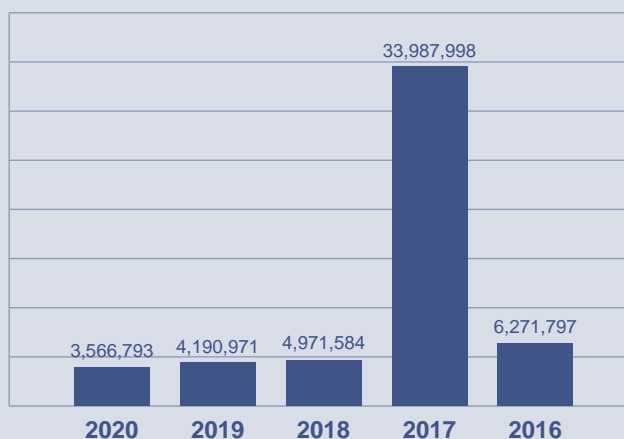
BASIC EARNINGS PER SHARE (Ringgit Malaysia)



PROFIT AFTER TAX (Ringgit Malaysia)



REVENUE (Ringgit Malaysia)



MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Malpac Holdings Berhad (“**Malpac**”) started as a stock broking firm in 1976 under the name of Chew & Teo. The Company was listed on the Main Market of Bursa Malaysia on 12 December 1990 with an authorized capital of RM50 million and a paid up of RM25 million. In September 1995, the Company increased its authorized capital to RM200 million and paid up to RM62.5 million. In 1996, the paid-up capital was further increased to RM75 million. The Company is an investment holding that owns investments such as properties and shares for long term investment and derives investment income.

On 17 February 2020, Bursa Malaysia Securities Berhad (“**Bursa Securities**”) wrote to the Company requiring the Company to make an announcement on the triggering of paragraph 8.03A of the Main Market Listing Requirements (“**MMLR**”) on the basis that, among others:-

- (i) The Company has been recording zero revenue from oil palm businesses since financial year ended 31 December 2012 until to date.
- (ii) The Company has recorded the disposal of its investments, property plant and equipment and the prepaid land lease payment in its annual report for the financial year ended 30 June 2017 and recognized a gain on disposal of RM25,646,787.

Accordingly, the Company is now classified as an affected listed issuer. The announcement was therefore made in furtherance of that requirement by Bursa Securities, but without prejudice to the Company’s pending legal proceedings which are now before the Federal Court. The essence of the pending proceedings is to seek guidance/directions from the Courts on the applicability of Section 132C of the Companies Act 1965 and the MMLR and their implications on the implementation of the Federal Court Order of 2013 in light of the Company’s failure to obtain fresh shareholders’ approval to complete the 2002 composite agreements. A favorable outcome of these pending legal proceedings would have a positive impact on reversing the position of the Company as an affected issuer.

Review of Financial Results

The Group revenue from its investment holding activities was RM3.567 million, approximately 14.9% lower than the preceding financial year of approximately RM4.191 million. The lower revenue was largely due to lower overnight policy rate (“OPR”), as part of the response to the Covid-19 pandemic that has lowered the yield of all kinds of income instruments, including but not limited to the unit trusts that the Group has invested.

For the financial year ended 30 June 2020 (“**FYE 2020**”), the pre-tax loss was narrowed to RM1.807 million and/or loss per share of 2.41 cent per share as compared with RM5.47 million in the preceding financial year. The lower loss was due to (i) lower fair value loss on quoted shares and unit trust held of approximately RM1.88 million for the FYE 2020 as compared to RM3.34 million in the preceding year and (ii) lower administrative expenses by approximately RM1.1 million.

Prospect

Pending the outcome of the Federal Court hearing of our application for leave to appeal against the Court of Appeal’s decision against us, the Board will continue in its efforts to source for suitable investment opportunities. In light of that the Company has fallen within the provisions of the Chapter 8.03A of the MMLR (company with insignificant level of operations), the Company has approximately fifteen (15) months to submit its regularization plan to the relevant authorities for approval.

The Group will continue to adopt highly prudent practices to protect the shareholder’s best interest despite the uncertainties ahead. Demand for crude palm oil is expected to remain stable due to consumption growth and expansion of downstream applications of crude palm oil. The demand growth is however offset by higher number of mature estates particularly in Indonesia. It is expected that the crude palm oil price will remain resilient despite all the uncertainties and gloomy economic outlook. The property landscape is uncertain locally and abroad with oversupply of all types of properties. The Group believes the sluggish property market, especially for high-rise apartments and offices in Johor Bahru will at best remain stagnant or even experience material decline in the short term.

With the negative impact on the economy of the Covid-19 pandemic, the Group will be faced with both uncertainties and opportunities. As such there is a need to conserve cash and the Board of Directors does not recommend any dividend pay-out for the FYE 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) hereby discloses the corporate governance practices in accordance to the guidelines set out in the Malaysian Code on Corporate Governance (“**MCCG**”) and governance standards prescribed in the MMLR of Bursa Securities throughout the FYE 2020. This Corporate Governance Overview Statement shall be read in conjunction with the Corporate Governance Report (“**CG Report**”) which furnishes the detail application for each practice as set out in the MCCG. The report is available at www.malpac.com.my.

A. BOARD LEADERSHIP AND EFFECTIVENESS

Board’s Leadership on Governance and Objectives

The Board is responsible for the overall governance of the Company and discharges its responsibility through compliance with relevant rules, laws, regulations, directives and guidelines in addition to adopting the best practices in the MCCG. The Directors collectively combine their diverse experiences and qualifications to discharge their duties and responsibilities.

Responsibilities of the Board

The principal function of the Board is to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board’s roles are as follows:-

- i. Accountability to the shareholders - Understand and consider the interests of shareholders and relevant stakeholders for the business directions and crucial decision making relating to the Company. The Board is also responsible to ensure that communications both to and from the shareholders and relevant stakeholders are effective;
- ii. Set strategy and goals - Determine and review the overall strategic goals, strategic directions and significant policies. The Board reviews and evaluates the present and future opportunities, threats and risk in the external environment, evaluate the strengths and weaknesses of the company structure and the principal risks relating to the Company;
- iii. Oversee the Risk Management & Internal Control function of the Group:-
 - a. Review the adequacy and the integrity of the Group’s internal control systems to ensure that all levels within the Group comply with the applicable laws, regulations, guidelines and requirements;
 - b. Responsible for the Group’s risk management and internal control systems;
 - c. Set strategic objectives;
 - d. Review the effectiveness of the Group risk management and internal control systems;
 - e. Oversee the nature and extent of risk exposure for the Group major risks;
 - f. Provide direction on the importance of risk management and risk management culture;
- iv. Ensure good corporate governance practice and incorporate it as the Group and Company’s culture and oversees the business conduct and code of ethics of the Group and Company;
- v. Responsible for corporate sustainability; and
- vi. Oversees succession plans.

Board Meetings and Board Papers

The Board meeting papers are furnished to the Board members at least five (5) working days prior to dates of meetings to ensure that the Directors have enough time and information to make an informed decision at each meeting. The Company however allows exceptional cases whereby the meeting materials are furnished to Board members of less than five (5) working days on urgent and for extraordinary matter(s), whereby there is insufficient time in collating relevant information and details. Upon conclusion of the meeting, the minutes are reviewed by the Chairman in a timely manner before circulation to the Board. Senior Management is invited to attend Board or Committee Meetings to present the financial performances, reports or other proposals as at when and where necessary. The Directors have direct access to the advices and services of the Company Secretaries who are responsible for ensuring that Board procedures are followed, and the regulatory requirements are met.

Board Charter

The Company has formalized a Board Charter which clearly set out the composition, roles and responsibilities of the Board, Board Committees and Management. The Board Charter serves as a primary reference for Board members of their fiduciary duties as Directors and the functions of the Board Committees. The details of the Board Charter are available for reference on the Company’s website at www.malpac.com.my.

Board Gender Diversity Policies

At present, there is no female director on the Board of the Company. The Board does not for the moment intend to make it mandatory to achieve thirty percent (30%) female director in the Board as per the MCCG for large companies except as and when an opportunity arises. However, the Board in its gender diversity policy, supports the initiative to include female participations in achieving a more gender diversified Board. The Board agrees to give equal priority to female candidates who are competent, possess leadership qualities and meet the Company’s requirements for such appointment in future.

Code of Conduct and Ethics

The Company's Code of Conduct and Ethics has been updated periodically to guide the Group's Directors and employees towards ethical and responsible business dealings. The employees of the Group are required to adhere to the guidelines set-out in the code. The Code of Conduct and Ethics can be viewed on the Company's website at www.malpac.com.my.

Whistle-Blowing Policy

The Company has in place a whistle-blowing policy through which stakeholders of the Group may raise concerns, in confidence, on improper conduct or other matters to the Audit Committee, where applicable. The whistle-blowing policy can be viewed on the Company's website at www.malpac.com.my.

Qualified and Competent Company Secretaries

The Company Secretaries of the Company are qualified company secretaries under Section 235 of the Companies Act 2016. The Company Secretaries play an advisory role to the Board, particularly with regard to the Company's Constitution and Board policies and procedures as well as compliance with relevant rules and regulations. The Company Secretaries record, prepare and circulate the minutes of the meetings of the Board and Board Committees on timely basis and ensures that the minutes are properly kept at the registered office of the Company and produced for inspection, if required.

Board Composition

The Board currently has seven (7) members, comprising:-

- i. Three (3) Non-Independent Executive Directors;
- ii. Two (2) Non-Independent Non-Executive Directors; and
- iii. Two (2) Independent Non-Executive Directors.

The Company for the moment does not comply with Practice 4.1 of MCCG, which called upon companies to have at least half of the Board composed of independent directors in order to foster greater objectivity in the boardroom. Despite the departure, there is a balance of power and authority in the Board and the Board decisions are made objectively.

Appointment of New Director

Appointment of new Directors are undertaken by the Board after considering the recommendations by the Nomination Committee. Nonetheless, there is no restriction imposed on the Board to identify suitably qualified candidates from independent sources. There was no new appointment for the FYE 2020.

Re-Election of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors shall retire from office, at least once in three (3) years and the retiring Directors shall be eligible for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments.

The re-election of Directors at the forthcoming Annual General Meeting is subject to the prior assessment by the Nomination Committee.

Board Committees

The Board delegates certain authorities to five (5) Board Committees that operate under clearly defined written terms of reference and operating procedures duly approved by the Board. The various Committees report the outcome of their meetings to the Board which are then incorporated in the Board's minutes. The five (5) Board Committees are (i) Audit Committee, (ii) Nomination Committee, (iii) Remuneration Committee, (iv) Risk Management Committee and (v) Investment Committee. The assessment of the performance of Board Committees are reviewed by the Nomination Committee on annual basis.

Nomination Committee ("NC")

Nomination Committee Composition		Attendance
Chairman Senior Independent Non-Executive Director	Encik Johari Low Bin Abdullah	1/1
Member Non-Independent Non-Executive Director	Mr. Gan Teck Chong @ Gan Kwan Chong	1/1
Member Independent Non-Executive Director	Encik Muhayuddin Bin Musa	1/1

Corporate Governance Overview Statement (Continued)

The NC has the responsibility of assessing the performance of Board, Board Committees, and individual directors on an annual basis. The NC is led by Senior Independent Non-Executive Director, Encik Johari Low Bin Abdullah and is guided by the written terms of reference which is made available online at www.malpac.com.my. In discharging its duty for the FYE 2020, the NC had assessed and recommended to the Board on their findings and opinions on the following:-

- Review of the re-election of retiring Directors to the Board pursuant to the Company's Constitution;
- Assessment of the composition, effectiveness, mix of skills and experience of respective Board Committees of the Company;
- Assessment of the independence of the Independent Director;
- Assessment of the contribution of respective Director;
- Revision of the NC terms of reference in accordance to MMLR 15.20; and
- Assessment of the annual performance of Chief Executive Officer ("CEO").

Remuneration Committee ("RC")

Remuneration Committee Composition		Attendance
Chairman Independent Non-Executive Director	Encik Muhayuddin Bin Musa	1/1
Member Non-Independent Non-Executive Director	Mr. Gan Teck Chong @ Gan Kwan Chong	1/1
Member Senior Independent Non-Executive Director	Encik Johari Low Bin Abdullah	1/1

The RC consists of non-executive directors and majority of the members are Independent Directors. The RC is responsible for the review and recommendation of the remuneration policies, procedures and the remuneration packages to the Board. The policies, procedures and terms of reference of the RC are available online at www.malpac.com.my.

During the meeting held on 25 June 2020, the RC resolved to recommend to the Board that the remuneration package for all the Executive Directors in respect of the FYE 2021 remain unchanged as per the FYE 2020 and that no bonus payment be proposed in respect of FYE 2020. The decision is made based on various considerations, including but not limited to the outbreak of Covid-19 pandemic, the prospect of the Company and the adequacy of remuneration to retain and/or motivate the competent Directors and Senior Management.

Disclosure of Remuneration

Pursuant to Paragraph 9.25, Appendix 9C (Part A (11)) of the MMLR, the following table discloses the remuneration of Directors of the Company for the FYE 2020 on a named basis, stating the amount received or to be received from the Company and on a Group basis respectively:-

Director Name	Director Fee (RM)	Salary & Emoluments (RM)	Company Total (RM)	Other Remuneration from Subsidiaries (RM)	Group Total (RM)
Non-Executive Directors					
Muhayuddin Bin Musa	-	21,000	21,000	-	21,000
Johari Low Bin Abdullah	-	21,000	21,000	-	21,000
Chew Loy Chee	12,000	24,000	36,000	-	36,000
Gan Teck Chong @ Gan Kwan Chong	12,000	27,000	39,000	13,325	52,325
Executive Directors					
Lim Hong Liang	12,000	211,273	223,273	13,325	236,598
Kan Ah Chun	12,000	90,113	102,113	-	102,113
Tan Chon Sing @ Tan Kim Tieng	12,000	92,272	104,272	6,500	110,772

The Board recommends Directors' fee of RM36,000 for Executive Directors and RM24,000 for Non-Executive Directors payable for the FYE 2020 subject to shareholders' approval at the forthcoming AGM.

Investment Committee

Investment Committee Composition		Attendance
Chairman Non-Independent Executive Director	Mr. Lim Hong Liang	1/1
Member Non-Independent Executive Director	Mr. Tan Chon Sing @ Tan Kim Tieng	1/1
Member Non-Independent Executive Director	Mr. Kan Ah Chun	1/1
Member Chief Executive Officer	Mr. Ang Poo Guan	1/1

The purpose of the Investment Committee is to assist the Board in fulfilling its obligations by reviewing, approving and making recommendation to the Board on investment matters. The material issues and actions deliberated and decided by the Investment Committee will then be tabled to the Board for review and approval. The Investment Committee meets as and when required and adheres to the terms of references strictly. There was one (1) meeting held during the FYE 2020.

Risk Management Committee ("RMC")

Risk Management Committee Composition		Attendance
Chairman Non-Independent Executive Director	Mr. Lim Hong Liang	1/1
Member Senior Independent Non-Executive Director	Encik Johari Low Bin Abdullah	1/1
Member Independent Non-Executive Director	Encik Muhayuddin Bin Musa	1/1

As part of MCCG Practice 9.3, the Board had established a RMC, which comprises a majority of Independent Directors, to oversee the company's risk management framework and policies. The responsibilities of the RMC are as follow:-

- To perform annual review and adopt risk management tools suitable for the Company;
- To review and ensure all transactions to be entered into by the Company are in compliance with applicable laws;
- To highlight environmental, economic, catastrophe, interest rate, inflation exposures that might be potentially faced by the Company to the Board and recommend the respective mitigation measures; and
- To obtain independent professional or other advice when necessary.

The RMC meets as and when required or at least once a year.

Independence of the Board

The Board recognizes the importance of the roles of Chairman and CEO to be held by separate persons and the roles be segregated. The Board has appointed Encik Muhayuddin Bin Musa, an Independent Non-Executive Director as the Chairman. The roles of the Independent Non-Executive Chairman include:-

- leading the Board to ensure its effectiveness of all aspects of its role and setting the meeting agenda;
- ensuring that Directors receive complete, accurate and timely information on matters relating to the Group;
- leading the Board meetings to ensure appropriate discussion takes place;
- ensuring effective communication with shareholders; and
- promoting high standards of corporate governance and compliance with the MMLR.

The CEO are responsible for day-to-day running of business and implementation of Board collective decisions and policies. The Executive and Non-Executive Directors jointly ensure that the strategies proposed by the Management are objectively evaluated and examined and the long-term interests of the shareholders.

Independence of Independent Director

There are two (2) Independent Non-Executive directors on the Board, whereby the Independent Directors provide the check and balance and play a pivotal role in introducing objectivity to the Board's deliberations and decision-making. Both Independent Directors of the Company, Encik Johari Low Bin Abdullah and Encik Muhayuddin Bin Musa have served the Board for more than nine (9) years. The NC has assessed the independence of the Independent Directors and reported to the Board, amongst others, the Independent Directors have completed the self-assessment checklist and the NC has further discussed the impartiality based on the following criteria:-

- (i) they have fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities and are therefore able to bring independent and objective judgment to the Board;
- (ii) they have been with the Company for many years and are familiar with the Company's business operations, thus enabling them to contribute actively and effectively during deliberations or discussions at Board meetings;
- (iii) their length of service on the Board does not in any way interfered with their exercise of independent judgement. They have remained objective and independent in expressing their views and participating in deliberation and decision making of the Board and Board Committees;
- (iv) their vast experience in accounting, finance and banking and business management enables them to provide the Board, as the case may be, with pertinent expertise, skills and competence;
- (v) they have continued to exercise their independence and due care during their tenure as Independent Directors of the Company and carried out their duties in the interest of the Company and shareholders; and
- (vi) they have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors.

In its annual review, the Board was of the view that Encik Johari Low Bin Abdullah and Encik Muhayuddin Bin Musa are objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees and thus are independent.

Board Meetings

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board and Board Committee meetings for the FYE 2020, as set out in the table below:-

	Board of Directors Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Investment Committee Meeting	Risk Management Committee Meeting
Muhayuddin Bin Musa	4/4	5/5	1/1	1/1	N/A	1/1
Chew Loy Chee	3/4	N/A	N/A	N/A	N/A	N/A
Lim Hong Liang	4/4	N/A	N/A	N/A	1/1	1/1
Tan Chon Sing @ Tan Kim Tieng	4/4	N/A	N/A	N/A	1/1	N/A
Gan Teck Chong @ Gan Kwan Chong	4/4	5/5	1/1	1/1	N/A	N/A
Kan Ah Chun	4/4	N/A	N/A	N/A	1/1	N/A
Johari Low Bin Abdullah	4/4	5/5	1/1	1/1	N/A	1/1

The Board meets at least once in every quarter and on other occasions, as and when necessary, to inter alia approve quarterly financial results, statutory financial statement, the annual report, business plans as well as to review the performance of the Company and its operating subsidiaries. Board papers are usually circulated to the Board members five (5) working days prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to have a proper deliberation on issues raised during Board meetings. All Directors have complied with the minimum requirement of fifty percent (50%) attendance at Board meetings as stipulated in the MMLR.

To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, the Directors must not hold directorship at more than five (5) public listed companies (as prescribed in Paragraph 15.06 of the MMLR) and must be able to devote sufficient time to the Company matters. The Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

Directors' Training & Education

The Board has assessed the training requirements for each Directors and recommended the training opportunities suitable for each Directors to continuously develop and maintain their skills and knowledge.

Corporate Governance Overview Statement (Continued)

The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to effectively discharge their responsibilities and are encouraged to attend forums, trainings and seminars in accordance to their respective needs in discharging their duties as Directors. The Company Secretaries also provide updates to the Directors from time to time on relevant guidelines and regulatory requirements. The training programmes attended by the Directors for the FYE 2020 are as follows:-

	Name of Courses/Seminars/Workshop	Name of Director	Date Attended
1	Technical Analysis Series: Volatility Based Technical Analysis	Gan Teck Chong @ Gan Kwan Chong	17.08.2019
2	Executive Talk On Integrity And Governance	Muhayuddin Bin Musa	7.11.2019
3	PLC Director's Training - The New Anti-Corruption Law Affects You	Gan Teck Chong @ Gan Kwan Chong Tan Chon Sing @ Tan Kim Tieng Chew Loy Chee Lim Hong Liang Kan Ah Chun Muhayuddin Bin Musa	15.11.2019
4	Anti-Corruption Act	Johari Low Bin Abdullah	15.11.2019
5	Cybersecurity Awareness	Johari Low Bin Abdullah	11.02.2020

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

The Group's financial reporting and internal control system are overseen by the AC, which comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The AC meets once quarterly. Additional meetings are held as and when required. The AC's meetings are always held before the Board's meetings. This is to ensure that all critical issues highlighted can be brought to the Board on a timely basis. For the FYE 2020, the composition of the AC and meetings held are as follow:-

Audit Committee Composition		Attendance
Chairman Independent Non-Executive Director	Encik Johari Low Bin Abdullah	5/5
Member Independent Non-Executive Director	Encik Muhayuddin Bin Musa	5/5
Member Non-Independent Non-Executive Director	Mr. Gan Teck Chong @ Gan Kwan Chong	5/5

The terms of reference and summary of work carried out by the AC during the year are reported under the AC Report on pages 21 to 22 on this Annual Report.

Financial Reporting

The Board is responsible for ensuring that the financial statements prepared for each financial year presents a true and fair view of the state of affairs of the Company. The Board ensures that the Company's financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards. AC assists the Board in reviewing the appropriateness of the Company's accounting policies and ensures that the Group's financial statements comply with the accounting standards and other regulatory requirements. The Statement of Director's responsibilities is set out annually in the Annual Report.

The AC undertakes an annual assessment of the suitability and independence of the External Auditors, assisted by the assessment checklist on the External Auditors. The AC meets with the External Auditors at least once a year to discuss their audit plan, audit findings and the Group's financial statements. Private sessions between the AC members and the External Auditors are held without the presence of the Executive Director and Management of the Group. This encourages a greater exchange of independence and open dialogue between both parties.

The AC also annually reviews the suitability and effectiveness of the External Auditors by assessing its audit plan, proposed fees and the feedback from the financial personnel of their dealings with External Auditors during the financial year. Being satisfied with the performance of the External Auditors, the AC will recommend their re-appointment to the Board and shareholders' approval will be sought at the forthcoming AGM.

Statement of Directors' Responsibility

This statement is made pursuant to paragraph 15.26(a) of MMLR of Bursa Securities. The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company for the FYE 2020.

In preparing the financial statements, the Directors have:-

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Risk Management and Internal Control Framework

The Board acknowledges risk management as an integral component in managing the Company. The Board sets policies and procedures for internal control and oversees that the implementation of internal control system have been properly carried out by the Senior Management.

The Internal Audit function is considered an essential part of the assurance framework and its mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight. The Internal Audit function reports directly to the AC on its activities, consistent with the Company's framework in monitoring its internal control system.

The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out in pages 23 to 24 of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTING & RELATIONSHIP WITH STAKEHOLDERS

Corporate Disclosure Policy

The Board is committed in ensuring that communications to the investing public, regarding the business and the financial performance of the Company, are factual, accurate, transparent, timely, informative and consistent. The Company comply with all the disclosure requirements stipulated in the Corporate Disclosure Guide issued by Bursa Malaysia as well as in accordance with all provisions under the Securities Commissions.

Effective Communications with Shareholders

The Company engages in regular, effective and fair communication with shareholders through announcements released to Bursa Malaysia and its website at www.malpac.com.my, Annual Reports prepared and issued to all shareholders, advertisements of notice of shareholders' meetings published in the local newspapers.

The Board encourages shareholders participation at the 30th AGM. Notice of the 30th AGM is sent to all shareholders at least twenty-eight (28) days prior to the date of the meeting. The 30th AGM serves as the principal forum for dialogue and interaction with all shareholders whereby the shareholders are encouraged to participate in the question and answer session. The Chairman of the meeting or the CEO will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries. The Company adopted electronic polling at the 30th AGM to encourage a smoother flow of the meeting proceedings.

COMPLIANCE STATEMENT

The Board has reviewed, deliberated and viewed that the Company has in FYE 2020 complied with the practices of the MCCG except where it was specifically stated otherwise.

OTHER INFORMATION

Material contracts

There were no material contracts entered by the Company and/or its subsidiaries which involve Directors', Chief Executive's and major shareholders' interests, either still subsisting at the FYE 2020 or which were entered into since the end of the previous financial year.

Audit and non-audit fees

The details of fees paid/payable to the External Auditors and its affiliated company by the Group and the Company for the FYE 2020 are as follow:-

	Group (RM)	Company (RM)
Statutory audit	45,000	26,000
Other services	5,000	5,000
Total	50,000	31,000

INTRODUCTION

Pursuant to Paragraph 15.15 of the Bursa Securities's MMLR, the Board is pleased to present the AC Report for the FYE 2020.

COMPOSITION

The AC comprises the following members:-

Audit Committee Composition	
Chairman Senior Independent Non-Executive Director	Encik Johari Low Bin Abdullah
Member Independent Non-Executive Director	Encik Muhayuddin Bin Musa
Member Non-Independent Non-Executive Director	Mr. Gan Teck Chong @ Gan Kwan Chong

The AC comprises three (3) members with all members being Non-Executive Directors and a majority of them are Independent Directors. The Chairman of the AC, Encik Johari Low Bin Abdullah, is a Fellow of the Institute of Chartered Accountant (England & Wales) and a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants (MIA). Accordingly, this complies with paragraph 15.09 of the MMLR.

AUTHORITY

The AC is authorized by the Board to independently investigate any matters within its Terms of Reference and shall have full and unrestricted access to information pertaining to the Group, from the Internal and External Auditors, Management and all employees in carrying out its duties. The Terms of Reference of the AC could be viewed on the Company's website at [http:// www.malpac.com.my](http://www.malpac.com.my).

MEETINGS

During the FYE 2020, the AC held five (5) meetings. The Chairman, Encik Muhayuddin Bin Musa and Mr Gan Teck Chong @ Gan Kwan Chong attended all the five (5) meetings held during FYE 2020.

Each AC meeting is scheduled in advance and has been conducted with proper meeting proceedings. Meeting notice, previous minutes of AC meeting and quarterly financial results are circulated to the AC members at least five (5) days prior to the meeting. At each quarterly meeting, the CEO, Mr. Ang Poo Guan was invited to present the quarterly financial results and related party transactions as well as conflict of interest situation that may arise within the Group and the Company, and at the same time to provide clarification on issues which may be raised by the AC members. The AC assessed the results and issues presented independently with the absence of the Executive Directors.

As and when required, the Internal Auditors were required to report the outcome of their internal audit to the AC and the External Auditors were invited to present their Audit Plan, Audit Review Memorandum and draft Audited Financial Statements. The AC Chairman presented to the Board the AC's report consisting of recommendations and other significant concerns for Board's discussion and approval. The Company Secretary shall be the Secretary to the AC and shall maintain minutes of the proceedings of the meeting.

SUMMARY OF WORK

The AC has discharged its functions during the FYE 2020 as follows:-

a) Financial Reporting

Reviewed the Group's quarterly unaudited results and audited financial statements which were then recommended for the Board's adoption prior to the announcement/submission to Bursa Securities focusing particularly on:-

- changes in or implementation of major accounting policy;
- significant and unusual events;
- compliance with accounting standards and other legal requirements;
- compliance with Bursa Securities' MMLR, Companies Act 2016 and other regulatory requirements; and
- review of the audited financial statements and recommendation for the adoption of the financial statements.

b) Internal Audit

Reviewed with the internal auditors and reported to the Board of the Directors on the following matters:-

- the internal audit scope of work and its material finding on half yearly basis;
- the adequacy of the internal control procedures and operational controls;
- the major findings of internal audit reports and the respective recommendations relating thereto; and
- assessment of the adequacy of the scope, functions, competency and resources of the Internal Audit.

c) External Audit

Reviewed with the External Auditors and reported to the Board on the following matters:-

- the audit plan, which outlines the scope of work and proposed fees for the statutory audit;
- the audit review reports and highlighted all significant issues;
- evaluate the External Auditors and make recommendations to the Board for their re- appointment;
- meeting with the External Auditors in the absence of the Executive Directors and Management; and
- evaluated the audit fees payable to the External Auditors.

d) Recurrent Related Party Transactions ("RRPT")

Reviewed the related party transactions and any conflicts of interest that may arise within the Company and the Group.

e) Others

- reviewed the progress and status of the on-going material litigation including engaging in discussions with the Company's solicitors;
- reviewed the Enterprise Risk Management and Internal Control Review Report prepared by the Management; and
- reviewed the AC Report and Statement on Risks Management and Internal Control ("**SORMIC**") prior to their inclusion in the Annual Report.

WORK DONE ON THE INTERNAL AUDIT FUNCTION

The internal audit function of the Company was outsourced to an external service provider, namely, IA Essential Sdn. Bhd. During the FYE 2020, the AC, assisted by the Internal Audit Function Evaluation Checklist, has assessed the suitability and independence of IA Essential Sdn. Bhd based on the adequacy of the scope, functions, competency and resources of the IA Essential Sdn. Bhd. The AC concluded that IA Essential Sdn Bhd has the necessary authority to carry out the work. For the FYE 2020, the work done by the internal audit function are as follow:-

- (i) Conduct internal audit reviews in accordance with the internal audit scope of work; and
- (ii) Report the results of internal audit reviews and make recommendations to the AC on a periodic basis.

Two (2) internal audit reports were issued this year on various units of the Group, covering bank balances, investments and capital expenditure. The internal auditors had reviewed the process and conducted testing on transactions, documents and records and noted no exceptions of or non-compliance with the Group's investment policies and procedures.

The cost incurred for the internal audit function in respect of the financial year was RM12,994.75.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Board Responsibility

The Board affirms its responsibilities for a sound system of internal control, quality risk management practices and for reviewing the adequacy and integrity in these systems. The principal function of the internal control system is intended to identify and to manage significant risks faced by the Group's business operations, which may impede the achievement of the Group's objective. Given that the Group has ceased recognizing any income from its oil palm cultivation and milling in the financial year ended 2012, and that the Group has remained as an investment holding company, the Board has considered that the current system of internal control is sufficient to manage any significant risks faced by the Group business operation. The Board ensures that the effectiveness and integrity of the risk management and internal control system are reviewed on an ongoing basis and is of the view that the system in place is sound and sufficient to safeguard the Group's assets. The Board also acknowledges that these systems are designed to ensure that risks are identified and managed at acceptable levels rather than to eliminate such risks. Systems can only provide reasonable but not absolute assurance against financial losses or uncertainties. The Group's system of risk management and internal control mainly applies to its operating units and does not cover the dormant companies. The key elements of the Group's internal control system are:-

- Organisation structure with clearly defined lines of authority and the appropriate levels of delegation;
- Policies and procedures are clearly communicated to all staff members;
- Quarterly financial reports are provided to Directors and discussed at AC and Board meetings;
- The RMC would discuss the possible risk areas on the Group's operational and management issues as and when necessary and report to AC;
- Internal audit function outsourced to an independent advisory firm with its audit plan approved by the AC to assess the adequacy of internal control, the extent of compliance with policy and procedures as well as advising management on areas for improvement;
- The AC convenes meeting on a quarterly basis to deliberate on the findings and recommendation for improvements by the Internal Auditors and/or External Auditors. The AC reviews the action taken to rectify the findings in a timely manner and to evaluate the effectiveness and adequacy of the Group's internal control system;
- The CEO oversees the Group's operations and internal controls and reports to the Board on the key risks; and
- All major decisions are subject to detailed appraisal and review. The Board receives comprehensive information covering all decisions within the group on a quarterly basis.

Risk Management & Internal Control Framework

The Company's responsibility for risk management is shared among the Board and the Management of the Company. The Board has the overall responsibility of reviewing and maintaining effective risk management and internal control systems while the Management's role is to design and implement these systems, and report to the AC, RMC and the Board. The Company's risk management and internal control framework is as follows:-

<p>“Top-down” Overseeing, identifying, assessing, and mitigating risk at corporate level</p>	THE BOARD OF DIRECTORS				
	<ul style="list-style-type: none"> • Has overall responsibility for the Group's risk management and internal control systems. 	<ul style="list-style-type: none"> • Sets strategic objectives. • Reviews the effectiveness of our risk management and internal control systems 	<ul style="list-style-type: none"> • Monitors the nature and extend of risk exposure for the Company major risks 	<ul style="list-style-type: none"> • Provides direction on the importance of risk management and risk management culture 	
<p>“Bottom-up” Overseeing, identifying, assessing, and mitigating risk at operational level and functional areas</p>	RISK MANAGEMENT COMMITTEE AND MANAGEMENT			AUDIT COMMITTEE	INTERNAL AUDITOR
	<ul style="list-style-type: none"> • Designs, implements, and monitors risk management and internal control systems • Assesses our risks and mitigating measures Company-wide 	<ul style="list-style-type: none"> • Supports the Board in monitoring risk exposure, design and operational effectiveness of the underlying risk management and internal control systems 		<ul style="list-style-type: none"> • Audit all cash & bank transactions of the Company and supports the AC and management in reviewing the effectiveness of our risk management and internal control systems 	
OPERATIONAL LEVEL – INVESTMENT COMMITTEE AND THE MANAGEMENT					
<ul style="list-style-type: none"> • Risk identification, assessment and mitigation performed across the business 			<ul style="list-style-type: none"> • Risk management process and internal controls practiced across business operations and functional areas 		

Statement On Risk Management And Internal Control (Continued)

As illustrated above, the Company has implemented a 3-tier defense model to adequately provide a simple but effective way to communicate the roles, responsibilities surrounding risk and internal control within the Company. All tiers are risk aware and the Company practices are designed to avoid, reduce and/or mitigate risk prior to such fraud and/or the least expected happening.

At the corporate level, the AC supports the Board in monitoring the Group's overall risk exposures, the design and operating effectiveness of the underlying risk management and the internal control systems. Acting on behalf of the Board, it oversees the following process on a regular basis:-

- (i) Reviewing the principal business risks and control measures in order to mitigate, reduce or transfer such risks, the overall risk management and internal control systems, and action plans to address the weaknesses or improve the assessment process;
- (ii) Reviewing the business process and operations reported by Internal Audit; and
- (iii) Reporting by the External Auditors of any control issues identified in the course of their work and discussion with the external External Auditorsof the scope of their respective review and findings.

The AC will then report its findings to the Board, whereby the Board will consider the findings in evaluating the effectiveness of the Company's risk management and internal control systems. For the FYE 2020, the Board and the AC have completed the following on 25 June 2020:-

- (i) Risk appetite survey;
- (ii) Reviewed the enterprise risks report identified by the Management; and
- (iii) Assessed the effectiveness of the Risk Management and Internal Control systems.

Risk Management Committee

The Board regards risk management as an integral part of the Group's business operations and has established a RMC that comprises one Non-Independent Executive Director and two Independent Non-Executive Directors. The RMC identifies and communicates to the AC and the Board the present and potential critical risks the Group faces, their changes and the Management's action plans to manage these risks. The RMC has established a risk assessment process to identify, evaluate and manage the significant risks faced by the Group. Key risks identified are scored for the likelihood of the risks occurring and magnitude of its impact. Risk assessment, monitoring and review of the various risks faced by the Group are a continuous process within the key operating units with the RMC playing a pivotal oversight function. The RMC convenes on an annual basis to review the key risks profiles and report to the AC. Reviews are conducted annually or as and when necessary by RMC to determine the existence of a new risk and whether the risks previously identified remain relevant.

Internal Audit

The Company has engaged the services of an independent professional firm, namely, IA Essential Sdn. Bhd. to provide independent assurance on the adequacy and effectiveness of corporate governance and internal control processes. The outsourced internal auditors assist the Board and AC in providing an independent assessment of adequacy, efficiency and effectiveness of the Group's internal control system. They have on a semi-annual basis assessed the adequacy and effectiveness of the Group's system of internal control and compliance frameworks and have subsequently reported their findings to the AC. The AC reviewed the internal audit reports and informed the Board on the adequacy and effectiveness of the Group's system of internal control.

Since the Company is currently an investment holding with minimum level of operations and therefore is not exposed to any complicated and/or high operational risks, the current main operational exposure is the misuse of cash. Such risk is mitigated by all cash transactions being strictly audited by the Internal Auditor.

Adequacy & Effectiveness of the Risk Management & Internal Control System

For the FYE 2020 under review, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control. No major weaknesses or uncertainties, which could result in material losses, were identified nor would require separate disclosure. The Board has received assurance from the CEO that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. The Board is of the view that the risk management and internal control system are satisfactory, and no material internal control failures resulting in material losses or contingencies had occurred during the financial year under review.

Review of the Statement by External Auditors

The External Auditors, Messrs PKF, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the FYE 2020 and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

1. Sustainability Statement & Governance Structure

Established in 1976, Malpac is an investment holding with previous experiences in stock broking business, financial services and plantation holdings and is currently holding some investment properties. The Company has been listed on the Main Board of KLSE since 1990. The Board has specifically considered sustainability issues as part of our strategic formulation, and overseen the management of sustainability related risks, opportunities and practices.

However, the Group has been embroiled in a legal suit for more than ten (10) years and the Group has been reporting net losses over the last few years. In the current suit, the main issue before the Court is that the Group is in breach of a legal statute, i.e. Section 132C of the Companies Act 1965 read in conjunction with Chapter 8 and 10 of Bursa Securities MMLR as shareholders of the Group had formally rejected in an EGM held in July 2014, a proposal for the disposal of the plantation and mill, of which aggregate value was/is higher than 25% of the highest percentage ratio as per chapter 10 of MMLR. The High Court decided against the Group in April 2017 and the matter is now before the Federal Court. The principal reason for pursuing this legal avenue is that the Board could stand accused of failing in its fiduciary duties in allowing a transfer of assets out of the Company in the absence of a properly sanctioned approval from its shareholders, thereby exposing themselves to both civil and criminal action by shareholders and/or authorities. In light of the High Court decision, the Group has temporarily lost its core business, the oil palm plantations and oil mill in Teluk Intan.

In terms of governance structure, the Board and CEO are closely monitoring all issues relating to sustainability matters of the Group, as well as to formulate sustainable investment strategies moving forward. As the Group is currently without a core business, material sustainability matters relating to the business front is minimal.

2. Stakeholder Engagement

The Group recognizes that efficient collaboration with stakeholders can positively influence the Company's success. Therefore, the Group actively engage in regular and fair communication with our stakeholders, encourage greater stakeholder participations. The Group's approach towards stakeholder engagement is summarized as follow:

Key Stakeholders	Engagement Methods	Frequency	Key Concerns Raised
Shareholders/ Investors	Timely updates of financial results, announcements, business developments and other relevant disclosures via Bursa Link and website.	Throughout the year	<ul style="list-style-type: none"> Shareholders/investors asked If the Management team are acting in the best interest of the Shareholders/Investors Directors' remuneration and sound corporate governance practices Sustainable business strategy and/or dividends policy
	Annual Report	Annually	
	Annual General Meeting	Annually	
	Extraordinary General Meeting	Where it is necessary	
Employees	Career development performance appraisals	Throughout the year	<ul style="list-style-type: none"> Fair and competitive employment practices and policies Equitable remuneration Career development
	Recreational and wellness activities	Throughout the year	
Consultants & Operation Managers	Regular dialogue sessions with consultants and managers	Throughout the year	<ul style="list-style-type: none"> Equitable treatment of consultants and managers Regular and punctual payments upon completion of services
	Recreational and wellness activities	Throughout the year	
Government and Regulators	Email and dialogue sessions	Throughout the year	<ul style="list-style-type: none"> Compliance with, and keep abreast to, ever-changing laws and regulations

3. Responsible Investment

While the Group's existing operations do not have much impact on the Economy, Social and Governance ("ESG"), the Board and the Management incorporate ESG elements into considering all current and future transactions. The Group is fulfilling its fiduciary duty as a responsible corporate citizen and will not tolerate with any transactions that are in breach of any laws in Malaysia, the MMLR or the Securities Commissions guidelines. Our objective is clear that being responsible for all stakeholders and it is the Group's duty of care to comply with the highest standards of governance. The Group will not involve in any investments solely based on profitability should the investments are harmful to the society, environment and/or supporting crime activities such as Ponzi-scheme, money laundering and/or any other unethical businesses.

4. Care for the Environment

The Board set the tone to be the advocate for the minimalist concept for all business transactions as one of the Group's key sustainability missions is to keep all transactions clean, efficient and environmentally friendly. The Group encourages all our stakeholders to love our environment and all shall contribute to minimize the production of effluents and waste as much as possible. As part of the Group's efforts in reducing carbon footprint, the Group believes one of the effective ways is to reduce the waste production at source by consuming less and subsequently recycling the recyclables. The Group also promotes "shared economy" to further reduce unnecessary effluents and waste productions. This is done via (i) sharing of newspapers and magazines among the Directors and the employees and (ii) sharing of building services and facilities by leasing unused capacity of empty office spaces instead of building additional spaces and services by our own.

5. Anti-Corruption

In order to eliminate undesirable behaviour among employees and stakeholders, we have zero tolerance towards any form of corruption. The Board has reviewed and approved the Group's Anti Bribery And Corruption Policy and an updated Whistleblowing Policy in FYE 2020 and is highly committed in fostering a strong corporate governance culture and implementing policies that promote ethical behaviour. The Board strongly encourage anyone who is suspicious of any corruption incidents within Malpac with evidence to step forward and whistle blow so that our Group could report such incident to the relevant authorities. There were no incidents of corruption during the year by the employees reported. Moving forward, the Group targets to maintain zero confirmed incidents of corruption continuously.

6. Enhancing Governance and Training across the Group

With diverse investments across Malaysia and in overseas markets, Malpac has to maintain good Corporate Governance to instil confidence among its stakeholders. The Board is ultimately responsible for the governance and compliance of the various policies and procedures of all our employees. The Board constantly promotes the following:-

- Life-long continuous learning for all Board members and employees to acquire new skills to be part of the cross-functional team of the Malpac Group;
- Self-enrichment by reading more educational magazines and/or materials that could improve the Board members and employees' knowledge on the ever-changing global business environment;
- Adhering to the Group's Code of conduct and ethics;
- To be guided by highest moral values when deal with fraud and any risk management events; and
- To comply with all bylaws and do not ever intend to collect or to pay bribe to any government officers, stakeholders or business partners in order to secure any business deals.

The Board's objectives were to train and to motivate the employees to be proactive and to develop their survival skills not limited within the Malpac group of companies but to be socially independent in the ever-changing environment.

7. Contribution to the Society

In view of the current financial position of the Group which has been reporting minimal revenue and losses over the last few years, no formal charitable programmes have been put in place. However, the Directors are fulfilling their social responsibility obligations on a personal basis.

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 11 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Loss for the financial year	<u>1,806,776</u>	<u>692,205</u>

Reserves and provisions

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

Dividends

No dividend has been paid or declared since the end of the previous financial year. The Directors do not recommend any dividends for the current financial year ended 30 June 2020.

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:

Chew Loy Chee
Tan Chon Sing @ Tan Kim Tieng
Gan Teck Chong @ Gan Kwan Chong
Lim Hong Liang
Kan Ah Chun
Muhayuddin Bin Musa
Johari Low Bin Abdullah

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who already listed above are:

Ang Poo Guan
Lee Chee Seong

Directors' interests in shares

The shareholdings in the ordinary shares of the Company of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act, 2016 in Malaysia are as follows:

	Number of ordinary shares			Balance as at 30.6.2020
	Balance as at at 1.7.2019	Bought	Sold	
Direct interest				
Chew Loy Chee	3,152,188	-	-	3,152,188
Tan Chon Sing @ Tan Kim Tieng	10,315,393	-	-	10,315,393
Gan Teck Chong @ Gan Kwan Chong	3,917,303	-	-	3,917,303
Lim Hong Liang	14,476,008	-	-	14,476,008
Kan Ah Chun	2,301,960	83,000	-	2,384,960
Deemed interest				
Chew Loy Chee*	360,000	-	-	360,000
Tan Chon Sing @ Tan Kim Tieng*	2,209,300	-	-	2,209,300
Gan Teck Chong @ Gan Kwan Chong*	4,460,800	-	-	4,460,800
Lim Hong Liang**	3,691,900	-	-	3,691,900

* Deemed interested through spouse

** Deemed interested through a corporation in which the director has substantial financial interest

By virtue of their shareholdings in the Company, Chew Loy Chee, Tan Chon Sing @ Tan Kim Tieng, Gan Teck Chong @ Gan Kwan Chong, Lim Hong Liang and Kan Ah Chun are deemed interested in the ordinary shares of the subsidiaries to the extent the Company has an interest pursuant to Section 8 of the Companies Act, 2016 in Malaysia.

The other directors in office as at the end of the financial year had no interest in the ordinary shares of the Company and its related corporations during the financial year, according to the register required to be kept under Section 59 of the Companies Act, 2016 in Malaysia.

Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in aggregate amount of emolument receive or due and receivable by the directors as disclosed in the financial statement) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for those disclosed in Note 25 to the financial statements.

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

Directors' remuneration and fees

The directors' remuneration and fee paid or payable to the directors of the Group and of the Company during the financial year amounted to RM486,658 and RM60,000 respectively are as disclosed in Note 6 to the financial statements.

Indemnity and insurance for directors, officers and auditor

There was no indemnity given to or insurance effected for any directors, officers or auditors of the Company.

Issue of shares and debentures

There were no changes in the share 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 during the financial year to take up unissued shares of the Company.

Other statutory information

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

- (i) 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 there are no known bad debts and that adequate provision had been made for doubtful debts; and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent; or
- (ii) which would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, 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 that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

Detail of significant events during the financial year is disclosed in Note 32 to the financial statements.

Events subsequent to year end

Detail of events subsequent to year end is disclosed in Note 33 to the financial statements.

Auditors

The auditors, Messrs PKF, have indicated their willingness to continue in office.

The auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2020 amounted to RM45,000 and RM26,000.

Signed on behalf of the Directors
in accordance with a resolution of the Board dated 21 October 2020

TAN CHON SING @ TAN KIM TIENG

GAN TECK CHONG @ GAN KWAN CHONG

Kuala Lumpur

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the accompanying financial statements as set out on pages 36 to 82 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 financial position of the Group and of the Company as at 30 June 2020 and of their financial performances and their cash flows for the financial year ended on that date.

Signed on behalf of the Directors
in accordance with a resolution of the Board dated 21 October 2020

TAN CHON SING @ TAN KIM TIENG

Kuala Lumpur

GAN TECK CHONG @ GAN KWAN CHONG

STATUTORY DECLARATION

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

I, TAN CHON SING @ TAN KIM TIENG, being the director primarily responsible for the financial management of MALPAC HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 36 to 82 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 in Malaysia.

Subscribed and solemnly declared by the)
above-named at Kuala Lumpur in Wilayah)
Persekutuan on 21 October 2020)

TAN CHON SING @ TAN KIM TIENG

Before me,

KAPT. (B) JASNI BIN YUSOFF (W465)
Commissioner for Oaths

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MALPAC HOLDINGS BERHAD, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 36 to 82.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2020, and of their financial performances and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Provision for legal claims

(Refer to Notes 1(e)(vi), 2(q), 20 and 31 to the financial statements)

During the financial year, the Directors didn't make any additional provision for legal claim, thus the total provision for legal claims remained at RM33,662,103 as at 30 June 2020. The provision was made in respect of the High Court's decision on 31 May 2017 against the Company, the Board of Directors, its Chief Executive Officer and Malpac Capital Sdn. Bhd (its subsidiary) for tort of abuse of process and also the tort of conspiracy to injure the Purchasers.

We focused on this area because significant judgements are made by the Directors of the Company in estimating the probability of an outflow of resources embodying economic benefits and the amount required to settle the obligation.

Our audit procedures included:

- obtained solicitors' confirmation letter from the Group's solicitors;
- reviewed legal correspondence letters;
- reviewed and discussed with the management the reasonableness of the assumptions made; and
- tested the mathematical calculation of the computation of estimated legal claims.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Other Matters

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

PKF
AF 0911
CHARTERED ACCOUNTANTS

Kuala Lumpur

NG CHEW PEI
03373/06/2022 J
CHARTERED ACCOUNTANT

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group		Company	
		2020 RM	Restated 2019 RM	2020 RM	Restated 2019 RM
Revenue	3	3,566,793	4,190,971	833,869	901,011
Other income		34,180	33,083	50	56
Fair value (loss)/gain on other investment		(1,876,144)	(3,336,932)	(54,868)	85,268
Administrative expenses		(3,385,774)	(4,481,932)	(1,461,108)	(2,301,318)
Other operating expenses		(81,920)	(1,614,064)	-	-
Impairment on financial assets		16,000	(216,000)	-	-
Impairment loss on amount due from subsidiaries		-	-	(10,148)	(7,933)
Loss from operations		(1,726,865)	(5,424,874)	(692,205)	(1,322,916)
Finance costs	4	(54,799)	(49,570)	-	-
Loss before tax		(1,781,664)	(5,474,444)	(692,205)	(1,322,916)
Tax income	7	(25,112)	(185)	-	-
Loss net of tax, representing total comprehensive loss for the financial year		(1,806,776)	(5,474,629)	(692,205)	(1,322,916)
Basic loss per share (sen)	8	(2.4)	(7.3)		
Diluted loss per share (sen)	8	(2.4)	(7.3)		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	9	102,904	159,351	4,933	6,423
Investment properties	10	63,113,597	65,795,933	-	-
Investment in subsidiaries	11	-	-	166,981,515	166,981,515
Goodwill on consolidation	12	17,868	17,868	-	-
Other investments	13	11,030,921	12,029,525	-	-
		74,265,290	78,002,677	166,986,448	166,987,938
Current assets					
Trade and non-trade receivables	14	49,123,682	49,124,470	7,929,595	7,903,674
Tax recoverable		12,657	15,102	-	-
Other investments	13	4,908,428	5,555,976	-	-
Short-term cash investment	15	67,435,219	70,971,559	20,805,030	25,266,029
Fixed deposits placed with licensed banks	16	7,443,573	7,154,922	-	-
Cash and bank balances		4,185,880	227,340	4,068,235	90,105
		133,109,439	133,049,369	32,802,860	33,259,808
Assets classified as held for sale	17	2,385,753	-	-	-
		135,495,192	133,049,369	32,802,860	33,259,808
TOTAL ASSETS		209,760,482	211,052,046	199,789,308	200,247,746
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	99,366,593	99,366,593	99,366,593	99,366,593
Retained earnings	19	65,507,440	67,314,216	97,779,658	98,471,863
Total equity		164,874,033	166,680,809	197,146,251	197,838,456
Non-current liability					
Provisions	20	161,956	144,986	57,341	51,650
Current liabilities					
Non-trade payables	21	1,121,821	787,966	410,564	382,987
Provisions	20	37,517,279	37,431,429	2,175,152	1,974,653
Borrowing	22	6,043,235	6,006,856	-	-
Tax payable		-	-	-	-
		44,682,335	44,226,251	2,585,716	2,357,640
Liabilities classified as held for sale	17	42,158	-	-	-
		44,724,493	44,226,251	2,585,716	2,357,640
Total liabilities		44,886,449	44,371,237	2,643,057	2,409,290
TOTAL EQUITY AND LIABILITIES		209,760,482	211,052,046	199,789,308	200,247,746

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Share capital RM	Retained earnings RM	Total equity RM
Group				
At 1 July 2018		99,366,593	80,288,845	179,655,438
Loss and other comprehensive loss for the financial year		-	(5,474,629)	(5,474,629)
Dividend	24	-	(7,500,000)	(7,500,000)
At 30 June 2019		99,366,593	67,314,216	166,680,809
Loss and other comprehensive loss for the financial year		-	(1,806,776)	(1,806,776)
At 30 June 2020		99,366,593	65,507,440	164,874,033
Company				
At 1 July 2018		99,366,593	107,294,779	206,661,372
Loss and other comprehensive loss for the financial year		-	(1,322,916)	(1,322,916)
Dividend	24	-	(7,500,000)	(7,500,000)
At 30 June 2019		99,366,593	98,471,863	197,838,456
Loss and other comprehensive loss for the financial year		-	(692,205)	(692,205)
At 30 June 2020		99,366,593	97,779,658	197,146,251

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities					
Loss before tax		(1,781,664)	(5,474,444)	(692,205)	(1,322,916)
Adjustments for:					
Depreciation of investment properties		296,585	296,584	-	-
Depreciation of property, plant and equipment		56,446	84,439	1,490	2,963
Distribution income from unit trusts		(2,180,549)	(2,753,232)	(776,691)	(858,132)
Dividend income		(301,560)	(158,064)	-	-
Gain on redemption of short-term cash investments		(97,479)	(113,431)	(57,178)	(41,638)
Gain on disposal of other investments		-	(193,300)	-	-
Gain on disposal of property, plant and equipment		(3,999)	(31,999)	-	-
Reversal of impairment losses		(136,000)	-	-	-
Impairment losses on amounts due from subsidiaries		-	-	10,148	7,933
Impairment losses on trade receivables		120,000	216,000	-	-
Interest expense		54,799	49,570	-	-
Interest income		(444,357)	(435,415)	-	(1,241)
Net fair value loss/(gain) on financial assets at fair value through profit or loss:					
- Short-term cash investment		1,812,002	330,256	54,868	(85,268)
- Other investment		64,143	3,006,675	-	-
Provisions		206,189	2,098,800	206,190	374,664
Unrealised loss on foreign exchange		203,309	304,349	-	-
Loss before working capital changes		(2,132,135)	(2,773,212)	(1,253,378)	(1,923,635)
Decrease/(increase) in receivables		21,970	(221,838)	(36,069)	(67,094)
Increase/(Decrease) in payables		347,927	100,798	27,577	(4,894)
Cash used in operations		(1,762,238)	(2,894,252)	(1,261,870)	(1,995,623)
Tax paid		(6,750)	(11,055)	-	-
Tax refunded		7,803	13,920	-	-
Utilisation of provision		(103,370)	-	-	-
Net cash used in operating activities		(1,864,555)	(2,891,387)	(1,261,870)	(1,995,623)
Cash flows from investing activities					
Distribution income received		225	2,017,274	-	122,174
Dividend received		301,560	158,064	-	-
Dividend paid		-	(7,500,000)	-	(7,500,000)
Interest received		152,315	435,415	-	1,241
Placement of fixed deposits pledged		-	(292,279)	-	-
Proceed from disposal/redemption of:					
- property, plant and equipment		4,000	32,000	-	-
- other investments		-	312,000	-	-
- short-term cash investments		5,970,000	51,923,114	5,240,000	34,656,671
Purchase of:					
- property, plant and equipment		-	(126,956)	-	-
- other investments		(165,850)	(2,902,375)	-	-
- investment properties		-	-	-	-
- short-term cash investments		(220,000)	(41,058,953)	-	(25,280,427)
Net cash from investing activities		6,042,250	2,997,304	5,240,000	1,999,659

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

Statements of Cash Flows (Continued)

for the financial year ended 30 June 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from financing activities					
Interest paid		(50,434)	(49,570)	-	-
Repayment of borrowing		(172,111)	(69,569)	-	-
Net used in financing activities		(222,545)	(119,139)	-	-
Net increase/(decrease) in cash and cash equivalents		3,955,150	(13,222)	3,978,130	4,036
Cash and cash equivalents at 1 July 2019/2018		248,851	262,073	90,105	86,069
Cash and cash equivalents at 30 June	(i)	4,204,001	248,851	4,068,235	90,105

Notes:

(i) Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	4,185,882	227,340	4,068,235	90,105
Transfer to assets classified as held for sale (Note 17)	(2)	-	-	-
Fixed deposits with licensed banks (Note 16)	18,121	21,511	-	-
	4,204,001	248,851	4,068,235	90,105

(ii) Reconciliation of liability arising from financing activity:

	1 July RM	Cash flows RM	Non-cash changes Unrealised loss on foreign exchange RM	30 June RM
Group				
2020				
Revolving credit	6,006,855	(172,111)	208,491	6,043,235
2019				
Revolving credit	5,772,075	(69,569)	304,349	6,006,855

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2020

1. Basis of preparation

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

The accompanying financial statements have been prepared assuming that the Group and the Company will continue as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

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

(a) Standards issued and effective

On 1 July 2019, the Company has also adopted the following new and amended MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2019.

Description	Effective for annual periods beginning on or after
• Annual improvements to MFRSs 2015 - 2017 cycle	
- Amendments to MFRS 3, Business Combinations	1 January 2019
- Amendments to MFRS 11, Joint Arrangements	1 January 2019
- Amendments to MFRS 112, Income Taxes	1 January 2019
- Amendments to MFRS 123, Borrowing Costs	1 January 2019
• Amendments to MFRS 119, Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
• MFRS 16, Leases	1 January 2019
• Amendments to MFRS 9, Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
• Amendments to MFRS 128, Investment in Associates and Joint Ventures:	
Long-term Interests in Associates and Joint Ventures	1 January 2019
• IC Interpretation 23, Uncertainty over Income Tax Treatments	1 January 2019

The Directors expect that the adoption of the new and amended MFRS and interpretation above will have no impact on the financial statements of the Company.

(b) Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to References to the Conceptual Framework in MFRS Standards	
- Amendments to MFRS 2 <i>Share-based Payment</i>	1 January 2020
- Amendments to MFRS 3 <i>Business Combinations</i>	1 January 2020
- Amendments to MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
- Amendments to MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2020
- Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2020
- Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
- Amendments to MFRS 134 <i>Interim Financial Reporting</i>	1 January 2020
- Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
- Amendments to MFRS 138 <i>Intangible Assets</i>	1 January 2020
- Amendments to IC Interpretation 12 <i>Service Concession Arrangements</i>	1 January 2020
- Amendments to IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020
- Amendments to IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2020
- Amendments to IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2020
- Amendments to IC Interpretation 132 <i>Intangible Assets - Web Site Costs</i>	1 January 2020
• Amendments to MFRS 3 <i>Business Combinations: Definition of Business</i>	1 January 2020
• Amendments to MFRS 101 <i>Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material</i>	1 January 2020

Notes to the Financial Statements (Continued)

as at 30 June 2020

1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

The Company has not adopted the following standards and interpretations that have been issued but not yet effective: (continued)

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 9 Financial Instruments, MFRS 139 <i>Financial Instruments: Recognition and Measurement</i> and MFRS 7 <i>Financial Instruments: Disclosures: Interest Rate Benchmark Reform</i>	1 January 2020
• Amendment to MFRS 16 Leases: <i>Covid-19-Related Rent Concessions</i>	1 June 2020
• Amendments to MFRS 101 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2022
• Annual improvements to MFRSs 2018 - 2020 cycle	
- Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2022
- Amendments to MFRS 9 <i>Financial Instruments</i>	1 January 2022
- Amendments to MFRS 16 <i>Leases</i>	1 January 2022
- Amendments to MFRS 141 <i>Agriculture</i>	1 January 2022
• Amendments to MFRS 3 <i>Business Combinations: Reference to the Conceptual Framework</i>	1 January 2022
• Amendments to MFRS 116 <i>Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
• Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
• Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associates and Joint Ventures: Sales and Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
• MFRS 17 <i>Insurance Contract</i>	1 January 2021

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statement of the Company.

(c) Explanation on change in accounting policy

MFRS 16 Leases

In the current financial year, the Company has adopted MFRS 16 Leases (“**MFRS 16**”) effective for the annual financial period beginning on or after 1 January 2019. The date of initial application is as of the beginning of the reporting period, in which the Company first applies MFRS 16, i.e. 1 July 2019.

The standard introduces a single, on balance sheet lease accounting for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payment. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating leases.

Right-of-use assets and lease liabilities are disclosed as a single line in the statement of financial position.

The Company elects to apply MFRS 16 retrospectively with no restatement of comparative and cumulative adjustments resulting from the initial application of MFRS 16 are recognised in retained earnings and reserves as at 1 July 2019.

The adoption of the above MFRSs did not have any significant effect on the financial statements of the Company.

(d) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise as indicated in the summary of significant accounting policies.

1. Basis of preparation (continued)**(e) Significant accounting estimates and judgements**

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) 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 recognise 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.

(ii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Provision for Expected Credit Losses ("ECLs") of Trade Receivables

The Group and the Company use a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

(v) Pension and other post-retirement benefits

The cost and valuation of defined benefit pension plans is determined using actuarial valuations. This involves making assumptions about discount rates, expected rate of return of assets, future salary and pensions increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

(vi) Provision for legal claims

The provision is made for legal services in respect of the Group's litigation case as mentioned in Note 31 to the financial statements. The amount of provision is determined using the best estimate of the management based on their past experience on similar cases. It is reasonably possible, that outcomes within the next financial year that are different from assumptions would require a material adjustment to the provision made.

as at 30 June 2020

1. Basis of preparation (continued)

(e) Significant accounting estimates and judgements (continued)

(vii) *Deferred Tax Assets and Liabilities*

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the end of the reporting year. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the statements of financial position date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(viii) *Impairment of Goodwill*

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating units to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(ix) *Classification between Investment Properties and Owner Occupied Properties*

The Group determines whether a property qualifies as an investment property, and have developed 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 portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

2. Summary of significant accounting policies

(a) Basis of consolidation

(i) *Subsidiaries*

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

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return. Potential voting rights are considered when assessing control only when such rights are substantive.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2. Summary of significant accounting policies (continued)**(a) Basis of consolidation (continued)***(i) Subsidiaries (continued)*

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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

(ii) Business combinations

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

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

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Non-controlling interests

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

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

(iv) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interest, the difference between the consideration and the Group's share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

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2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Loss of control

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

(vi) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates and jointly controlled entities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue and other income

(i) Rental income

Rental income from investment properties are recognised on a straight-line basis over the term of lease.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Dividend income and distribution income

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

(c) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Company and its subsidiaries are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. Summary of significant accounting policies (continued)**(c) Foreign currencies (continued)***(ii) Foreign currency transactions (continued)*

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group and of the Company on disposal of the foreign operation.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's and the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rate used in the translation of each unit of foreign currency at reporting date is as follows:

	2020	2019
	RM	RM
1 Japanese Yen	0.0399	0.0385

(d) Employee benefits expense*(i) Short-term employee benefits*

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

(ii) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Retirement gratuity scheme

The Group and the Company established a retirement gratuity scheme in 2010 for employees of the Group and of the Company. The amount of retirement gratuity payable is determined by the Board of Directors in relation to the services rendered up to date of retirement. The retirement gratuity is calculated based on the basic salary over the tenure of employment to date. The retirement gratuity payable is vested upon the employees and directors reaching their retirement age.

2. Summary of significant accounting policies (continued)**(e) Borrowing costs**

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs. Finance costs comprise interest paid and payable on borrowings. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

(f) Leases

The Group and the Company had applied MFRS 117 Leases until financial year ended 31 December 2018. From 1 January 2019, MFRS 16 Leases has been applied.

Current financial yearAs a lessee*(i) Initial recognition and measurement*

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

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

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

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

(ii) Subsequent measurement

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

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

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

Notes to the Financial Statements *(Continued)*

as at 30 June 2020

2. Summary of significant accounting policies (continued)

(f) Leases (continued)

Previous financial year

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property, is accounted for as if held under a finance lease as described in Note 2(i) to the financial statements; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases - the Company as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amounts of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for the depreciable property, plant and equipment as described in Note 2(h) to the financial statements.

(iii) Operating Leases - the Company as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings element in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(g) Tax expense

(i) 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 at 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.

2. Summary of significant accounting policies (continued)**(g) Tax expense (continued)***(ii) Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

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

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(h) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

All property, plant and equipment are depreciated on the straight-line basis to write off the costs of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:

Motor vehicles	20%
Computer equipment	20%
Others	10% - 20%

Notes to the Financial Statements (Continued)

as at 30 June 2020

2. Summary of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

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

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(i) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both, but not use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost includes transaction costs. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure.

Subsequent to recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

All other investment properties are depreciated on the straight-line basis to write off the costs of the investment properties over their estimated useful lives.

The principal annual rates used for this purpose are:

Buildings	47 years to 50 years
Air-conditioner	10%
Renovation	10%
Fixtures and fittings	10%

The carrying amount of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss arising from derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in profit or loss in the year the asset is derecognised.

(j) Goodwill on consolidation

Goodwill on consolidation is recognised as of the acquisition date measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and in a business combination achieved in stages, the acquisition-date fair value of the Group's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2. Summary of significant accounting policies (continued)**(j) Goodwill on consolidation (continued)**

Goodwill with indefinite useful lives are not amortised but is tested for impairment annually.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination.

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

(k) Impairment*(i) Financial assets*

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

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

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

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

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

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

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

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

as at 30 June 2020

2. Summary of significant accounting policies (continued)

(k) Impairment (continued)

(ii) 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.

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that 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 if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(l) Financial assets

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

(i) Amortised costs

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(ii) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument).

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

2. Summary of significant accounting policies (continued)**(m) Non-current asset held for sale or distribution to owners**

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale or distribution.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, fixed deposits placed with licensed banks with original maturity not more than 3 months 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.

(o) Equity instrument

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

(p) Financial liabilities*Amortised cost*

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

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

(q) Provisions

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

Provisions are reviewed at end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects where appropriate, the risk 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.

as at 30 June 2020

2. Summary of significant accounting policies (continued)

(r) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. 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.

(t) Fair value measurements

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

(u) Earnings per ordinary share ("EPS")

The Group presents basic and diluted earnings per share date for its ordinary shares.

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.

Notes to the Financial Statements (Continued)

as at 30 June 2020

3. Revenue

	Group		Company	
	2020 RM	2019 Restated RM	2020 RM	2019 Restated RM
Distribution income	2,180,549	2,753,232	776,691	858,132
Dividend income	301,560	158,064	-	-
Interest income				
- short-term cash investments	-	812	-	-
- other investments	152,316	151,917	-	90
- fixed deposits placed with licensed banks	292,041	282,686	-	1,151
Gain on disposal/ redemption of:				
- short-term cash investments	97,479	113,431	57,178	41,638
- other investments	-	193,300	-	-
Rental income	542,848	537,529	-	-
	3,566,793	4,190,971	833,869	901,011

4. Finance costs

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:				
- Borrowings	54,799	49,570	-	-

5. Employee benefits expense

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(i) Staff costs:				
- Salaries and other emoluments	498,574	560,043	254,325	258,825
- Contribution to defined contribution plan	76,727	86,562	39,072	39,792
- Social security contribution	4,855	5,451	1,516	1,516
- Provisions for retirement gratuity	30,883	60,298	45,065	44,664
- Other employee benefits expense	29,458	2,433	23,893	1,527
	640,497	714,787	363,871	346,324
(ii) Directors' remuneration and fee (excluding benefits-in-kind) (Note 6):				
- Salaries and other emoluments	397,000	421,000	397,000	421,000
- Contribution to defined contribution plan	57,880	57,880	57,880	57,880
- Social security contribution	1,778	1,866	1,778	1,866
- Provisions for retirement gratuity	30,000	30,000	30,000	30,000
- Directors' fees	60,000	60,000	60,000	60,000
Total directors' remuneration (excluding benefit-in-kind)	546,658	570,746	546,658	570,746
- Estimated monetary value of benefit-in-kind	33,150	31,421	-	-
Total directors' remuneration (including benefit-in-kind)	579,808	602,167	546,658	570,746
Total employee benefits expense	1,220,305	1,316,954	910,529	917,070

6. Directors' remuneration

Details of Directors' remuneration received by the Group and the Company during the financial year are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive directors:				
Salaries and other emoluments	316,000	316,000	316,000	316,000
Contribution to defined contribution plan	57,880	57,880	57,880	57,880
Social security contribution	1,778	1,866	1,778	1,866
Retirement gratuity benefits	18,000	18,000	18,000	18,000
Total executive directors' remuneration (excluding benefit-in-kind)	393,658	393,746	393,658	393,746
Estimated monetary value of benefit-in-kind	19,825	18,096	-	-
Total executive directors' remuneration (including benefit-in-kind)	413,483	411,842	393,658	393,746
Non-executive directors:				
Allowances and other emoluments	81,000	105,000	81,000	105,000
Retirement gratuity benefits	12,000	12,000	12,000	12,000
Total non-executive directors' remuneration (excluding benefit-in-kind)	93,000	117,000	93,000	117,000
Estimated monetary value of benefit-in-kind	13,325	13,325	-	-
Total non-executive directors' remuneration (including benefit-in-kind)	106,325	130,325	93,000	117,000
Total directors' remuneration	519,808	542,167	486,658	510,746

7. Tax expense

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax (income)/expense:				
- current financial year	24,961	297	-	-
- (over)/under provision in prior financial year	151	(112)	-	-
	25,112	185	-	-

Notes to the Financial Statements (Continued)

as at 30 June 2020

7. Tax expense (continued)

Reconciliation of tax expense

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Loss before tax	(1,781,664)	(5,474,444)	(692,205)	(1,322,916)
Tax calculated using statutory tax rate at 24%	(427,598)	(1,313,867)	(166,129)	(317,500)
Non-taxable income	(230,028)	(785,764)	(200,141)	(236,720)
Non-deductible expenses	618,958	1,902,065	366,270	554,220
Deferred tax assets not recognised during the financial year	63,629	197,863	-	-
	24,961	297	-	-
(Over)/under provision of current tax expense in prior financial year	151	(112)	-	-
Tax expense for the financial year	25,112	185	-	-

The Group and the Company has unutilised tax losses of RM4,953,783 (2019: RM4,704,401) and unabsorbed capital allowances of RM281,166 (2019: RM261,166) available for offsetting against future taxable profits.

Unutilised tax losses can be carried forward for a period of 7 years of assessment ("YA") to set off against future taxable profits as follows:

	RM	Utilised up to
YA 2018 and before	4,368,817	YA 2025
YA 2019	335,584	YA 2026
YA 2020	249,382	YA 2027

8. Basic/Diluted loss per share

(a) Basic

Basic loss per share is calculated by dividing loss for the financial year, net of tax, attributable to owners of the parent by the number of ordinary shares of RM1 each in issue during the financial year.

	Group	
	2020 RM	2019 RM
Loss for the financial year, attributable to owners of the parent	(1,806,776)	(5,474,629)
Number of ordinary shares in issue	75,000,000	75,000,000
Basic loss per share (sen)	(2.4)	(7.3)

(b) Diluted

The Group has no potentially dilutive ordinary shares that may be issued in the future. As such, there is no dilution effect on the loss per ordinary shares of the Group for the financial year.

There have been no other transactions involving ordinary shares between end of reporting period and the date of authorisation of these financial statements.

9. Property, plant and equipment

	Motor vehicle RM	Computer equipment RM	Others * RM	Total RM
Group				
2020				
Cost				
At 1 July 2019	1,449,305	17,088	79,621	1,546,014
Disposal	(62,471)	-	-	(62,471)
At 30 June	1,386,834	17,088	79,621	1,483,543
Accumulated depreciation				
At 1 July 2019	1,296,385	17,084	73,194	1,386,663
Charge for the financial year	54,949	-	1,497	56,446
Disposal	(62,470)	-	-	(62,470)
At 30 June	1,288,864	17,084	74,691	1,380,639
Carrying amount				
At 30 June	97,970	4	4,930	102,904
Group				
2019				
Cost				
At 1 July 2018	1,485,285	17,088	79,621	1,581,994
Additions	126,956	-	-	126,956
Disposal	(162,936)	-	-	(162,936)
At 30 June	1,449,305	17,088	79,621	1,546,014
Accumulated depreciation				
At 1 July 2018	1,377,915	16,660	70,584	1,465,159
Charge for the financial year	81,405	424	2,610	84,439
Disposal	(162,935)	-	-	(162,935)
At 30 June	1,296,385	17,084	73,194	1,386,663
Carrying amount				
At 30 June	152,920	4	6,427	159,351

Notes to the Financial Statements (Continued)

as at 30 June 2020

9. Property, plant and equipment (continued)

	Motor vehicle RM	Computer equipment RM	Others * RM	Total RM
Company				
2020				
Cost				
At 1 July 2019/30 June	8,651	6,672	78,651	93,974
Accumulated depreciation				
At 1 July 2019	8,651	6,668	72,232	87,551
Charge for the financial year	-	-	1,490	1,490
At 30 June	8,651	6,668	73,722	89,041
Carrying amount				
At 30 June	-	4	4,929	4,933
2019				
Cost				
At 1 July 2018/30 June	8,651	6,672	78,651	93,974
Accumulated depreciation				
At 1 July 2018	8,651	6,302	69,635	84,588
Charge for the financial year	-	366	2,597	2,963
At 30 June	8,651	6,668	72,232	87,551
Carrying amount				
At 30 June	-	4	6,419	6,423

* Others comprise of renovation, electrical installation, office equipment and furniture and fittings.

as at 30 June 2020

10. Investment properties

	Freehold land RM	Buildings RM	Air- conditioner RM	Renovation RM	Fixtures and fittings RM	Total RM
Group 2020						
Cost						
At 1 July 2019/30 June	53,367,232	13,415,970	38,060	73,379	90,983	66,985,624
Transfer to assets classified held for sale (note 17)	-	(2,520,160)	-	-	-	(2,520,160)
At 30 June	53,367,232	10,895,810	38,060	73,379	90,983	64,465,464
Accumulated depreciation						
At 1 July 2019	-	1,036,607	30,158	55,089	67,837	1,189,691
Charge for the financial year	-	276,343	3,806	7,338	9,098	296,585
Transfer to assets classified held for sale (Note 17)	-	(134,409)	-	-	-	(134,409)
At 30 June	-	1,178,541	33,964	62,427	76,935	1,351,867
Carrying amount						
At 30 June	53,367,232	9,717,269	4,096	10,952	14,048	63,113,597
Fair value						137,770,469
Group 2019						
Cost						
At 1 July 2018/30 June	53,367,232	13,415,970	38,060	73,379	90,983	66,985,624
Accumulated depreciation						
At 1 July 2018	-	760,265	26,352	47,751	58,739	893,107
Charge for the financial year	-	276,342	3,806	7,338	9,098	296,584
At 30 June	-	1,036,607	30,158	55,089	67,837	1,189,691
Carrying amount						
At 30 June	53,367,232	12,379,363	7,902	18,290	23,146	65,795,933
Fair value						133,055,412

Included in the investment properties with the carrying amount of RM52,482,000 (2019: RM52,482,000) are held in trust by third party.

	Group	
	2020 RM	2019 RM
Recognised in profit or loss:		
Rental income	542,848	536,309
Direct operating expenses arising from investment properties that generated rental income during the financial year	(50,316)	(44,101)
Direct operating expenses arising from investment properties that did not generated rental income during the financial year	(20,331)	(34,560)

The estimated fair values of investment properties were arrived at by the directors of the Group by reference to similar properties in the locality and adjusting for size, present market trend and other differences.

Notes to the Financial Statements (Continued)

as at 30 June 2020

11. Investment in subsidiaries

	Company	
	2020 RM	2019 RM
Unquoted shares, at costs:	167,215,233	167,215,233
Less: Impairment loss	(233,718)	(233,718)
At 30 June	166,981,515	166,981,515

Details of the subsidiaries are as follows:

Name of company	Principal places of business/ Country of incorporation	Principal activities	Proportion of ownership interest/ voting right	
			2020	2019
Malpac Capital Sdn. Bhd	Malaysia	Cultivation of oil palm	100%	100%
Malpac Management Sdn. Bhd.	Malaysia	Dormant	100%	100%
Malpac Assets Management Sdn. Bhd.	Malaysia	Dormant	100%	100%
Malpac Land Sdn. Bhd.	Malaysia	Dormant	100%	100%
Discovery Assets Sdn. Bhd.	Malaysia	Dormant	100%	100%
Precious Way International Limited ^	British Virgin Islands	Investment holding	100%	100%
Titanium Highland Sdn. Bhd. **	Malaysia	Dormant	100%	100%
Popular Sphere Sdn. Bhd. #	Malaysia	Dormant	100%	100%

^ Audited by Messrs PKF for the purpose of consolidation in the financial statement of the Group.

* Interest held by Malpac Capital Sdn. Bhd.

Malpac Capital Sdn. Bhd. has entered into a share sales agreement with Eaton Residence Sdn. Bhd. for the disposal of 100% shares in Titanium Highland Sdn. Bhd. for a total consideration of RM2,654,026. The disposal yet to complete as at the end of financial year.

12. Goodwill on consolidation

At cost	Group	
	2020 RM	2019 RM
At 1 July 2019/2018/30 June	17,868	17,868

Impairment test for goodwill

Goodwill arising from the acquisition of subsidiaries had been allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Key assumptions used in value-in-use calculations

Net asset value

The management assessment on goodwill were based on the net asset value of Popular Sphere Sdn. Bhd. and Titanium Highland Sdn. Bhd..

Notes to the Financial Statements (Continued)

as at 30 June 2020

13. Other investments

	Group	
	2020 RM	2019 RM
Non-current		
Equity and debt instruments quoted in Malaysia	11,030,921	12,029,525
Current		
Equity and debt instruments quoted in Malaysia	4,908,428	5,555,976
	15,939,349	17,585,501

	Group					
	2020			2019		
	Cost RM	Carrying amount RM	Market value of quoted investments RM	Cost RM	Carrying amount RM	Market value of quoted investments RM
Non-current						
Equity and debt instruments quoted in Malaysia, at fair value	18,746,096	11,030,921	11,030,921	18,635,846	12,029,525	12,029,525
Current						
Equity and debt instruments quoted in Malaysia, at fair value	7,727,784	4,908,428	4,908,428	7,672,184	5,555,976	5,555,976

14. Trade and non-trade receivables

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables					
Trade receivables		2,581,047	2,597,047	-	-
Less: Impairment					
At 1 July 2018/2017		(2,597,047)	(2,381,047)	-	-
Addition		(120,000)	(216,000)	-	-
Reversal		136,000	-	-	-
At 30 June		(2,581,047)	(2,597,047)	-	-
Trade receivables, net		-	-	-	-
Non-trade receivables					
Non-trade receivables	(a)	49,001,231	49,007,199	-	-
Amount due from subsidiaries		-	-	8,006,554	7,970,485
Less: Impairment					
At 1 July 2018/2017		-	-	(118,081)	(110,148)
Addition		-	-	(10,148)	(7,933)
At 30 June		-	-	(128,229)	(118,081)
Amount due from subsidiaries, net	(b)	-	-	7,878,325	7,852,404
Deposits		122,451	117,271	51,270	51,270
Non-trade receivables, net		49,123,682	49,124,470	7,929,595	7,903,674
Total trade and non-trade receivables		49,123,682	49,124,470	7,929,595	7,903,674

Notes to the Financial Statements (Continued)

as at 30 June 2020

14. Trade and non-trade receivables (continued)

- (a) Included in the non-trade receivables of the Group is an amount of RM49,000,000 which represent the consideration receivable for the disposal of the entire equity interest of Radiant Response Sdn. Bhd. together with two (2) parcels of leasehold land which is fully disclosed under Suit 109 ("Case 1") in Note 31 to the financial statements.
- (b) Amount due from subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand by cash.

15. Short-term cash investment

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At fair value:				
Cash management fund with investment management companies	67,435,219	70,971,559	20,805,030	25,266,029

16. Fixed deposits placed with licensed banks

	Group	
	2020 RM	2019 RM
Original maturities less than 3 months	18,121	21,511
Original maturities more than 3 months	7,425,452	7,133,411
	<u>7,443,573</u>	<u>7,154,922</u>

The fixed deposits placed with licensed banks of the Group bear effective interest at rates of 2.65% to 4.20% (2019: 3.75% to 4.20%) per annum with maturity period from 3 months to 12 months (2019: 3 days to 12 months).

Included in fixed deposits placed with licensed banks of the Group is RM7,425,452 (2019: RM7,133,411) pledged for bank facilities granted to the Group as disclosed in Note 22 to the financial statements.

17. Assets/(Liabilities) classified as held for sale

	Notes	Group	
		2020 RM	2019 RM
Assets classified as held for sales			
Disposal of subsidiary	(i)	<u>2,385,753</u>	-
Liabilities classified as held for sale			
Disposal of subsidiary	(i)	<u>42,158</u>	-

as at 30 June 2020

17. Assets/(Liabilities) classified as held for sale (continued)**(i) Disposal of subsidiary**

	Group 2020 RM
Assets classified as held for sale	
Investment property	2,385,751
Cash at bank	2
	<u>2,385,753</u>
Liabilities classified as held for sale	
Other payables and accruals	18,437
Provision for income tax	23,721
	<u>42,158</u>

18. Share capital

	Group and Company			
	2020	2019	2020	2019
	Number of shares		RM	
Issued and fully paid				
At 1 July 2019/2018/30 June	75,000,000	75,000,000	99,366,593	99,366,593

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual interests.

19. Retained earnings

Under the single tier system introduced by the Finance Act, 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained earnings can be distributed to shareholders as tax-exempt dividends.

20. Provisions

	Retirement gratuity RM	Legal fee RM	Legal claims RM	Total RM
Group				
At 1 July 2019	1,745,273	2,169,039	33,662,103	37,576,415
Addition	75,066	131,124	-	206,190
Utilisation	(64,182)	(39,188)	-	(103,370)
At 30 June 2020	<u>1,756,157</u>	<u>2,260,975</u>	<u>33,662,103</u>	<u>37,679,235</u>
At 1 July 2018	1,654,975	1,684,820	32,137,820	35,477,615
Addition	90,298	484,219	1,524,283	2,098,800
At 30 June 2019	<u>1,745,273</u>	<u>2,169,039</u>	<u>33,662,103</u>	<u>37,576,415</u>

Notes to the Financial Statements (Continued)

as at 30 June 2020

20. Provisions (continued)

Company	Retirement gratuity RM	Legal fee RM	Total RM
At 1 July 2019	1,536,041	490,262	2,026,303
Addition	75,066	131,124	206,190
At 30 June 2020	1,611,107	621,386	2,232,493
At 1 July 2018	1,461,377	190,262	1,651,639
Addition	74,664	300,000	374,664
At 30 June 2019	1,536,041	490,262	2,026,303

Provisions as at the end of the reporting period are shown as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current	161,956	144,986	57,341	51,650
Current	37,517,279	37,431,429	2,175,152	1,974,653
	37,679,235	37,576,415	2,232,493	2,026,303

(a) Retirement gratuity

Provision for retirement gratuity are for eligible employees and directors. The details of the retirement gratuity scheme are disclosed in Note 2(d)(iii) to the financial statements. The provision is discounted at rates ranging from 2.65% to 4.30% (2019: 3.44% to 4.30%). The key assumption used by management to estimate the provision of retirement gratuity based on the basic salary over the tenure of employment to date.

The amounts recognised in profit or loss are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current service costs	75,066	85,896	75,066	74,199
Interest on obligation	-	4,402	-	465
	75,066	90,298	75,066	74,664

(b) Legal fee

The provision is made for legal services in respect of the Company's litigation case 1, 2 and 3 as mentioned in Note 31 to the financial statements. The amount of provision is determined using the best estimate of the management based on their past experience on similar cases.

(c) Legal claims

The provision is made for damages in respect of the Company's litigation case 3 as mentioned in Note 31 to the financial statements. The amount of provision is determined based on the High Court's decision on 31 May 2017.

as at 30 June 2020

21. Non-trade payables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-trade payables	614,100	452,028	177,429	177,429
Deposit payables	10,000	18,000	-	-
Accrued expenses	497,721	317,938	233,135	205,558
	<u>1,121,821</u>	<u>787,966</u>	<u>410,564</u>	<u>382,987</u>

22. Borrowing

	Group	
	2020 RM	2019 RM
Secured:		
Current		
Revolving credit	<u>6,043,235</u>	<u>6,006,856</u>

The revolving credit of the Group bears interest at rate of 0.85% - 1% (2019: 0.85%) per annum.

The revolving credit of the Group is secured by the fixed deposits placed with a licensed bank of the Company as disclosed in Note 16 to the financial statements.

23. Deferred tax assets

The amount of temporary differences for which no deferred tax assets has been recognised in the statement of financial position are as follows (stated as gross):

	Group	
	2020 RM	2019 RM
Property, plant and equipment	11,951	16,210
Unutilised tax losses	4,953,783	4,704,401
Unabsorbed capital allowance	281,166	261,166
	<u>5,246,900</u>	<u>4,981,777</u>

24. Dividend

	Gross dividend per share RM	Amount of dividend RM	Date of payment
Group and Company			
2019			
Interim Single Tier Dividend	0.10	<u>7,500,000</u>	18 October 2018

Notes to the Financial Statements (Continued)

as at 30 June 2020

25. Related party disclosures

(a) Identify of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influences over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are the subject to common control or common significant influences. Related parties may be individuals or other entities.

The Group and the Company have a related party relationship with its subsidiaries and key management personnel.

(b) Compensation of key management personnel

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

The remuneration of the key management personnel are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries and other emoluments	684,365	708,454	684,365	708,454
Directors' fees	60,000	60,000	60,000	60,000
Retirement gratuity benefits	69,375	69,375	69,375	69,375
Benefit-in-kind	39,178	40,221	-	-
	<u>852,918</u>	<u>878,050</u>	<u>813,740</u>	<u>837,829</u>

Included in compensation of key management personnel of the Group and of the Company are directors' remuneration as disclosed in Note 6 to the financial statements.

(c) Related party transactions

Significant transactions between the Company and its related parties during the financial year were as follows:

	Group	
	2020 RM	2019 RM
With subsidiaries:		
Impairment loss on amount due from subsidiaries	<u>10,148</u>	<u>7,933</u>

d) Related party balances

Information regarding outstanding balances arising from related transactions as at the end of the reporting period are disclosed in Note 14 to the financial statements.

26. Commitments**(a) Operating lease commitments – as lessee**

The Group and the Company have entered into non-cancellable operating lease arrangements for the use of buildings. These leases have an average tenure of between 1 and 2 years with option of renewal included in the contract. There are no restrictions placed upon the Group and the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases (excluding prepaid lease payments) at the end of the reporting period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Not later than 1 year	39,840	82,280	32,280	32,280

(b) Operating lease commitments – as lessor

The future minimum lease payments receivables under non-cancellable operating leases are as follows:

	2020 RM	2019 RM
- Not later than one year	290,700	280,805
- Between one to three years	436,051	702,013
	726,751	982,818

27. Segment information**(a) Business segments**

The Group and the Company is principally engaged in the investment holding. There is no other business component that is an operating segment with a distinct allocation of resources. As such, there are no separate reportable segments and segmental reporting.

(b) Geographical segments

The Group operate in two main geographical areas, namely Malaysia (the Company's home country), and Japan.

	Group	
	2020 RM	2019 RM
Malaysia	2,923,904	3,614,404
Japan	642,889	576,567
	3,566,793	4,190,971

(c) Major customers

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

Notes to the Financial Statements (Continued)

as at 30 June 2020

28. Financial instruments

Categories of financial instruments

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

- (a) Financial assets at fair value through profit or loss ("FVTPL"); or
- (b) Financial assets measured at amortised cost ("AC"); and
- (c) Financial liabilities measured at amortised cost ("AC").

Group	Carrying amount RM	AC RM	FVTPL RM
2020			
Financial assets			
Other investments	15,939,349	-	15,939,349
Trade and non-trade receivables	49,123,682	49,123,682	-
Short-term cash investments	67,435,219	-	67,435,219
Fixed deposits with licensed banks	7,443,573	7,443,573	-
Cash and bank balances	4,185,880	4,185,880	-
	144,127,703	60,753,135	83,374,568
Financial liabilities			
Non-trade payables	1,121,821	1,121,821	-
Borrowing	6,043,235	6,043,235	-
	7,165,056	7,165,056	-
Company			
2020			
Financial assets			
Non-trade receivables	7,929,595	7,929,595	-
Short-term cash investments	20,805,030	-	20,805,030
Cash and bank balances	4,068,235	4,068,235	-
	32,802,860	11,997,830	20,805,030
Financial liability			
Non-trade payables	410,564	410,564	-

28. Financial instruments (continued)

Categories of financial instruments (continued)

	Carrying amount RM	AC RM	FVTPL RM
Group			
2019			
Financial assets			
Other investments	17,585,501	-	17,585,501
Trade and non-trade receivables	49,124,470	49,124,470	-
Short-term cash investments	70,971,559	-	70,971,559
Fixed deposits with licensed banks	7,154,922	7,154,922	-
Cash and bank balances	227,340	227,340	-
	<u>145,063,792</u>	<u>56,506,732</u>	<u>88,557,060</u>
Financial liabilities			
Non-trade payables	787,966	787,966	-
Borrowing	6,006,856	6,006,856	-
	<u>6,794,822</u>	<u>6,794,822</u>	<u>-</u>
Company			
2019			
Financial assets			
Non-trade receivables	7,903,674	7,903,674	-
Short-term cash investments	25,266,029	-	25,266,029
Cash and bank balances	90,105	90,105	-
	<u>33,259,808</u>	<u>7,993,779</u>	<u>25,266,029</u>
Financial liability			
Non-trade payables	382,987	382,987	-

Notes to the Financial Statements (Continued)

as at 30 June 2020

28. Financial instruments (continued)

Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net gains/(losses) arising on:				
Financial assets measured at amortised cost				
Impairment losses on amount due from subsidiaries	-	-	(10,148)	(7,933)
Impairment losses on amount due from trade receivables	(120,000)	(216,000)	-	-
Reversal of impairment on trade receivables no longer required	136,000	-	-	-
Interest income				
- fixed deposits placed with licensed banks	292,041	282,686	-	1,151
	308,041	66,686	(10,148)	(6,782)
Financial assets at FVTPL				
Net fair value (loss)/gain on financial assets at FVTPL	(1,876,144)	(3,336,932)	(54,868)	85,268
Dividend income	301,560	158,064	-	-
Distribution income from unit trusts	2,180,549	2,753,232	776,691	858,132
Interest income from:				
- short-term cash investments	-	812	-	-
- other investments	152,316	151,917	-	90
Gain on disposal/ redemption of:				
- short-term cash investments	97,479	113,431	57,178	41,638
Gain on disposal of other investments	-	193,300	-	-
	855,760	33,824	779,001	985,128
Financial liabilities measured at amortised cost				
Interest expense	(54,799)	(49,570)	-	-
Unrealised loss on foreign exchange	(203,309)	(304,349)	-	-
	(258,108)	(353,919)	-	-

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk, interest rate risk, market price risk and liquidity risk.

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 of the Company's businesses whilst managing its credit risk, foreign currency risk, interest rate risk, market price risk and liquidity risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position. For other financial assets, the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

28. Financial instruments (continued)**Credit risk (continued)**Credit risk concentration profile

The Group and the Company have no major concentration of credit risk and manages these risks by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Recognition and measurement of impairment loss

The Group uses a provision matrix to measure ECLs of trade receivables and contract assets.

Loss rates are based on actual credit loss experience over the past three (3) years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Company believes that these factors are immaterial for the purpose of impairment calculation for the financial year.

Ageing analysis

The ageing analysis of the Group's trade receivables as at reporting date are as follows:

	Gross amount RM	Loss allowances RM	Carrying amount RM
Group			
2020			
Past due:			
- more than 3 months	2,581,047	(2,581,047)	-
			-
2019			
Past due:			
- less than 3 months	56,000	(56,000)	-
- more than 3 months	2,541,047	(2,541,047)	-
	2,597,047	(2,597,047)	-

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates.

The Group has transactional foreign currency exposure arising from cash in hand, borrowings and deposits that are denominated in a currency other than its functional currency of the Group, Ringgit Malaysia ("RM"). The foreign currency in which these transactions are denominated in Japanese Yen ("JPY").

The Group's principal foreign currency exposure relates mainly to JPY.

Notes to the Financial Statements (Continued)

as at 30 June 2020

28. Financial instruments (continued)

Foreign currency risk (continued)

The Group's exposure to foreign currency is as follows:

	JPY RM
2020	
Financial liability	
Borrowing	(6,043,235)
2019	
Financial liability	
Borrowing	(6,006,856)

Sensitivity analysis of foreign currency risk

The following table details the sensitivity of Group's profit net of tax to a reasonably possible change in JPY exchange rates against the functional currency of the Group, with all other variables held constant.

	2020 Increase/ (Decrease) RM	2019 Increase/ (Decrease) RM
Effect on profit after tax		
JPY/RM - Strengthened by 15%	(688,929)	(684,782)
- Weakened by 15%	688,929	684,782

Interest rate risk

Interest rate risk is the risk is that the fair value or future value cash flows of the Group's financial instruments will fluctuate because of changes in the market interest rates.

The Group's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following tables indicates its effective interest rates at the reporting date and the periods in which they reprice or mature, whichever is earlier:

as at 30 June 2020

28. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Interest rate risk (continued)

	Effective interest rate per annum %	Within 1 year RM
Group		
2020		
Financial asset		
Fixed deposits with licensed banks	2.65 - 4.20	7,443,573
Financial liability		
Borrowing	0.85 - 1	(6,043,235)
		<u>1,400,338</u>
2019		
Financial asset		
Fixed deposits with licensed banks	3.75 - 4.20	7,154,922
Financial liability		
Borrowing	0.85	(6,006,856)
		<u>1,148,066</u>

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group	
	2020	2019
	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM
Effect on profit after tax		
Increase of 10 basis points	1,064	873
Decrease of 10 basis points	(1,064)	(873)
Effect on equity		
Increase of 10 basis points	1,064	873
Decrease of 10 basis points	(1,064)	(873)

Liquidity risk

Liquidity risk is the risk the Group and the Company will encounter difficulty in the meeting financial obligations associated with financial liabilities. 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's objective is to maintain continuity of funding so as to ensure that all repayment and funding needs are met. As part of its liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements.

The Group's and the Company's financial liabilities at the end of the reporting period either mature within one year or are repayable on demand.

Notes to the Financial Statements (Continued)

as at 30 June 2020

28. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market prices. The Group and the Company are exposed to market price risk arising from their investment as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Investment in quoted shares	15,939,349	17,585,501	-	-
Short-term cash investments	67,435,219	70,971,559	20,805,030	25,266,029
	83,374,568	88,557,060	20,805,030	25,266,029

Market price risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the market price as at the end of the reporting period, with all other variables held constant:

	Group		Company	
	2020 Increase/ (Decrease) RM	2019 Increase/ (Decrease) RM	2020 Increase/ (Decrease) RM	2019 Increase/ (Decrease) RM
Effect on profit after tax				
Higher of 5%	3,168,234	3,365,168	790,591	960,109
Lower of 5%	(3,168,234)	(3,365,168)	(790,591)	(960,109)
Effect on equity				
Higher of 5%	3,168,234	3,365,168	790,591	960,109
Lower of 5%	(3,168,234)	(3,365,168)	(790,591)	(960,109)

Fair value

The following summarise the methods used to determine the fair values of the financial instruments:

- (i) The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The fair values of the financial assets at FVTPL are determined by reference to the quoted closing bid price or redemption price at the end of the reporting period.

29. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's and of the Company's assets and liabilities:

	Total RM	Fair value measurement using		
		Level 1 RM	Level 2 RM	Level 3 RM
Group				
2020				
Assets measured at fair value				
Financial assets measured at FVTPL				
- Quoted equity and debt instruments	15,939,349	15,939,349	-	-
- Short-term cash investment	67,435,219	67,435,219	-	-
2019				
Assets measured at fair value				
Financial assets measured at FVTPL				
- Quoted equity and debt instruments	17,585,501	17,585,501	-	-
- Short-term cash investment	70,971,559	70,971,559	-	-
Company				
2020				
Assets measured at fair value				
Financial assets measured at FVTPL				
- Short-term cash investment	20,805,030	20,805,030	-	-
2019				
Assets measured at fair value				
Financial assets measured at FVTPL				
- Short-term cash investment	25,266,029	25,266,029	-	-
Group				
Assets for which fair value is disclosed				
2020				
Investment properties (Note 10)	137,770,469	-	137,770,469	-
2019				
Investment properties (Note 10)	133,055,412	-	133,055,412	-

30. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions.

No changes were made in the objectives, policies or processes during the financial years ended 30 June 2020 and 30 June 2019.

Under the requirements of Bursa Malaysia Practice Note 17, the Group is required to maintain a consolidated shareholders' equity to or not less than 25% of the issued and paid up capital (excluding treasury shares). The Group has complied with this requirement.

Notes to the Financial Statements (Continued)

as at 30 June 2020

30. Capital management (continued)

The debt-to-equity ratio is calculated as net debt divided by total equity, and where net debt is calculated as borrowings less cash and cash equivalents. The debt-to-equity ratio of the Group as at the end of the reporting period were as follows:

	Group	
	2020	2019
	RM	RM
Borrowings	6,043,235	6,006,856
Less: Cash and cash equivalents	(4,185,880)	(227,340)
Net debt	1,857,355	5,779,516
Total equity	164,874,033	166,680,809
Gearing ratio (times)	0.01	0.03

31. Material litigation

Suit 109 (“Case 1”) Suit No. 08(i)-467-10/2015(A) & 08(i)-469-10/2015(A)

On 5 April 2002, a wholly-owned subsidiary of the Company, Malpac Capital Sdn. Bhd. (“MCSB”) entered into a Conditional Sale and Purchase Agreement (“the Agreement”) to dispose of its subsidiary, Radiant Responses Sdn. Bhd. (“RRSB”) together with 2 parcels of leasehold land to Yong Toi Mee and Cheang Kim Leong (“the Purchasers”) for a consideration of RM2 and the repayment by the Purchasers of the shareholder’s loan of RRSB of RM30,600,000 (“Original Proposed Disposal of RRSB”), as part of a composite transaction and encompassing the palm oil mill situated on part of the plantation and owned by a third-party lessee for total consideration of RM53,000,002.

On 20 June 2002, Malpac Holdings Berhad obtained its shareholder’s approval for the Original Proposed Disposal of RRSB.

On 15 November 2002, a Subsequent Letter Agreement was executed by both parties recognising the Agreement had lapsed as not all approvals from the relevant authorities had been obtained and also negotiations to acquire the palm oil mill sited on the subject plantation had not been successful.

On 5 August 2003, the two (2) parcels of plantation land in Teluk Intan, Perak were transferred to RRSB (acting as nominee for MCSB) at a transfer price of RM47.40 million (after a revaluation was done at the request of the Securities Commission).

On 28 April 2004, an palm oil mill was bought and injected into RRSB (as a nominee of MCSB).

On 4 February 2005, the paid-up capital of RRSB was raised to RM100,000 through the issuance of 99,998 new shares of RM1.00 each.

On 21 April 2007, the Purchasers (“the Plaintiffs”) had filed a writ of summons and statements of the claim against MCSB and RRSB (together as “the Defendants”) seeking for specific performance of the Agreement.

On 5 May 2011, the Ipoh High Court (“High Court”) delivered an oral judgement in favour of the Purchasers and ordered specific performance of the Agreement whereby MCSB and RRSB were required to complete the sale within three (3) months from the date of receipt of the balance purchase price. Costs were ordered against the Defendants.

Effective 1 July 2011, MCSB had suspended the recognition of the income from oil palm plantation and palm oil mill since no income had been received from the oil palm plantation following the High Court’s decision given in favour of the Purchasers in the Civil Suit.

The Court of Appeal had on 17 January 2012 made a unanimous decision in MCSB’s and RRSB’s favour. The Court of Appeal concurrently ordered that MCSB’s counter claim be remitted back to the High Court for a decision.

On 4 September 2013, the Federal Court allowed the Purchasers’ appeal, set aside the decision of the Court of Appeal and affirmed the decision of the High Court.

On 4 March 2014, the Federal Court dismissed MCSB’s application for a judicial review.

31. Material litigation (continued)**Suit 109 (“Case 1”) Suit No. 08(i)-467-10/2015(A) & 08(i)-469-10/2015(A) (continued)**

On 31 July 2014, the Board convened an Extraordinary General Meeting to seek shareholders’ approval for the disposal of the additional 99,998 shares in RRSB issued in February 2005 and the plantation and palm oil mill. The proposal was rejected by the shareholders. The Group was served a copy of an Application for Supplementary Orders on 3 July 2014 by the Purchasers for the completion of the sale of the plantation and palm oil mill. On 17 February 2015, the High Court allowed the Purchasers’ Application for Supplementary Orders and declined and dismissed the MCSB’s cross application to determine certain threshold and/or related questions (including the payment by the Purchasers of the Plantation profits of RM36.7 million as at June 2014 as well as the implication of the Section 132C of the Companies Act, 2016 in Malaysia).

On 15 September 2015, the Court of Appeal dismissed MCSB’s and RRSB’s appeals against the decision of the High Court.

Subsequently, the Group’s solicitors had filed application to the Federal Court for leave to appeal against the Court of Appeal’s decision.

On 13 February 2017, the Federal Court dismissed the Group’s applications for leave to appeal against the Court of Appeal’s decision, but the outcome of the appeal under Suit 145 & 326 has relevance.

As all legal avenues have been exhausted, Suit 109 came to an end and the Board with regret accepts the Court’s decision on this matter.

Suit 145 (“Case 2”) Suit No. WA-2NCC-145-04/2016

On 15 April 2016, the Company (“the Plaintiff”) filed a civil suit at the Kuala Lumpur High Court against MCSB (“the 1st Defendant”), Yong Toi Mee (“the 2nd Defendant”), Cheang Kim Leong (“the 3rd Defendant”) and RRSB (“the 4th Defendant”) seeking the following declaration and/or orders (“Case 2”):

- (a) A declaration that the resolution of the Plaintiff’s shareholders dated 20 June 2002 for, inter alia, the Proposed Disposal of two (2) RRSB Shares comprising two (2) ordinary shares of RM1.00 each in RRSB held by the Company to 2nd and 3rd Defendants (“Purchasers”) and the repayment by the Purchasers of the Shareholders’ Loan of RM30,600,000 (“the 2002 Plaintiff’s Shareholders’ Resolution”) has lapsed and is of no further legal effect;
- (b) Alternatively, declaration that the Sale and Purchase Agreement between the 1st, 2nd and 3rd Defendants dated 2 April 2002 and the Plaintiff’s Shareholders Resolution does not cover or apply to the increase of 99,998 new ordinary shares of RM1.00 each in the 4th Defendants dated 7 February 2005 (“the Impugned Shares”) and the oil palm mill and plant and machines situated on HS(D) 13127 Lot No 11644, Mukim Durian Sebatang, Daerah Hilir Perak (“the Mill”);
- (c) A declaration that the 1st Defendant has no lawful authority to dispose of or transfer the Impugned Shares and the Mill to the 2nd and 3rd Defendants or their nominees;
- (d) A declaration that any transfer of the Impugned Shares and the Mill by the 1st Defendant to the 2nd and 3rd Defendants shall be in contravention of Section 132C of the Companies Act, 1965 in Malaysia and accordingly null and void;
- (e) Alternatively, in the event the 1st Defendant is liable to transfer the Impugned Shares and the Mill to the 2nd and 3rd Defendants notwithstanding the contravention of Section 132C of the Companies Act, 1965 in Malaysia, a declaration that the Plaintiff and its directors shall be relieved of any liability whatsoever under Section 132C of the Companies Act 1965, in Malaysia and/or at law arising or incurred in respect of or attributable to such transfer;
- (f) An order that the 1st Defendant is restrained from transferring and delivering to the 2nd and 3rd Defendants the legal and beneficial ownership of the Impugned Shares and the Mill;
- (g) An order that the 2nd and 3rd Defendants are restrained from receiving the transfer of the legal and beneficial ownership of the Impugned Shares and the Mill;
- (h) A declaration that the appointment of the 2nd and 3rd Defendants as directors of the 4th Defendant is null and void;
- (i) A declaration that all acts purportedly done by the 2nd and 3rd Defendants as directors of the 4th Defendant prior to the dated of this Judgment are null and void;
- (j) An order that 2nd and 3rd Defendants be removed and restrained from acting as directors of the 4th Defendant;
- (k) An order that the plaintiff shall be at liberty to apply;
- (l) Costs; and
- (m) Such further orders and/or relief as this Honorable Court deems fit and proper.

On 11 April 2017, the High Court dismissed the Plaintiff’s claim with cost.

The High Court in its summary of grounds of decision expressed the view that the Sale and Purchased Agreement between the 1st Defendant and the 2nd and 3rd Defendants dated 5 April 2002 was for the sale of the entire paid-up capital of the 4th Defendant, regardless of the subsequent increase in the paid-up capital of RRSB.

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31. Material litigation (continued)

Suit 145 (“Case 2”) Suit No. WA-2NCC-145-04/2016 (continued)

The High Court further observed that although the Company as a public-listed company has the legal standing to seek redress based on Section 132C of the Companies Act, 1965 in Malaysia in respect of a disposal by its subsidiary of a substantial portion of the Company's undertaking or property, the High Court expressed the view that in the present case the issue of Section 132C of the Companies Act, 1965 in Malaysia had been determined by the Court in Case 1 during the Purchasers' Application for Supplementary Orders and the Company cross-application to determine threshold legal issue therein, and therefore the Company was prevented from raising the same issue in the present case.

The Company has filed an appeal to the Court of Appeal against the High Court's decision.

On 21 September 2019, the Court of Appeal dismissed the Plaintiff's claim with cost.

On 11 October 2019, the Company's and MCSB's civil appeals were fixed for case management by way of e-review on 11 November 2019.

On 11 November 2019, the Federal Court fixed the next case management on 26 November 2019.

On 27 November 2019, the Company's announce that all the motions have been fixed for hearing on 6 April 2020. The Federal Court has fixed the motions for further case management by e-review on 2 April 2020.

On 2 April 2020, the Federal Court allowed the hearing for all Leave Application on 16 April 2020 to be adjourned. The Federal Court fixed the next case management for the motions on 27 August and the new hearing date on 24 September 2020.

On 23 September 2020, the hearing for application for leave to appeal on 24 September 2020 has been vacated and the Federal Court had fixed the next case management for all the motions on 30 September 2020.

On 30 September 2020, the case management will be by e-review and the Federal Court had fixed the hearing date for all the motions on 8 December 2020.

Suit 326 (“Case 3”) Suit No. WA-22NCVC-486-08-2016

On 4 August 2016, Yong Toi Mee and Cheang Kim Leong (“the Purchasers”) filed a civil suit against the Company, the Board Directors, its Chief Executive Officer, Ang Poo Guan and MCSB. In the said suit, the Purchasers are suing against the defendants purportedly based on:

- (a) Alleged abuse of process
- (b) Alleged conspiracy to injure the Purchasers by lawful and unlawful means.

On 31 May 2017, the High Court dismissed the MCSB's counterclaim, allowed the Purchasers' claim and awarded them following:

- (a) Special damages of RM29,235,678;
- (b) General damages of RM1,000,000;
- (c) Exemplary damages RM250,000; and
- (d) Post-judgment interest at 5% per annum and costs.

The High Court in its summary of grounds of decision expressed the view that the filling of the Federal Court Review application and Enclosure 69 by the Company in Case 1 and the filling of Suit 145 (“Case 2”) Suit No. WA-2NCC-145-04/2016 by the Company amounted not only to the tort of abuse of process but also the tort of conspiracy to injure.

The Company and MCSB had filed appeals to the Court of Appeal against the High Court decision on 31 May 2017.

In the financial year ended 2018, the Group recognised the disposal of its prepaid land lease payments and plant and machinery relating to Case 1 as mentioned above and recognised a gain on disposal RM25,646,787.

31. Material litigation (continued)**Suit 326 (“Case 3”) Suit No. WA-22NCVC-486-08-2016 (continued)**

The Court of Appeal has fixed 21 August 2019 for further case management and hearing on 10 and 11 September 2019 for the consolidated appeals of Cases 2 and 3.

On 21 September 2019, the Court of Appeal dismissed the Plaintiff’s claim with cost.

On 11 October 2019, the Company’s and MCSB’s civil appeals were fixed for case management by way of e-review on 11 November 2019.

The Company also recognised a provision for legal claims of RM33,662,103 in relation to Case 3 mentioned above.

On 2 April 2020, the Federal Court allowed the hearing for all Leave Application on 16 April 2020 to be adjourned. The Federal Court fixed the next case management for the motions on 27 August and the new hearing date on 24 September 2020.

On 23 September 2020, the Company wishes to announce that the hearing for application for leave to appeal n 24 September 2020 has been vacated and the Federal Court had fixed the next case management for all the motions on 30 September 2020.

On 30 September 2020, the Company wishes to announce that all the case management by e-review, the Federal Court had fixed the hearing date for all the motions on 8 December 2020.

32. Significant events during the financial year

- (a) On 17 February, the Company announced Bursa Malaysia Securities Berhad (“Bursa Securities”) has written to the Company requiring the Company to make an announcement on the triggering of paragraph 8.03A of the Main Market Listing Requirements (“MMLR”) on the basis that, among others:
- (i) The Company has been recording zero revenue since financial year ended 31 December 2012 until to date.
 - (ii) The Company has recorded the disposal of its investments, property plant and equipment and the prepaid land lease payment in its annual report for the financial year ended 30 June 2017 and recognised a gain on disposal of RM25,646,787.

Accordingly, the Company is now classified as an affected listed issuer. This announcement is therefore made in furtherance of that requirement by Bursa Securities, but without prejudice to the Company’s pending legal proceedings which are now before the Federal Court. The pending proceedings have been referred to and elaborated in Note 31 to the financial statements. The essence of the pending proceedings is to seek guidance/directions from the Courts on the applicability of Section 132C of the Companies Act 1965 and the MMLR and their implications on the implementation of the Federal Court Order of 2013 in light of the Company’s failure to obtain fresh shareholders’ approval to complete the 2002 composite agreements. A favourable outcome of these pending legal proceedings could have a positive impact on reversing the applicability of the relevant MMLR.

The Company has 24 months from the date of first announcement to submit its regularisation plan to the relevant authorities for approval.

- (b) The directors of the Group and the Company are of the opinion that the outbreak of the COVID-19 may affect the business performance and position of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that resulted in delays in commencement of work and delivery of products to customers. Meanwhile, due to inherent nature and unpredictability of future development of the virus and market sentiment, the extent of the impact depends on (i) ongoing precautionary measures introduced by each country to address this pandemic and (ii) the durations of the pandemic. Accordingly, the financial impact of the COVID-19 outbreak to the Company cannot be reasonably estimated as at this juncture. The directors will continue to monitor the situations and respond proactively to mitigate the impact on the Company’s financial performance and financial position.

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33. Events subsequent to year end

On 10 August 2020, the Company entered into a sale and purchase agreement for the disposal of an investment property for a total cash consideration of RM3,580,000.

34. Prior year adjustment

Revenue recognition

In previous financial year, the Company recognises their income as other income which is exaggerating from their main principal activity. As such, other income of previous financial year has been adjusted as a prior year adjustment in accordance with the requirements of MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2019

	As previously reported	Adjustment	As restated
Group			
Revenue	-	4,190,971	4,190,971
Other income	4,008,054	(3,974,971)	33,083
Impairment on financial assets	-	(216,000)	(216,000)
	<u>4,008,054</u>	<u>-</u>	<u>4,008,054</u>
Company			
Revenue	-	901,011	901,011
Other income	901,067	(901,011)	56
	<u>901,067</u>	<u>-</u>	<u>901,067</u>

35. General information

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

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal place of business of the Company is located at 2nd Floor, 23 Jalan Kong Sang, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 11 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue by the Board of Directors on

FINANCIAL RESULTS

First Quarter ended 30 September 2019	Announced On	28 Nov 2019
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Second Quarter ended 31 December 2019	Announced On	21 Feb 2020
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Third Quarter ended 31 March 2020	Announced On	25 June 2020
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Fourth Quarter ended 30 June 2020	Announced On	21 Aug 2020
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NOTICE OF ANNUAL GENERAL MEETING		28 October 2020
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30th ANNUAL GENERAL MEETING		26 November 2020
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ANALYSIS OF SHAREHOLDINGS

AS AT 22 SEPTEMBER 2020

Share Capital

Issued and paid-up capital	:	RM75,000,000.00
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share
No. of shareholders	:	1,559

Director's and Chief Executive Officer's Shareholdings

Name of Directors	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Lim Hong Liang	14,476,008	19.30	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	2,209,300**	2.95
Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22	4,460,800**	5.95
Chew Loy Chee	3,152,188	4.20	360,000**	0.48
Kan Ah Chun	2,384,960	3.18	-	-
Muhayuddin Bin Musa	-	-	-	-
Johari Low Bin Abdullah	-	-	-	-
Ang Poo Guan	-	-	168,500***	0.22

Notes:

* Deemed indirect interest by virtue of him being a director and shareholder in Wawasan Lembaran Sdn Bhd which in turn holds 4.92% in Malpac Holdings Berhad.

** Indirect interest through family members.

*** Chief Executive Officer

Size of Shareholdings

Size of Holdings	No. of Holders	% of Holders	No. of Shares Held	% of Issued Shares
Less than 100	12	0.77	592	0.00
100 - 1,000	562	36.05	542,456	0.72
1,001 - 10,000	846	54.27	3,199,800	4.27
10,001 - 100,000	102	6.54	3,136,200	4.18
100,001 - 3,749,999*	32	2.05	27,138,948	36.19
3,750,000 and above**	5	0.32	40,982,004	54.64
	1,559	100	75,000,000	100

* Less than 5% of issued shares.

** 5% and above of issued shares.

Substantial Shareholders

Name of Substantial Shareholders	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Lim Hong Liang	14,476,008	19.30	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	2,209,300**	2.95
Advance Synergy Capital Sdn Bhd (ASCSB)	8,037,500	10.72	-	-
Advance Synergy Berhad (ASB)	-	-	8,037,500^	10.72
Dato' Ahmad Sebi Bakar	-	-	8,037,500+	10.72
Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22	4,460,800**	5.95

Notes:

* Deemed indirect interest by virtue of him being a director and shareholder in Wawasan Lembaran Sdn Bhd which in turn holds 4.92% in Malpac Holdings Berhad.

** Indirect interest through family members.

^ Deemed interested by virtue of its interest in ASCSB, a wholly-owned subsidiary.

+ Deemed interested by virtue of his substantial shareholdings in ASB.

as at 22 September 2020

30 Largest Shareholders

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1.	Lim Hong Liang	14,251,008	19.00
2.	Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75
3.	Advance Synergy Capital Sdn Bhd	8,037,500	10.72
4.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mary Tan @ Tan Hui Ngoh (STF)	4,460,800	5.95
5.	Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22
6.	Wawasan Lembaran Sdn Bhd	3,691,900	4.92
7.	Chew Loy Chee	3,152,188	4.20
8.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Kwee Hock	3,060,800	4.08
9.	Teo Siew Lai	3,000,000	4.00
10.	Kan Ah Chun	2,384,960	3.18
11.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Garth Kevin Albuquerque	2,001,000	2.67
12.	Ng Faai @ Ng Yoke Pei	1,909,300	2.55
13.	Loh Siew Hooi	1,714,300	2.29
14.	Goh Siang Kuan	958,400	1.28
15.	Lee Chin Hwa	387,000	0.52
16.	Chin Kian Fong	380,000	0.51
17.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Soh Chee Wen	365,000	0.49
18.	Yap Ah Ngah @ Yap Neo Nya	360,000	0.48
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	344,000	0.46
20.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Faai @ Ng Yoke Pei	300,000	0.40
21.	Goh Ah Peng	289,600	0.39
22.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management For Lim Hong Liang (PW-M00056) (861262)	225,000	0.30
23.	Tong Seow Mei	225,000	0.30
24.	Law Chee Pei	210,000	0.28
25.	Teo Kwee Hock	207,000	0.28
26.	Tan Kim Tee	205,700	0.27
27.	Tan Akuan	203,000	0.27
28.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	199,000	0.27
29.	Teh Boon Sing	185,000	0.25
30.	Lim Yee Lin	175,000	0.23
	Total	67,115,152	89.49

LIST OF PROPERTIES HELD

AS AT 30 JUNE 2020

Location	Description (Building Age)/ Existing Use	Tenure	Land Area/ Built-up Area	Net Book Value (RM'000)	Date of Acquisition
Lot P.T.65571 Mukim Tebrau Daerah Johor Bahru Johor Darul Takzim	Vacant commercial land	Freehold	6.74 hectares	37,364	9.9.2003
PTD 58152-58177 HS(D) 216990-217015 PTD 58179-58211 HS(D) 217016-217048 PTD 58213-58331 HS(D) 217049-217167 Mukim of Tebrau Daerah of Johor Bahru Johor Darul Takzim	178 vacant bungalow lots	Freehold	113,369.85 sq. metres	15,118	9.9.2003
Lot 491 Mukim & Daerah Seremban Negeri Sembilan Darul Khusus	Vacant land	Freehold	6.481 acres	679	5.10.2004
Lot 5142 Bandar & Daerah Seremban Negeri Sembilan Darul Khusus	Vacant land	Freehold	34.50 poles	206	5.10.2004
B-6-10, B-9-10, B-12-3A West Wing 10 Semantan No. 10 Jalan Semantan 50490 Kuala Lumpur	3 units of 2-bedroom condominium (11 years)/ 2 units vacant 1 unit tenanted	Leasehold (expiring 3.6.2108)	980 sq. feet per unit	1,031	27.6.2008
No.16-01 PT No. 200, Seksyen 1 Bandar Tanjong Tokong Daerah Timur Laut Pulau Pinang	A 4-bedroom condominium (10 years)/ for own use	Freehold	6,300 sq. feet	1,787	11.2.2009
Unit 906 Unit 907 Unit 1607 Unit 1707 Of Branz Tower Wellith Shinsaibashi South, 1-45-1, 1-45-6 Higashi- Shinsaibashi, Chuo-ku, Osaka, Japan	Residential condominium (newly completed in December 2017)	Freehold	430.77 685.12 685.12 685.12 sq. feet	1,045 1,590 1,649 1,655	22.12.2017
20-L, Sinaran TTDI, Jalan Mohd Fuad 4, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	A 4-bedroom service condominium (9 years)	Freehold	2,217 sq. feet	990	12.10.2017
A13-2, Residensi Hijauan, TTDI No. 1, Jalan Wan Kadir 5, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	A 4-bedroom service condominium (6 years)	Freehold	2,973 sq. feet	2,386	12.10.2017

PROXY FORM



MALPAC HOLDINGS BERHAD

199001005856 (197424-V)
(Incorporated in Malaysia)

No. of Shares held

CDS Account No.

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

of _____
(Address)

being a members of **Malpac Holdings Berhad**, hereby appoint:-

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

and / or* (*delete as appropriate)

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

or failing him/her, the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the Thirtieth Annual General Meeting of the Company will be held at Presidents Room, Royal Selangor Club, Jalan Raja, 50704 Kuala Lumpur on Thursday, 26 November 2020 at 2.30 p.m. and at any adjournment thereof and to vote as indicated below:-

No.	AGENDA	RESOLUTION	FOR	AGAINST
1	To approve the payment of Directors' Fees of RM60,000.00 for the financial year ended 30 June 2020.	Ordinary		
2	To approve the payment of Directors' Benefits of up to RM400,000.00 for the period from the conclusion of the Thirtieth Annual General Meeting till the next Annual General Meeting of the Company.	Ordinary		
3	To re-elect Mr. Tan Chon Sing @ Tan Kim Tieng as Director.	Ordinary		
4	To re-elect Mr. Lim Hong Liang as Director.			
5	To re-elect Encik Muhayuddin Bin Musa as Director.	Ordinary		
6	To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary		
7	To grant authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary		
8	To approve the Proposed Renewal of Authority for the Company to Purchase Its Own Shares.	Ordinary		
9	To approve Encik Johari Low Bin Abdullah to continue to act as an Independent Director.	Ordinary		
10	To approve Encik Muhayuddin Bin Musa to continue to act as an Independent Director.	Ordinary		

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

Signed this _____ day of _____

Signature*
Member

*Manner of execution:-

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

NOTES:-

APPOINTMENT OF PROXY

- For the purpose of determining who shall be entitled to attend this Annual General Meeting ("AGM"), the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a **Record of Depositors** as at 19 November 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
- A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her/its place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to attend and vote at an AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the AGM.
- If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The appointment of a proxy may be made in a hard copy form and must be deposited with the Share Registrar of the Company at Lot 9-7, Menara Sentral Vista, No 150 Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Lot 9-7, Menara Sentral Vista, No 150 Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- Last date and time for lodging this proxy form is Tuesday, 24 November 2020 at 2.30 p.m.
- Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:-
 - Identity card (NRIC) (Malaysian), or
 - Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - Passport (Foreigner).
- For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

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STAMP

**THE SHARE REGISTRAR
MALPAC HOLDINGS BERHAD**

199001005856 (197424-V)

Lot 9-7, Menara Sentral Vista,
No. 150, Jalan Sultan Abdul Samad,
Brickfields
50470 Kuala Lumpur

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ANNUAL REPORT 2020



Malpac Holdings Berhad
19901005856 (197424-V)



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