FITTERS
Diversified Berhad

DIVERSIFIED GROWTH
THROUGH INNOVATION & TECHNOLOGY

ANNUAL REPORT 2020

FITTERS Diversified Berhad

VISION

- To be a global driving force in bringing cutting edge technology to enhance the quality of life

MISSION

- Provide engineering and creative solutions through innovation and technology

CORE VALUES

- Forefront in engineering
- Innovative in meeting business challenges
- Technology driven management and workforce – talent
- Training the team to meet future challenges
- Exceptional returns for stakeholders
- Research emphasis towards delivery of reliable services
- Social responsibility at the centre of the business model

CONTENTS

CORPORATE PROFILE

FITTERS Diversified Berhad ("FITTERS") Group commenced its business operations as a fire protection and prevention solutions provider in the 1970s. On 4 October 1994, FITTERS Diversified Berhad gained official listing on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") and was subsequently promoted to the Main Board of Bursa Securities on 4 July 2007.

FITTERS continue to remain as Malaysia's premier "one-stop" fire protection specialist and is involved in the manufacturing, trading and specialised installation of fire-fighting equipment as well as the supply of fire safety protection products and services.

Over the years, with a clear vision and strategic planning, FITTERS has ventured into various businesses and has enhanced its value through the Group's diversification strategies. FITTERS is now a diversified group engaged in the following core businesses:

- ***Fire Services (ONE-STOP Fire Protection Specialist)***
- ***Property Development & Construction***
- ***Renewable & Waste-to-Energy and Green Palm Oil Mill***
- ***HYPRO® PVC-O Pipes Manufacturing & Distribution***

FIRE SERVICES (ONE-STOP FIRE PROTECTION SPECIALIST)

A renowned "one-stop" fire protection specialist providing integrated fire protection and prevention solutions to a wide range of customers.

FITTERS Diversified Berhad

PROPERTY DEVELOPMENT & CONSTRUCTION

It started its first property development project on a prime 8.43 acres commercial land in Setapak, Kuala Lumpur. Moving forward, it will focus on niche property development opportunities.

HYPRO® PVC-O PIPES MANUFACTURING & DISTRIBUTION

Ventured into Oriented Unplasticized Polyvinyl Chloride ("PVC-O") pipes manufacturing and distribution business. PVC-O is approximately twice the strength and ten times more impact resistant than PVC-U.

RENEWABLE & WASTE-TO-ENERGY AND GREEN PALM OIL MILL

A technology integrator and developer of "Waste-To-Energy", "Waste-To-Resource" projects as well as "Green Mill Zero-Waste" solutions through proprietary technologies.

CORPORATE PROFILE
(cont'd)

FIRE SERVICES

FITTERS' Fire Services Division is involved in the manufacturing, trading and specialised installation of fire-fighting materials and equipment as well as the supply of fire safety protection products and services. FITTERS has a large clientele database.

Its diverse range of fire-fighting equipment includes amongst others:

FITTERS' safety apparel division is a "ONE-STOP" Protective Clothing Specialist, which distributes fire retardant uniforms complete with Scotchlite reflective material and Protective Personal Equipment (PPE) in Malaysia. Responding to the increased demand for PPE and N95 masks during this COVID pandemic, FITTERS has taken on a new distributorship to supply PPE and N95 masks to hospitals and medical facilities.

Our objectives and focus are providing exceptional customer service with high quality products and we never compromise on safety.

We are continuously improving our fire retardant uniforms and PPE through research and development that can be used to protect and keep people safe at the workplace.

FITTERS N95 face masks and PPE

CORPORATE PROFILE
(cont'd)

Re-introducing **FITTERS FIRE-X** easy to use light-weight fire extinguisher, suitable for home and car usage. For ease of order, it is now available on the SHOPEE platform.

FITTERS' engineering and contracting arm involved in Mechanical & Electrical ("M&E") contracting, include carrying out projects with a design and build concept.

CORPORATE PROFILE
(cont'd)

PROPERTY DEVELOPMENT & CONSTRUCTION

FITTERS made its maiden foray into property development with the completion of the 3-storey shopping mall, Setapak Central (previously known as KL Festival City Mall), in 2011 and subsequently launched ZetaPark @ Setapak, transforming it into an integrated commercial, retail and residential development.

Subsequently, FITTERS launched ZetaDeSkye, featuring a 24-storey two-tower condominium in October 2016.

The successful launch of these projects has led the Group to invest in more niche property development opportunities and expands its project management and construction division.

The construction division had been awarded project management and construction project to construct 2-storey and 3-storey terrace houses. The redevelopment of Plaza Pekeliling Global Tower, which is strategically located in a prime location along Jalan Tun Razak, Kuala Lumpur, connected by both MRT and LRT is on-going.

CORPORATE PROFILE
(cont'd)

RENEWABLE & WASTE-TO-ENERGY AND GREEN PALM OIL MILL

Renewable & waste-to-energy division focuses on sustainable "Green Mill Zero-Waste" solutions through the use of advanced proprietary technologies to produce renewable energy and recover valuable resources from waste.

Ozone Medical Waste Treatment Plant (OMWTP) in Sendayan Tech Valley has been a medical waste operator for more than 4,000 private healthcare centres from all over Peninsular Malaysia.

The Biogas Capture and Power Plant had received approval from the Sustainable Energy Development Authority of Malaysia and connected to the national grid (IOD) for the sale of renewable electricity to Tenaga Nasional Berhad for 16 years effective 17 March 2018.

CORPORATE PROFILE
(cont'd)

HYPRO® PVC-O PIPES MANUFACTURING & DISTRIBUTION

FITTERS ventured into Orientated Unplasticized Polyvinyl Chloride ("PVC-O") pipes manufacturing and distribution business using the latest technology of manufacturing PVC-O pipes with highly efficient air-based system to serve the market in Malaysia and South East Asia under the HYPRO® brand name.

HYPRO® PVC-O pipes offer the made-for-value proposition for the use in the water, irrigation and waste water systems.

HYPRO®
The Pipe Revolution

HYPRO® PVC-O pipes is the first pipe product certified under the SIRIM Eco-Label 054:2016 and listed in MyHIJAU Mark & Directory. This means that our products, when done purposefully, can help reduce energy use, save water resources, reduce carbon emissions, and move towards a cleaner environment.

LLOYD'S REGISTER·LRQA
ISO 9001
UKAS MANAGEMENT SYSTEMS
001

SIRIM
ECO-LABEL
Molecor EL000104

MALAYSIA MyHIJAU

CORPORATE PROFILE
(cont'd)

HYPRO® PVC-O for Rural Water Supply Project in Sabah

HYPRO® PVC-O for pipe replacement project in Johor

HYPRO® PVC-O for JKR Central Spine Road project in Kelantan

HYPRO® PVC-O pipe for water external reticulation system in a private housing project in Selangor

Product knowledge sharing session for HYPRO® PVC-O through factory visits (before the COVID-19 breakout)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir. Low Keng Kok
Chairman –
Independent Non-Executive Director

Dato' Wong Swee Yee
Non-Independent Managing Director

Datin Goh Hooi Yin
Non-Independent Executive Director

Mr Chan Seng Fatt
Independent Non-Executive Director

Dato' Ir Ho Shu Keong
Independent Non-Executive Director

COMPANY SECRETARIES

Ms Tai Yit Chan
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Ms Tan Seiw Ling
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PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
United Overseas Bank (M) Berhad
MBSB Bank Berhad

SOLICITORS

Azwar & Associates
H.S. Tay, Baharin & Partners
Raj, Ong & Yudistra
Soon Eng Thye & Co
Azlan Shah Sukhdev & Co.
Jal & Lim

WEBSITE

http://www.fittersgroup.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : FITTERS
Stock Code : 9318

CORPORATE STRUCTURE

FITTERS Diversified Berhad

- 100% FITTERS Marketing Sdn Bhd — 1
- 100% Master Pyroserve Sdn Bhd — 1
- 51% FITTERS-MPS Sdn Bhd — 1
- 100% FITTERS (S) Pte Ltd — 1
- 100% FITTERS Sdn Bhd — 1
  - 100% FITTERS (Sarawak) Sdn Bhd — 1
  - 100% FITTERS Fire Technology Sdn Bhd — 6
  - 100% Modular Floor Systems (M) Sdn Bhd — 6
  - 100% FITTERS (Ipoh) Sdn Bhd — 6
  - 100% AHT NRG Asia Sdn Bhd — 6
- 100% FITTERS Engineering Services Sdn Bhd — 1
  - 100% FITTERS Engineering Services (Johor) Sdn Bhd — 6
  - 100% FITTERS Construction Sdn Bhd — 2
  - 55% FITTERS-MCCT Sdn Bhd — 1
- 100% FITTERS Property Development Sdn Bhd — 2
  - 100% ZetaPark Development Sdn Bhd — 2
  - 100% Superior Villa Sdn Bhd — 2
  - 100% Rasa Anggun Development Sdn Bhd — 2
- 100% FITTERS Building Services Sdn Bhd — 2
  - 100% Pyro-Tech Systems Sdn Bhd — 6
- 100% Future NRG Sdn Bhd — 3
  - 100% Future Biomass Gasification Sdn Bhd — 3
  - 100% Solid Orient Holdings Sdn Bhd — 3
- 100% FITTERS-NRG Sdn Bhd — 3
- 100% Premier Equity Holdings Limited — 5
  - 100% Future NRG (SEA) Pte Ltd — 3
- 100% Master Pyrodor Sdn Bhd — 5
- 72.27% Molecor (SEA) Sdn Bhd — 4
- 100% Wintip Sdn Bhd — 6
- 100% Armatrade Sdn Bhd — 2

Legends:

1. Fire services
2. Property development & construction
3. Renewable & waste-to-energy & green palm oil mill
4. HYPRO® PVC-O pipes manufacturing & distribution
5. Investment holding
6. Ceased operations / dormant

MANAGEMENT DISCUSSION & ANALYSIS

1.0 Overview of the Group's Business & Operations

FITTERS is a diversified group engaged in the following core businesses :

1.1 Fire Services

FITTERS offers comprehensive range of fire protection and prevention solutions including fire safety systems, fire-resistant door sets, fire extinguishers, fire safety apparels and foam systems. The mechanical & electrical engineering segment provides contracting services for projects based on design and build concept, and has completed projects on high-profile projects such as KLCC Lot C, Menara Telekom, Genting. FITTERS also has a large clientele base for fire maintenance services.

1.2 Property Development & Construction

FITTERS ventured into property development and construction with the development and construction of an integrated commercial, retail and residential project known as ZetaPark@ Setapak. Its success had led the Group to launch Zeta DeSkye, a 284 residential units comprising of 24-storey two tower condominium; which is fully sold and completed.

The successful launch of these projects has led the Group to invest in more niche property development opportunities and expands its project management and construction division. Construction division had been awarded a project management and construction project valued at RM97.8 million in Taman Putra; to construct 2-storey and 3-storey terrace houses. Phase 1 was completed in July 2020. It was further awarded a RM81.5 million contract as a continuation of the second phase of the same project. The progress of Phase 2 is ongoing. In November 2020, the Company was again awarded a RM78.3 million similar project management and construction contract for Phase 3.

1.3 Renewable & Waste-to-Energy and Green Palm Oil Mill

FITTERS is involved in technology integrator and developer of "Waste-To-Energy", "Waste-To-Resource" projects as well as "Green Mill Zero-Waste" solutions through the use of advanced proprietary technologies to produce renewable energy and recover valuable by-products from waste.

Green Palm Oil Mill

FITTERS operates a green palm oil mill in Kedah and its Biogas Plant converts POME to electricity for sale to the TNB grid. The division had signed a Renewable Energy Power Purchase Agreement with Tenaga Nasional Berhad for the sale of renewable electricity to the national grid for a period of 16 years. The renewable electricity will be produced at FITTERS Group's green mill in Kuala Ketil, Kedah, which will generate biogas from palm oil mill effluent in a biogas capture plant and convert into electricity using highly efficient biogas engine generators. The biogas capture plant project is an integration between the existing palm oil mill and the Group's state-of-the-art Green Technology. Further, empty fruit bunches are processed to dried long fibre which are sold to generate revenue.

Ozone Medical Waste Treatment Plant

The Ozone Medical Waste Treatment Plant (OMWTP) in Sendayan Tech Valley has acquired all required approvals from Department of Environment ("DOE") and Ministry of Health ("MOH"); to operate to treat up to 10MT a day of medical waste SW404. Since commencing operations in September 2017, the Ozone Medical Waste Treatment Plant has received medical waste (SW 404) from more than 4,000 private healthcare centres from all over Peninsular Malaysia. The wastes will be shredded and exposed to ozone in an engineered, confined container to sterilise the waste, before final disposal to secured landfill. In line with the latest business restructuring move the division continues to receive increase volume of wastes.

1.4 PVC-O pipes manufacturing

FITTERS is involved in the production and distribution of HYPRO® PVC-O pipes with patented technology from Spain. It has todate installed over 720 km of pipes across many states in Malaysia. HYPRO® PVC-O pipes are approved by key authorities in the water sector; SIRIM, Suruhanjaya Perkhidmatan Air Negara (SPAN), Pengurusan Aset Air Bhd (PAAB), Pengurusan Air Selangor, Ranhill SAJ, Syarikat Air Negeri Sembilan (SAINS) and Air Kelantan. The product has also achieved comprehensive certifications for quality, safety and eco-friendliness (MYHIJAU green mark).

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

2.0 Financial Performance Review

For the financial year ended 31 December 2020, the Group recorded a revenue of RM215.7 million, a decline of 18.0% from previous year's RM263.0 million and loss before tax of RM12.9 million from profit before tax of RM8.94 million, a decline of 244.7% as compared to previous year.

	Financial Year		
	31/12/2020	**31/12/2019**	**Changes (%)**
Revenue	215,713	263,004	-18.0 %
Gross profit	12,557	40,990	-69.4 %
(Loss)/Profit before tax	(12,887)	8,935	-244.2 %
(Loss)/Profit after tax	(16,229)	4,499	-460.7 %
(Loss)/Profit attributable to owners of the Company	(13,077)	4,685	-379.1 %
EPS (sen)	(2.83)	1.00	

The detailed analysis for each business segment are as follows :

2.1 Fire Services

	Financial Year		
	31/12/2020	**31/12/2019**	**Changes (%)**
Revenue	98,115	98,180	-0.1 %
Profit/(Loss) before tax	2,355	2,706	-13.0 %

For the financial year ended 31 December 2020, revenue decline by 0.1% to RM98.1 million from RM98.2 million and profit before tax decline by 13.0% to RM2.4 million from RM2.7 million as compared to the previous financial year ended 31 December 2019. The decline was mainly due to slow down in the progress work of a few projects under the Engineering division and intense competition resulting to a lower trading sales and margin, compounded by delay in certification for work done during the Movement Control Order ("MCO")/Conditional MCO period.

2.2 Property Development & Construction

	Financial Year		
	31/12/2020	**31/12/2019**	**Changes (%)**
Revenue	8,753	38,551	-77.3 %
Profit/(Loss) before tax	4,810	13,166	-63.5 %

During the financial year ended 31 December 2020, both revenue and profit before tax declined by 77.3% and 63.5% respectively.

The decline was mainly due to the tail-end construction progress of the Azalea project, which already recorded 92% work-done as at FY2019, and delay in Phase 2 work commencement resulting from the Covid-19 pandemic.

2.3 Renewable & Waste-to-Energy

	Financial Year		
	31/12/2020	**31/12/2019**	**Changes (%)**
Revenue	111,239	102,444	8.6
Profit/(Loss) before tax	(10,683)	(5,469)	-

For the cumulative financial period, the division recorded RM111.2 million in revenue, an increase of 8.6% mainly due to increase in palm products prices and a loss before tax of RM10.7 million as compared to RM5.5 million in the previous financial year.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

The mill performance was adversely affected by lower FFB intake as a result of low FFB production suffered by plantations and smallholder. Shortage of FFB crop supply had led to stiff competitive and more aggressive pricing strategy in the area which had caused impact on processing margin. Besides, the mill faced with unusually low OER performance due to the dry weather in Northern Peninsula in the first quarter. In addition, the mill spent additional RM1.5 million on necessary parts replacement expenses.

The performance of the mill operations and biogas was also affected by two local Covid 19 positive cases in the mill in August 2020 after months of zero case since the MCO started in March 2020. The MOH has issued an order to test and quarantine all employees and this result in closure of mill and biogas for about 1 month. This closure also happened during the high FFB season. The mill had resumed its full processing capacity in Sep 2020.

The management had made a provision for impairment on a non operating machine amounting to RM5.3 million.

2.4 HYPRO® PVC-O Pipes Manufacturing & Distribution

	Financial Year		
	31/12/2020	31/12/2019	Changes (%)
Revenue	2,661	27,099	-90.2 %
Profit/(Loss) before tax	(9,461)	230	-

The division recorded RM2.66 million in revenue, a decrease of 90.2% and a loss of RM9.46 million as compared to a profit of RM0.23 million in the previous financial year. The impact from COVID-19 pandemic and overall political landscape changes in Malaysia had a severe impact on the business in the water industry, mainly due to delays in the awards and implementation of several major water projects in various States, therefore slowing down the off-take for the product.

3.0 Risks relating to our business

3.1 Credit Risk

The Group's various business segments' exposure to credit risk arises primarily from trade, projects and other receivables. The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. To mitigate this, the Group has put in place prudent credit management SOP which is rigorously monitored. We perform credit evaluations on our customers and an appropriate credit limit is then allocated to each customer based on our assessment of their risk level. In addition, we also emphasise on close monitoring and collection of accounts to minimise the risk of default. Although there has been no material collection problem for trade receivables or material bad debts written off in the past, we anticipate prompt collection will become more challenging. Any default or delay in our collection of debts may lead to impairment losses which may have an impact on our financial performance.

3.2 Foreign Currency Risk

Across the various business units, some of our purchases are transacted in foreign currencies, primarily in USD and Euro. As such, we are exposed to foreign currency fluctuation risk. Any unfavourable fluctuations in foreign exchange rates may have an adverse impact on our financial performance and profitability. In terms of our purchases in foreign currency, our Group will continuously monitor the foreign currency fluctuations and enter into foreign exchange spot contracts to hedge against the foreign currency fluctuation risk, as and when necessary. Despite our efforts to minimise the foreign currency risk, there can be no assurance that any future significant fluctuation in foreign currency will not have an impact on the financial performance of our Group.

3.3 Shortage of raw materials

Green Mill and Renewable Energy

Our Group owns a palm oil mill located in Kuala Ketil, Kedah with a milling capacity of 60MT per hour. All of our Fresh Fruit Bunch ("FFB") are supplied from surrounding estates, dealers and smallholders. The profitability of the palm oil mill is dependent on constant supply of high-grade FFB. FFB supply risk remains the main risk for the mill.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

Year 2020 was a challenging year because of the sluggish supply of FFB to the mill in the area. Compared to the total FFB received by the mills in the region for the past five years, Year 2020 hit the lowest FFB by far. This is mainly due to replanting of older palm oil tree around the region in addition to the unpredictable weather pattern and the seasonal FFB yield. As a result, the total FFB processed dropped to 180,000 MT which was 15% lower than FY2019. As a result, the total CPO production decreases and affects the revenue.

Moving forward, the group will continue its prudent approach of sourcing FFB supply and expect that the FFB supply to improve.

In the renewable energy section, the 2 MW biogas plant continues to contribute in revenue to the mill. The risk is mainly on the adequate supply of Palm Oil Mill Effluent ("POME"). The seasonal fluctuation of FFB supply causes inconsistent supply of POME to our Biogas Plant and that has an effect on the electricity generation to the grid.

4.0 Future Prospects & Outlook

Despite the backdrop of the current global market conditions and the headwind of the Covid-19's effect, financial year 2021 is expected to be a recovery year. The Group had implemented prudent strategies to cut costs and manage operating expenses. The Group shall remain resilient in the face of any adversities and readily positioned to explore any opportunities arising in future. Some of our growth strategies in the respective divisions include:-

4.1 Fire Services

- To expand our list of fire protection products by exploring alternative supply to cater for projects such as warehouse, factories, etc.
- To expand our scope of fire protection services and installation.
- To be more aggressive in the fire maintenance services sector.

4.2 Property Development & Construction

- To leverage on our track record, we intend to build our construction order book with earning visibility in the medium term.
- To identify opportunities to launch viable new projects.
- To participate in tenders for major water works projects with prospective clients to increase our revenue and profitability.
- Embedding innovation and quality in construction in order to minimize construction waste with technology.

4.3 Green Palm Oil Mill

- To continue efforts on operational efficiency improvement and cost optimisation.
- To maximize revenue performance of biogas plant during the high crop season.

4.4 HYPRO® PVC-O pipes

There are encouraging signs that water projects are back on track and an increasing number of projects are now being specified with HYPRO® PVC-O pipes, especially in the old pipe rehabilitation programme and rural water supply projects. Our strategies are:-

- To further promote and intensify marketing efforts for PVC-O pipes to be used in the old pipe rehabilitation program, leveraging on the recent success of Johor and Kelantan. The states that have committed in these projects are Selangor, Perak, Kelantan, Johor and Pahang.

- To intensify product penetration into water projects carried out by government agencies such as Ministry of Rural Development, FELDA and JKR, by leveraging and promoting HYPRO® PVC-O pipes as an environmentally friendly and sustainable product. With MyHijau mark received by the product in 2018 from Malaysian Green Technology And Climate Change Centre (MGTC), the use of the product will contribute directly for the Government effort in achieving 20% use of green products under the Green Government Procurement initiatives.

- To further maximize the production capacity in our Gebeng plant to achieve more efficient production volume and cost, through offering of PVC-O pipes in niche sectors, such as reclaimed water, micro hydro projects and telecommunication tubing. The use of HYPRO® PVC-O fits into its profile as eco-pipe, which can qualify for the green investment tax incentives.

SUSTAINABILITY STATEMENT

FITTERS Diversified Berhad's ("FITTERS") commitment to sustainability has from the very beginning been embedded in the Group's Vision, Mission & Core Values Statement. We are pleased to present the Sustainability Statement which focus on our commitment to sustainability and illustrates our continuing endeavours to build up the Economic, Environmental and Social initiatives across our business divisions.

VISION

To be a global driving force in bringing cutting edge technology to enhance the quality of life.

MISSION

Provide engineering and creative solutions through innovation and technology.

CORE VALUES Forefront in Engineering
Innovative in meeting business challenges
Technology driven management and workforce – talent
Training the team to meet future challenges
Exceptional returns for stakeholders
Research emphasis towards delivery of reliable services
Social responsibility at the centre of its business model

Our approach to sustainability is the guiding principle for the manner we do business, engagement with our employees, customers, investors, regulators and external stakeholders besides value add to the society and the environment.

The Sustainability Statement documents the thrust in creating greater value to the Group's businesses whilst attempting to achieve the right balance between the needs of the wider community, the expectations of shareholders & stakeholders and economic success. The three pillars of sustainability is focussed upon **Economic, Environment and Social** ("EES") aspects that will guide Management's policy and decision-making process; which would be applied into our operational activities and our employees day-to-day work activities. The Board and Management team will act as role models by incorporating sustainability elements in its business decision-making process and will ensure appropriate organizational structures and systems are in place to effectively identify, monitor and manage issues and performances that are relevant to the Group's businesses.

We also seek to identify, assess and proactively manage the overall risk exposure from global environment, climate change, change in competitive landscape and issues that could lead significant impact on our business and reputation.

SUSTAINABILITY STATEMENT
(cont'd)

STAKEHOLDERS ENGAGEMENT

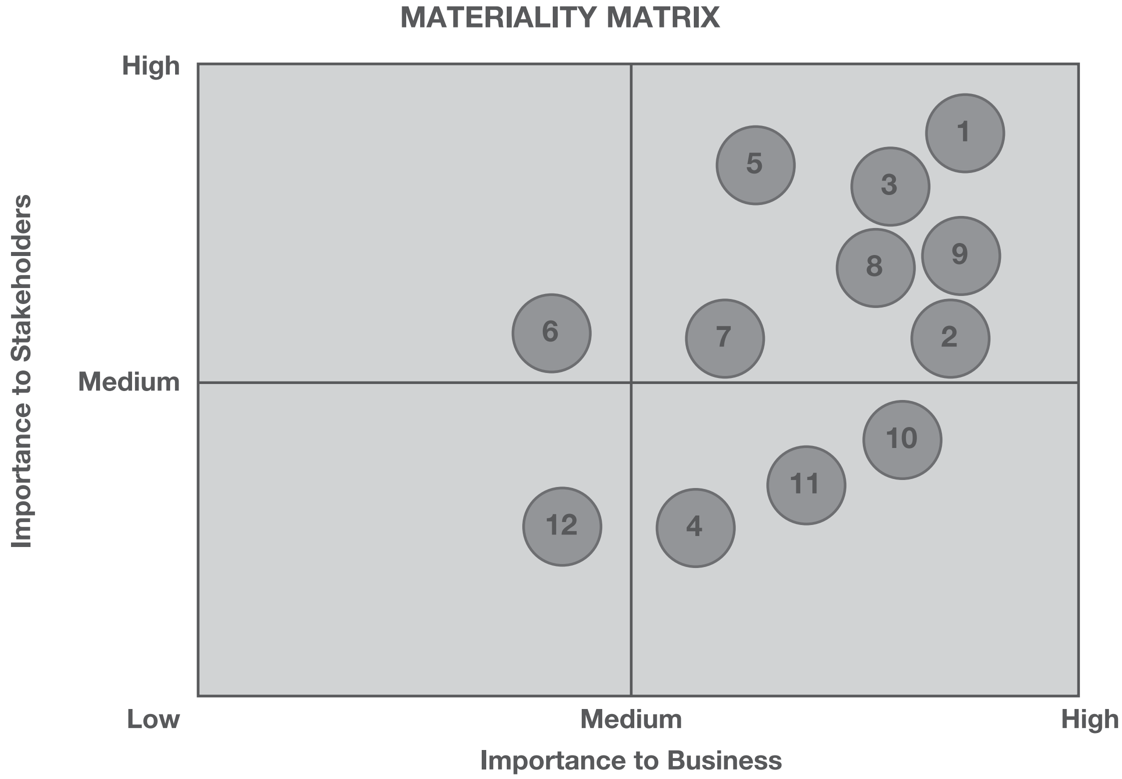
The Group has identified the following parties to be its principal stakeholders:-

Stakeholders	Method of Engagement	Sustainability Matters	Issues of Concern
Shareholders & Investors	- Annual General Meeting - Bursa Announcement - Press Releases - Annual Report - Analyst Briefing	- Corporate Governance - Integrity, ethics and professionalism	- Financial Performance - Risk Management - Corporate Governance - Reporting Standards - Operational efficiency
Employees	- Management Meetings - Performance Appraisals - Training (in-house & external) - Feedback	- Career Development - Employee Welfare - Talent Retention - Code of Ethics	- Labour & Human Rights - Remunerations & Benefits package - Job Security - Health & Safety at workplace - Work-Life balance
Customers	- Direct meeting - Surveys & feedback - Audit exercise - Marketing promotions - Website/social media	- Customer Satisfaction - Brand Reputation - Quality Assurance	- Product Pricing - Product Quality - Product Safety - Timely Delivery - Service Quality - Fair Business practice
Government & Regulators	- Regulatory & Legal Compliance - Regulatory Disclosure	- Regulatory Compliance	- Compliance - Approvals - Permits
Suppliers/Contractors	- Meetings/Surveys - Exhibitions	- Product innovation & technology - Legality of source - Certification by authorities	- Selection of suppliers & contractors - Warranty & quality assurance - Supply chain efficiency - Pricing/contract negotiation - Strategic alliances
Communities	- Sponsorship of social events (FIREX)	- Corporate social responsibility	- Support local community - Priority for Employment - First line of fire defence

MATERIALITY ANALYSIS

The issues most material to our business were determined from an analysis of internal documents, internal audit recommendations, divisions' discussions & reviews and our risk register with references to indicators in the Bursa Malaysia Securities Berhad ("Bursa Securities") Sustainability Reporting Guide.

SUSTAINABILITY STATEMENT
(cont'd)



The Management deems the matters listed below as important and addressing these will see fruition of the sustainability aspiration of the Group that will add value to requirements of the stakeholders. The numbers in the Matrix above represent the following sustainability matters and issues of concern to the various business units in the Group.

		EES*
1.	Corporate Governance and Business Ethics	EC
2.	Supply Chain Management	EC
3.	Regulatory Compliance	EC
4.	3R : Reduce, Reuse, Recycle	EC
5.	Waste & Resource Management	EN
6.	Energy Management	EN
7.	Water Management	EN
8.	Quality Assurance	SC
9.	Brand Reputation and Customer Satisfaction	SC
10.	Human Resource Development	SC
11.	Occupational Health & Safety	SC
12.	Corporate Social Responsibility	SC

(*) : EC – Economic EN – Environment SC - Social

SUSTAINABILITY STATEMENT
(cont'd)

ECONOMIC IMPACT

The Group is committed in maintaining the highest standard of integrity and corporate governance in order to maintain excellence across our businesses.

1) CORPORATE GOVERNANCE AND BUSINESS ETHICS

We endeavour to comply with the best practices as recommended in the Malaysian Code on Corporate Governance. The policies adopted at the board level for implementation are designed to formulate action plans and strategies towards sustainability of business operations across all our business units. To date, FITTERS Board has approved and adopted the following policies staking the commitment for good corporate governance and disclosure to stakeholders and investors.

- Board Charter
- Code of Conduct & Ethics
- Whistle Blower Policy
- Directors' and Senior Management's Remuneration Policy
- External Auditor's Assessment Policy
- Directors' Assessment Policy
- Risk Management Policy
- Diversity Policy
- Terms of References for Audit, Nominating and Remuneration Committees
- Anti-Corruption and Bribery Policy

2) SUPPLY CHAIN MANAGEMENT

Our procurement practices play a key role in maintaining the competitiveness of our products in the supply chain. There is a continual effort to find suitable, sustainable and cost competitive materials to complement our product improvement programs as part of our value-added solutions to the customer; across the various business units that we operate in.

The Group works to ensure that the materials and services that we use in our entire supply chain can be traced to sources. We also strive to ensure that we source as much of our materials and services as possible from local suppliers (where applicable) so as to empower and boost the surrounding economy. Under the Group's diversified businesses, the procurement heads of respective business units are tasked with ensuring that the processes as stated in the SOP is adhered to. The suppliers vetting includes background checks on the business entity's (and its directors' and key personnel's) track record and reputation, the principals they represent (if agent/dealer) and the details of the product specified (including references).

In our Fire Services business unit - where some items imported from overseas are used as inputs for our local manufacturing processes (for example foam concentrates and NOMEX fabric safety apparels); we ensure that our principals who supply us the raw materials adhere to strict international standards of reliability and legality.

At our construction division, the QS team is required to ensure that materials procured are according to the BQ specifications and the onus is on the main contractor to warrant the legality (in terms of its source and quality) of the materials supplied. On the very onset, FITTERS team details the licenses and accreditations required for a contractor to qualify to tender for the construction project to embrace sustainability in our business process and decisions.

3) REGULATORY COMPLIANCE

The Group Internal Audit performs regular audits and reporting with respect to meeting the compliance demands and expectations of our stakeholders. The Group prioritizes this as it sets the foundation of a healthy and transparent business operation and in effect, reduces incidents of non-compliance. Non-compliance to laws and regulations could result in the Group being reprimanded or penalized by the relevant authority or regulatory body. Therefore, the Group remains vigilant of the changes and updates made to regulations relating to its various business operations. Respective department heads work together with the Legal Department to ensure that they are made aware and monitor compliance to regulation.

SUSTAINABILITY STATEMENT
(cont'd)

ECONOMIC IMPACT (cont'd)

4) 3R : REDUCE, REUSE, RECYCLE

Reduce, Reuse, Recycle is the motto ingrained to all our employees across all locations of the Group. All employees are encouraged to adhere to the 3R in their daily work processes:

- Reduce, reuse and recycle stationery whenever possible
- Reduce paper printing by going digital
- Set printer settings to double-sided printing
- Check printer settings before printing to eliminate printing errors
- Use washable dishware and avoid disposables

At our business unit in the Gebeng Industrial area - where the plant produces the most eco-friendly HYPRO® PVC-O water pipes; only high quality raw materials are used in the formulation with no toxic substances and the rejects are 100% recyclable.

ENVIRONMENTAL MANAGEMENT

The Group works to ensure that its operations are environmentally responsible and that adequate steps are taken to protect and effectively manage risks that may adversely impact the surrounding environment.

5) WASTE & RESOURCE MANAGEMENT

We recognise that globally, the single most destructive element to the environment resulting from industrial/ commercial production and consumerism whether (individual or corporate) is waste, be it solid, liquid or gaseous. The Group's sustainability guidelines SOP is in place to improve waste management with the goal to utilise and minimize the quantity of waste wherever possible. Our commitment is aptly evidenced by the mode of operation of the facility which covers the operations of the palm oil mill, dry long fibre plant, biogas plant (constitute GREEN MILL located at Kuala Ketil, Kedah) and medical waste treatment plant (located at Sendayan, Negeri Sembilan).

GREEN MILL : Waste-to-Energy

The Group acquired a palm oil mill and has invested into technologies to reduce the Group's carbon footprint. With the installation of a new and more efficient high pressure boiler coupled to a higher capacity steam turbine, the mill is self-sustaining in its electricity consumption and effectively contributes positively towards management of natural resources. With its "Green Mill Solution", the Group has adopted further "green" activities to better manage the palm oil mill wastes from both Empty Fruit Bunch ("EFB") and POME by setting up a Dry Long Fibre Plant and a Biogas Plant.

FBG Dry Long Fibre Plant

Conventional disposal methods of EFB such as incineration and open dumping; contributes to environmental damage. The Dry Long Fibre Plant converts the EFB (essentially Biomass Waste) into Dry Long Fibre ("DLF"). The plant is powered by energy supplied from the mill high pressure boiler and steam turbine. DLF produced is being exported for use in production of mattresses, cushions, erosion control mats etc.

FBG Biogas Plant

The Biogas Plant generates electricity from wastewater produced from the palm oil milling process which is commonly known as POME. Biogas is captured from the POME through anaerobic digesters; it prevents the uncontrolled release of harmful biogas, mainly methane gas to the environment. Biogas is then used to generate clean and sustainable electricity to the Tenaga Nasional Berhad (TNB) grid. This displaces electricity generated by conventional fossil fuel and reduces greenhouse gas emissions to the atmosphere. We had received feed-in approval from Sustainable Energy Development Authority (SEDA) to generate up to 2 Megawatts of electricity from renewable resources.

SUSTAINABILITY STATEMENT
(cont'd)

ENVIRONMENTAL MANAGEMENT (cont'd)

5) WASTE & RESOURCE MANAGEMENT (cont'd)

FNRG Medical Waste Treatment Plant

The medical waste treatment plant is another conscious initiative by the Group to manage scheduled medical waste through the green and promising technology. The plant uses the latest ozonation technology and is licensed to process up to a 10 MT/day by the DOE.

The technology known as "Ozonation" only uses ambient air, a small amount of water and electricity to treat the waste. Our ozonation sustainable process does not use any form of thermal heating or burning, very energy efficient, and can process wastes as needed. Since the ozonation does not consume any chemicals or fuels in the process, it does not generate any form of pollutants that could degrade the environment. In addition, all ozone released at the end of the process will be rapidly converted back to oxygen as ozone is a highly unstable gas. Ozonation is the safest and most sustainable medical waste treatment technology, with the smallest carbon footprint on the market today. We are also licensed to transport medical waste from the private healthcare providers. Our lorries are installed with GPS tracking system and each waste collection is strictly monitored by dedicated staff to prevent illegal activities.

6) ENERGY MANAGEMENT

The Group recognises that energy management is an integral part of combating climate change and depletion of natural resources, not to mention financial impact through electricity bills. Our Green Mill generates its own clean energy through boilers and turbines to replace grid based electricity generated by fossil fuel. In addition, Biogas Plant provides clean electricity transmitted to the national grid. Our Sendayan medical waste treatment plant has incorporated ozonation technology that requires a fraction of electricity as compared to conventional medical waste treatment facilities (i.e. incineration and microwave) currently applied in Malaysia.

Internally, the Group's employees has made concerted efforts to manage energy consumption and subsequently reduce our carbon emissions even at the general maintenance level of our building premises by implementing seemingly small initiatives of power management:-

- Reduce electricity consumption of lighting by gradually retrofitting to LED lights.
- Office signage that reminds staff to switch off lights when not in use and maximise daylight whenever possible.
- Reduce electricity consumption of air-conditioners by conducting regular maintenance and setting the temperature to the optimum temperature (24°C) and reminders to switch off air-conditioners when not in use.
- Reduce electricity consumption of computers and printers by setting energy-saving features and shutting off computers when not in use.

7) WATER MANAGEMENT

The intake and discharge of the water resource, both in terms of quality and quantity, is of utmost importance. At our mill, the water source consumption is monitored to ensure there is no wastage of water. Furthermore, the waste water produced from the mill is processed through a series of anaerobic tanks and retention ponds to ensure that the quality of water at the point of final discharge is within the DOE standards. We are committed to ensure that the water discharged through the drainage system and into the stream will have no harmful effects on the habitat flora and fauna and community downstream from the mill.

Our medical waste treatment plant in Sendayan basically requires very little water at the intake level, but the waste water from the ozonation process is separately collected and treated to ensure that the effluent levels meets the requirement of all existing regulations and legislation; and is safe.

SOCIAL IMPACT

At FITTERS Group, we endeavour to be a responsible corporate citizen through constantly re-assessing our activities and businesses model to ensure that it has a positive impact at the workplace and in the community.

SUSTAINABILITY STATEMENT
(cont'd)

SOCIAL : PRODUCT RESPONSIBILITY

8) QUALITY ASSURANCE

The Fire Services Division has been the flagship of the Group leading the Malaysian fire protection and safety market with introduction of internationally accredited products and services to the Authorities. The agencies and distributorships held by the Group have always been state-of-the-art products that are arguably the most technologically advanced in their respective areas. Most of the products are of international standard, with ISO certifications and/or SIRIM certified.

The following are some of the Group's business units quality assurance accreditations.

PYRODOR fire-resistant door sets has the following stringent approvals:-
- SGS ISO 9001-2000
- UKAS Quality Management System
- SIRIM QAS MS 1073 Part 2 & 3; approved by the Fire & Rescue Department

FITTERS FIRE-X 500 Fire Extinguisher
- SIRIM Tested
- BOMBA approved
- 4-year warranty

HYPRO® PVC-O pipes has achieved the following certifications:-
- HYPRO® product certification ISO 16422:2014
- ISO 9001:2015 Quality Management System by Lloyd's Register (company-wide)
- SIRIM ECO-LABEL 054:2016 (first pipe product in Malaysia to receive this certification)
- MyHijau Marking scheme by GreenTech Malaysia
- GOLD Award @ 3rd ASEAN Plastic Awards 2018 for innovation, function, aesthetics, environment and sustainability

Green Palm Oil Mill

The mill has achieved both the Malaysian Sustainable Palm Oil (MSPO) part 4 accreditation and MSPO Supply Chain Certification Standard (SCCS). This would mean that the CPO produced by the mill to the refinery can be traced back to its primary source. This is aligned with the MSPO objective which is to ensure that the palm oil is produced, processed and sold in a sustainable manner.

9) BRAND REPUTATION AND CUSTOMER SATISFACTION

The Management believes that affirmative branding provides its group of companies under the FITTERS brand name instant recognition. The FITTERS brand-name of 34 years has been associated with delivering reliable premium products and services. We are Malaysia's ONE-STOP premier fire protection specialist; and the reputable brand name extends to the new business units that we have diversified into.

FITTERS' Management further subscribes to the belief that sustainable success can only be attained by ensuring the wellbeing of the customers. As such, all representations made regarding the Group's products and services are backed by assurances that are contractually binding between the parties in the context of Malaysian Law.

On the fire services division, which engages in trading items and also locally manufactured items, FITTERS has always prioritized customers' concerns/complaints on quality issues. As most of the items are premium in quality and therefore our policy on soliciting back-to-back warranties directly from the supplier or manufacturer goes a long way in providing confidence to the customer that their rights are duly protected.

On the property development and construction division, FITTERS has been crafting homes and finding innovative ways to deliver products and services that are of high quality and excellence. We are committed to deliver to the highest quality by increasing client satisfaction, mitigate risk in project delivery and our supply chain, improve market value and reputation, improve employee well-being and engagement, and ensures that our projects are sustainable.

SUSTAINABILITY STATEMENT
(cont'd)

SOCIAL : PRODUCT RESPONSIBILITY (cont'd)

9) BRAND REPUTATION AND CUSTOMER SATISFACTION (cont'd)

Maintaining Privacy

The protection of customer privacy is of paramount importance. As a rule, the Group has a policy of not sharing customer information with any third parties; per Malaysia's Personal Data Protection Act 2010. To date, there have been no complaints from customers or regulatory bodies regarding the mis-handling of private information. A copy of our Privacy Policy is uploaded on our website.

10) HUMAN RESOURCE DEVELOPMENT

The Management of FITTERS has attributed the success, growth and resilience to weather market/economic downturns, to the dedication and overall wellbeing of the employees. Employees are deemed the most valued form of resource. In our aim to become an employer of choice, all the divisions within the Group continue to maintain a conducive and inclusive workplace for our valued employees. Divisional teams have to be fully supportive of the top Management's strategy in relation to human resource development to build a trustworthy, loyal and competent workforce that is committed to deliver a high level of excellence in product and services to the various stakeholders.

The following key policies are documented in our Code of Conduct and Ethics statement as well as our FITTERS Employee Handbook.

Diversity & Equal Opportunities

Workforce Diversity

FITTERS has a policy to promote and attract talents where possible from the local community or within the state where the business unit /subsidiary operates. Our workforce diversity is shown in the table hereunder where, other than the task requirements per se, the HR department also takes into account the ability and type of liaison relationship required with the other stakeholders as a criteria. As a medium size group of companies, FITTERS has, and intends to continue its contribution to the local economy by creating employment in the communities in which we operate.

The mix of the Group's workforce as at 31 December 2020 is set out below:-

	Executive	Non-Executives
Total Workforce	**50.90%**	**49.10%**
Breakdown:		
Malay	44.97%	62.58%
Chinese	41.42%	5.52%
Indian	11.24%	20.86%
Others	2.37%	11.04%

Equal Opportunity Employer

The HR department at FITTERS ensures that we are an equal opportunity employer cutting across one's ethnicity, religious beliefs, age, marital status, gender and family status. The Group's online advertisements (be it for executive or non-executive level), focus on the candidates' qualifications, work experience and other relevant abilities vis-à-vis the requirements of a position. Malaysian citizens are prioritized.

Minimum Wage Policy

The Group observes the Minimum Wages Order 2012 and its latest amendments in 2018 as announced by the Government.

SUSTAINABILITY STATEMENT
(cont'd)

SOCIAL : PRODUCT RESPONSIBILITY (cont'd)

10) HUMAN RESOURCE DEVELOPMENT (cont'd)

Diversity & Equal Opportunities (cont'd)

Anti-Harassment Policy

The Group is committed to providing a work environment which is conducive, safe and free of any form of harassment and discrimination. The Management views sexual harassment as a very serious violation of the work culture that requires high moral values at the workplace. The Employee Handbook provides for the necessary disciplinary action against any employee who is found guilty (through a formal Grievance Procedure). During the reporting period there were no recorded instances of discrimination.

Prevention of Child Labor

The HR Department is mindful and strictly adheres to Children and Young Persons (Employment) (Amendment) Act 2010. Employment at FITTERS is only open to candidates aged 18 years and above which is in line with the International Labor Organisation (ILO) guidelines.

Employees' Benefits

The HR policy lists all positions by individual job grades where an employee in any job grade is made aware including entitlements and benefits (where applicable) provided by the Group under the said job grade. There is no compromise whatsoever in compliance with statutory requirements and regulations on wages and benefits such as minimum wages order, Employees' Provident Fund, SOCSO and income tax deductions. Other employee benefits (depending on job requirements) include travel allowance, communications expenses, uniform and personal protective appliances and staff leave entitlement as per Employment Act.

FITTERS Sports Club

Employee welfare and work-life balance is prioritised by the Group Human Resource (HR) Department. Management has strived to motivate staffs at every level in achieving their given targets/budgets of their respective divisions while maintaining a good balance of social and family life. FITTERS' Sports Club activities are designed to foster teamwork, to encourage effective and open communication while enhancing interpersonal relationships. At FITTERS, a balanced lifestyle embracing both physical and mental health is promoted for the staff and Management alike. The Management further supports the Sports Club by an equal matching of employee's contributions. This goes a long way in expressing the group's commitment for optimal work-life integration of employees.

Training and Development

The Group recognizes training as integral to ensure that employees acquire the required competencies and/or updated on the latest developments in their field, to perform their work and deliver their best output. At FITTERS, employees are encouraged to expand their knowledge and to foster personal growth and development by taking on new roles and responsibilities. As such employees can request to attend certain types of training and/or workshops if it is deemed as fulfilling the above objectives. In building a competent and talented workforce, FITTERS is committed to providing an environment to enhance employees' skills and knowledge within the industry.

11) OCCUPATIONAL HEALTH & SAFETY

Workplace safety is essential to the sustainability of any corporation. FITTERS' value proposition commences with a commitment to employee safety by the Management. As the Group is involved in a range of diversified businesses, the respective Head of Divisions are entrusted to put in place safety measures/SOP to ensure employees can carry out their roles safely including compulsory daily housekeeping of workplace. As an ongoing process, the Group Internal Audit department regularly audits and stresses on Occupational Health and Safety Management in its audit program and presents the same to the Audit Committee.

SUSTAINABILITY STATEMENT
(cont'd)

SOCIAL : PRODUCT RESPONSIBILITY (cont'd)

12) CORPORATE SOCIAL RESPONSIBILITY

The Group; as a premier "One-Stop" fire prevention specialist pioneered the manufacture of the light weight aerosol type fire extinguishers under the FIRE-X brand name. This product serves as your first line of fire defence tool and "taglined" as "***BIG EXTINGUISHER IN A SMALL CAN***". It is easy to use (AIM & PRESS) and recommended for extinguishing fires in the kitchen, small office, campsite, boat, vehicle, garage, workshop and homes. FIRE-X is SIRIM tested and BOMBA approved.

The Group continues to reach out to the community with its ongoing campaigns on "One-Home-One-Extinguisher" and "One-Car-One Extinguisher" which were introduced by the Ministry of Housing and Local Authorities and supported by FIPCOM (Fire Prevention Council Malaysia). The campaign is aimed at creating an overall awareness on fire safety and prevention with emphasis that the first line of fire defence starts with the individual. This campaign shall be promoted through cross-selling at the inter-company level especially where the Group builds homes and is involved in building works and installations.

MOVING FORWARD

Continuous effort is the key to achieving our sustainability vision. Ongoing engagement with our stakeholders will subsequently contribute towards the long-term sustainable development of the Group. We will continuously work towards improving our economic, environmental and social aspects to strengthen our sustainability efforts. We will build on these efforts and assess which material issues are the most effective in realising our vision for sustainability and also in compliance to Bursa Securities' Main Market Listing Requirements on sustainability reporting.

This Sustainability Statement was approved by the Board on 23 April 2021.

PROFILE OF DIRECTORS

DATO' IR. LOW KENG KOK
Chairman, Independent Non-Executive Director
Aged 67, Malaysian, Male
Appointed on 21 November 2012

Dato' Ir. Low Keng Kok was appointed to the Board of the Company on 21 November 2012 as Non-Independent Non-Executive Director. On 18 December 2017, he was re-designated as Independent Non-Executive Director, and on 1 July 2019 was appointed as Chairman of the Company. He was also appointed a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company on 10 July 2020.

Dato' Ir. Low Keng Kok graduated from University of Malaya with a Bachelor of Engineering (Honours) Degree in Civil Engineering. He is a Chartered Engineer and a Chartered Environmentalist (UK). He is a Fellow of the Institute of Engineers Malaysia and Institute of Highways and Transportation (UK), and a Professional Engineer (Malaysia). He is a corporate member of the Institute of Water and Environmental Management (UK) and the Institute of Civil Engineers, UK (M.I.C.E.). He is also an Adjunct Professor of Universiti Teknologi Malaysia.

Dato' Low has more than 42 years of experience in the management of buildings, infrastructure and privatisation projects. He was the Managing Director of Road Builder (M) Holdings Berhad from 1998 to 2007.

Currently, he is the Independent Non-Executive Chairman, Nomination Committee Chairman, Remuneration Committee Chairman, and a member of the Audit Committee of RGT Berhad. He is also a Director and the Chairman of the Audit Committee of Universiti Teknologi Malaysia (UTM), and an Advisor for Contractors Intelligence and Contract Variation Committee (CICVC) of Penang Development Corporation (PDC).

He has no other directorship in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences) within the past 5 years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 31 December 2020.

DATO' WONG SWEE YEE
Managing Director, Executive Non-Independent Director
Aged 64, Malaysian, Male
Appointed on 18 January 1986

Dato' Wong Swee Yee is the founder of the Company and is the Chairman of the Executive Committee and a member of the Remuneration Committee.

He is an Associate Member of Harvard Business School Alumni Club of Malaysia.

Having been actively involved in the fire safety and prevention industry since 1979, and as the founder of the Company, he has been instrumental in the growth of FITTERS Group over the years. His visionary entrepreneurial skills, passion and foresight had led the Company to move into both upstream and downstream activities in the fire fighting industry. He has also contributed greatly to the fire safety industry by introducing state-of-the-art technology to Malaysia and through the set-up of a comprehensive network of distributorship rights for specialised fire fighting equipment and systems for FITTERS. Over the past few years, he has been instrumental in taking the Group to greater heights, by diversifying into new areas of property development, renewable, waste-to-energy & green palm oil mill and also the innovative HYPRO® PVC-O pipes manufacturing and distribution.

He has no other directorship in other public companies and listed issuers. Datin Goh Hooi Yin, his spouse, is also a member of the Board and substantial shareholder of the Company. Save for recurrent related party transactions noted in the Annual Report, he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences) within the past 5 years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 31 December 2020.

PROFILE OF DIRECTORS
(cont'd)

DATIN GOH HOOI YIN
Executive Non-Independent Director
Aged 61, Malaysian, Female
Appointed on 15 December 2008

Datin Goh Hooi Yin is a member of the Executive Committee and Risk Management Committee. She holds a Bachelor of Science (Mathematics), First Class Honours degree from University of Malaya.

She started her career as an analyst with an insurance IT company. She subsequently joined an IT organization and effectively served in various positions spanning across sales & marketing, project management, consulting, customer service and profit centre managerial responsibilities. She joined the Group's subsidiary (Master Pyroserve Sdn Bhd) for a period of 3 years, assisting in the ISO accreditation and overseeing the maintenance operations.

She has no other directorship in other public companies and listed issuers. She is the spouse of Dato' Wong Swee Yee, the Managing Director and a substantial shareholder of the Company. Save for recurrent related party transactions noted in the Annual Report, she does not have any conflict of interest with the Company. She has not been convicted of any offences (other than traffic offences) within the past 5 years. There were no sanctions and/or penalties imposed on her by any regulatory body during the financial year ended 31 December 2020.

MR CHAN SENG FATT
Independent Non-Executive Director
Aged 58, Malaysian, Male
Appointed on 20 June 2014

Mr Chan Seng Fatt is a Chartered Accountant of The Malaysian Institute Of Accountants. He is the Chairman of the Audit Committee, Risk Management Committee and the Long-Term Incentive Plan Committee. He is also a member of the Nominating Committee and Remuneration Committee.

Mr Chan has an extensive career exposure spanning more than 30 years covering various aspects of experience namely external and management auditing, financial management, corporate finance, stockbroking and senior level operation & general management.

He was the Chief Executive Officer of Tradewinds Plantation Berhad, a position which he had held for 5 years from 2007-2012. Prior to joining Tradewinds Group, he had held several senior positions in various public and private companies.

Currently, Mr Chan is the Independent Non-Executive Director and the Chairman of the Audit Committee, Nomination Committee and Risk Management Committee of Salcon Berhad. He is also an Independent Non-Executive Director and Chairman of the Audit Committee of Star Media Group Bhd.

He has no other directorship in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences) within the past 5 years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 31 December 2020.

PROFILE OF DIRECTORS
(cont'd)

DATO' IR. HO SHU KEONG
Independent Non-Executive Director
Aged 62, Malaysian, Male
Appointed on 1 July 2019

Dato' Ir. Ho Shu Keong was appointed to the Board of the Company on 1 July 2019 as Independent Non-Executive Director. On 1 July 2020, he was appointed Chairman of the Nominating Committee and Remuneration Committee. He is also a member of the Audit Committee.

He graduated with a Bachelor of Engineering Degree from the University of New South Wales, Australia and obtained the Graduate Management Qualification (GMQ) from the Australian Graduate School of Management. He is a Professional Electrical Engineer with the Board of Engineers, Malaysia.

Dato' Ir. Ho has over 36 years of experience in the Engineering and Building industries, principally in the Facilities Engineering Maintenance (FEMS) field for the medical industry.

He has no other directorship in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences) within the past 5 years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 31 December 2020.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' WONG SWEE YEE
Managing Director, FITTERS Diversified Berhad
Aged 64, Malaysian, Male

The profile of Dato' Wong Swee Yee is stated in the Board of Directors' Profile on page 25 of the Annual Report.

DATIN GOH HOOI YIN
Executive Director, FITTERS Diversified Berhad
Aged 61, Malaysian, Female

The profile of Datin Goh Hooi Yin is stated in the Board of Directors' Profile on page 26 of the Annual Report.

CHIN YONG SHING
Executive Director,
FITTERS Engineering Services Sdn Bhd
Aged 53, Malaysian, Male

Mr Chin Yong Shing graduated from Polytechnic of Wales (UK) with a Bachelor of Engineering (Mechanical).

He started his career as a Project Engineer at FITTERS Engineering Services Sdn Bhd ("FESSB"), a wholly owned subsidiary of FITTERS Diversified Berhad, on 15 October 1992. He was promoted to Project Manager in 1998 and to General Manager in 2010. Mr Chin Yong Shing is currently the Executive Director of FESSB, a position he holds since 2014.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 31 December 2020.

GAN SOON KIEAN
Executive Director, FITTERS Construction Sdn Bhd
Aged 50, Malaysian, Male

Mr Gan Soon Kiean holds a Bachelor Degree in Civil Engineering from University Teknologi Malaysia.

He started his career as a Planning Engineer at Sunway Construction Sdn Bhd in 1995 and subsequently joined a few other companies as Design Engineer, Project Engineer and Project Manager. In 2011, he was engaged as the Resident Engineer for ZetaPark Development Sdn Bhd, a wholly owned subsidiary of FITTERS Diversified Berhad. Mr Gan Soon Kiean is currently the Executive Director of FITTERS Construction Sdn Bhd, a position he holds since 1 July 2013.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 31 December 2020.

MOHD FARID MOHAMED NOR
Chief Executive Officer, Molecor (SEA) Sdn Bhd
Aged 46, Malaysian, Male

Encik Mohd Farid Mohamed Nor graduated with a Bachelor of Engineering (Mechanical) from Imperial College of Science, Technology and Medicine, UK. He is a registered member of the Board of Engineers Malaysia, Associate Member of the Institution of Mechanical Engineers UK and the City & Guild Institute UK.

He started his career in 2002 at Sauber PETRONAS Engineering AG in Switzerland as a structural engineer. Upon his return to Malaysia in 2005, he served the PETRONAS group of companies as a technical professional for the oil and gas industry, where he holds several leadership roles in research, technology and engineering services until 2014. He joined Molecor (SEA) Sdn Bhd ("MSEA"), a subsidiary of FITTERS Diversified Berhad on 1 April 2014 as Chief Operating Officer and was appointed as a director of MSEA on 1 July 2016, and subsequently as Chief Executive Officer on 1 November 2017. He is currently an elected Ordinary Council Member of 2019/2021 Session for Malaysian Water Association.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 31 December 2020.

GROUP FINANCIAL SUMMARY

Financial Year Ended 31 December	2020 RM'000	2019 RM'000 (Restated)	2018 RM'000 (Restated)	2017 RM'000 (Restated)	2016 RM'000
Revenue	215,713	263,004	350,733	303,042	366,076
(Loss)/Profit before tax	(12,887)	8,935	19,966	4,903	714
Taxation	(3,342)	(4,436)	(6,693)	(4,671)	(5,284)
(Loss)/Profit for the financial year from continuing operations	(16,229)	4,499	13,273	232	(4,570)
Loss for the financial year from discontinued operation, net of tax	-	-	-	(3,419)	(1,100)
(Loss)/Profit for the financial year	(16,229)	4,499	13,273	(3,187)	(5,670)
Non-controlling interests	3,152	186	1,315	2,986	2,069
(Loss)/Profit attributable to owners of the Company	(13,077)	4,685	14,588	(201)	(3,601)
Share capital	240,662	240,662	240,471	240,366	240,248
Share premium	-	-	-	-	118
Treasury shares	(3,912)	(7,823)	(14,489)	(11,663)	(5,330)
Other reserves	35,996	36,242	42,399	30,856	35,211
Retained earnings	84,515	107,388	96,542	84,499	84,606
Shareholders' funds	357,261	376,469	364,923	344,058	354,853
Property, plant and equipment	214,730	229,518	251,914	244,189	235,811
Investment properties	1,949	1,305	1,342	1,321	683
Right-of-use assets	12,440	12,912	-	-	-
Intangible assets	5,450	5,528	5,606	5,684	5,684
Investment in associate	-	-	-	-	-
Investment securities	105	105	105	2,321	2,321
Deferred tax assets	196	272	398	479	1,111
Non-current trade and other receivables	43,313	38,537	32,569	28,503	-
Current assets	229,260	260,121	306,433	274,577	366,423
Total assets	507,443	548,298	598,367	557,074	612,033
Loans and borrowings	86,383	96,027	127,221	134,924	174,399
Net assets	357,261	376,469	364,923	344,058	354,853
Net assets per share (sen)	76.39	81.67	82.15	76.12	75.85
Weighted average number of ordinary shares in issue ('000)	462,247	468,474	445,276	460,958	476,339
Basic (loss)/earnings per share (sen)	(2.83)	1.00	3.28	(0.04)	(0.76)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the "Board") of FITTERS Diversified Berhad (the "Company" or "FITTERS") recognizes the importance of good corporate governance and is committed in ensuring the sustainability of the Company's business and operations through maintaining good governance ethics. The Board believes that maintaining good corporate governance is essential to delivering stakeholders' value. Accordingly, it is the Board's responsibility to ensure that the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance ("MCCG") are observed and practised throughout the Company and its subsidiaries ("Group").

The Corporate Governance Overview Statement is made pursuant to paragraph 15.25(1) and Practice Note 9 of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia Berhad. This Corporate Governance Overview Statement is to be read together with Corporate Governance Report, based on a prescribed format as outlined in paragraph 15.25(2) of the MMLR so as to provide the application of the Company's corporate governance practices against the MCCG. The Corporate Governance Report can be accessed via the Company's website at www.fittersgroup.com as well as via an announcement on the website of Bursa Securities.

Accordingly, this Corporate Governance Overview Statement details how the Board applies the corporate governance practices as set out in the MCCG on three (3) key Principles during the financial year ended 31 December 2020.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Clear role and responsibilities

The Board is responsible for the overall governance, management and strategic direction of the Group and for delivering accountable corporate performance in accordance with the organisation's goals and objectives. Board members should have a responsibility to act honestly, exercise reasonable care and skill and understand their fiduciary duties whilst performing their necessary duties on behalf of the Company.

The Board also focuses on reviewing the adequacy and effectiveness of the Company's internal control systems and management information system, management and staff succession planning, identifying key risks and ensuring implementation of appropriate systems to manage these risks and developing shareholder's communication policy for the Company. The concepts of transparency, accountability and integrity continue to form the foundation on which the Board discharges its duties.

In performing its role, specific responsibilities commonly reserved to the Board are set out in the Board Charter.

For day-to-day operations, the Board has delegated authorities and power to the Management, led by the Managing Director and Executive Director. The Managing Director and Executive Director command their own respective functions to ensure the smooth running of the Company's operations. The Managing Director and Executive Director are responsible for the implementation of board policies approved by the Board and are required to report and discuss at Board meetings all material issues currently or potentially affecting the Group's performance and its directions, projects and regulatory conformance.

The Board maintains a supervisory control over management through the participation of Executive Directors in the Executive Committee ("EXCO") which ensures implementation of standard operating procedures and efficient management of the Group.

The EXCO is the principal decision-making body for the day-to-day operational matters that cannot be dealt with by the respective operational heads due to the significance and/or magnitude of the issue or transaction involved.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. Board Responsibilities (cont'd)

1. Clear role and responsibilities (cont'd)

The EXCO's functions are to:

(a) Review operational and financial performance of all operating units;
(b) Discuss operational issues, business development, business plans and budgets, personnel and all matters relating to the running of the operating units;
(c) Act as a check and balance for major operational decisions that requires an independent and objective evaluation;
(d) Act as an evaluation and consultation panel to facilitate prompt and effective decision making by the Board;
(e) Enable faster response to operational issues; and
(f) Provide approvals based on authority levels sanctioned by the Board in order to facilitate effective management of the operational units.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board Committee, a Director, employee or other persons subject to ultimate responsibility of the directors under the Companies Act 2016.

2. Separation of positions of the Chairman and Managing Director

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of the Chairman and Managing Director are distinct and separate to accountability and facilitate clear division of responsibilities for ensuring there is a balance of power and authority in the Company. The segregation of roles also facilitates a healthy, open exchange of views between the Board and Management in their deliberation of the business, strategic plans and key activities of the Company.

The current Board of the Company is led by Dato' Ir. Low Keng Kok as the Independent Non-Executive Chairman while Dato' Wong Swee Yee, the Managing Director, leads the Senior Management of the Company.

The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman encourages active and effective engagement, participation and contribution from all Directors and facilitates constructive relations between Board and Management. The Chairman also ensures that the meeting is conducted efficiently and that appropriate time is given to the most important issues.

The Managing Director is responsible for the day-to-day business operations of the Group and together with the Executive Directors is supported by the management team and operational heads. The Managing Director also updates the Board from time to time with any information in the course of performing his duties.

3. Company Secretary

The Board is supported by two (2) qualified and competent Company Secretaries. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.

The Company Secretaries provide advice and guidance to the Board on matters pertaining to the Board's responsibilities in order to ensure that they are effectively discharged within relevant secretarial practice and regulatory requirements. This includes updating the Board on the MMLR and other legal and regulatory developments and their compliance with regulatory requirements, corporate governance and legislations as well as the Board policies and procedures.

The Company Secretaries ensure that deliberations at Board and Board Committee Meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions.

It is the duty of the Directors to take all reasonable steps to ensure that the Company Secretaries are persons who possess requisite knowledge and experience to discharge the functions of Company Secretaries of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. Board Responsibilities (cont'd)

4. Supply and Access to Information

The Board members have unrestricted access to timely and accurate information concerning the Company and the Group from the Management and Board Committees as well as the advice and services of the Company Secretaries, necessary in the performance of their duties as a full board as well as in their individual capacities in the discharge of their responsibilities. Whenever the need arises, Senior Management will be invited to Board meetings to further assist the Board in understanding the Company's operations and to provide explanations and clarifications on issues that are being considered and discussed during the Board Meetings.

Where necessary, the Directors may engage independent professionals at the Group's expense on specific issues to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated.

The Board recognizes that the decision-making process is highly dependent on the quality of information furnished.

Notice of at least seven (7) days together with a full agenda and the necessary supporting papers are furnished to each Director prior to the meetings to allow preparation and meaningful discussion by the Board members during the meetings.

Directors can use video or other technology to take part in a meeting even if they are physically somewhere else as long as all Directors consent to this.

5. Board Charter

The Board has adopted a Board Charter which provides guidance and clarity for Directors and Management with regard to the role and function of the Board, its committees, individual directors and Management.

The Board Charter is published on the Company's website at www.fittersgroup.com and periodically reviewed and updated in accordance with the needs of the Company. This is to ensure the Board Charter always stay relevant with the Board's objectives, current laws, regulations and practices.

6. Code of Conduct and Ethics

The Board has established a Code of Conduct and Ethics for Directors and all employees of the Group.

The Code of Conduct and Ethics addresses ethical conduct in the work environment, business practices and relationships with customers and stakeholders and the standards of behaviour that the Company expects of its Directors and employees in their daily activities and dealing with others.

All employees are required to conduct themselves in a manner with such ethics and integrity so as to avoid issues such as intellectual property (patents, trademarks and copyrights), confidential information, entertainment and gifts, conflicts of interest, insider trading, bribery and corruption, money laundering and abuse of power.

The Code of Conduct and Ethics sets out the specific standards of conduct that the Directors, Management and employees are expected to uphold and maintain in their professional practice.

The Code of Conduct and Ethics of the Company is published on the Company's website at *www.fittersgroup.com*.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. Board Responsibilities (cont'd)

7. Anti-Corruption and Bribery Policy and Whistleblowing Policy and Procedures

The Board had put in place a Whistleblowing Policy and Procedures which provides an avenue for raising matters of concerns about alleged malpractices and wrongdoings ("Concerns"), in a confidential manner. These might include the following:

- improprieties or irregularities (including financial and operational)
- suspected fraud or criminal offences
- breach of confidentiality
- conflict of interest
- miscarriage of justice
- corruption or bribery
- endangerment of an individual's health and safety
- failure to comply with legal or regulatory requirements

The Whistleblowing Policy was designed to protect all employees and stakeholders from any form of detriment as a consequence of a genuine disclosure of information. In furtherance to this, the whistleblowing policy and procedures provides guidance on how allegations should be raised, which is initially through managers, officers and employees in supervisory roles. Allegations are then escalated to a designated person i.e. the Chairman of the Board or Chairman of the Audit Committee who is responsible for oversight of this procedure. Whistle-blowers are protected against being victimized or penalised by the Group.

Concerns should be made verbally, email or in writing addressed to and forwarded in a sealed envelope to the Chairman of the Board or Chairman of the Audit Committee, where applicable ("Concerns"). The action taken by the Group in response to a report of Concerns will depend on the nature of the Concerns. The Chairman of the Board or Chairman of the Audit Committee shall receive information on each report of Concerns and follow-up information on actions taken.

The Internal Auditor shall be the named Investigator unless the Chairman of the Board or Chairman of the Audit Committee assigns/appoints another Investigator. Investigators must be impartial and independent of all parties concerned. The Investigator is required to report all Concerns raised, the status of all pending and on-going investigations, and any action taken or to be taken as a result of the investigations, to the Chairman of the Board or Chairman of the Audit Committee.

Initial inquiries will be made to determine whether an investigation is needed, and in the manner that it should take. Some Concerns may be resolved without the need for investigation. The findings of any investigation will be reported to the Chairman of the Board or Chairman of the Audit Committee who will reach a decision on any further action to be taken.

In compliance with Paragraph 15.29 of MMLR, the Company has formalised a policy and process to deal with corrupt and bribery practices that may arise in the course of daily business and operation activities within the Group. Both the Anti-Corruption and Bribery Policy and Whistleblowing Policy and Procedures of the Company are available on the Company's website at *www.fittersgroup.com*.

II. Board Composition

1. Board Composition and Balance

The Board has five (5) Directors, comprising one (1) Independent Non-Executive Chairman, two (2) Independent Non-Executive Directors, one (1) Managing Director and one (1) Executive Director. During the financial year under review, Datuk Dr. Soh Chai Hock @ Soh Hai San, the Senior Independent Non-Executive Director of the Company resigned from the Board on 30 June 2020 while Mr Chong Kwea Seng did not seek re-election at the last Annual General Meeting. Accordingly, he retired as an Independent Non-Executive Director of the Company on 9 July 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

1. Board Composition and Balance (cont'd)

The Company fulfills paragraph 15.02(1) of the MMLR of Bursa Securities which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors. The Company also meets the requirements of MCCG to have at least half of the Board must comprise Independent Directors.

The Board is satisfied that the composition of Board which provides the appropriate balance and size necessary to promote all shareholders' interests and to govern the Company effectively. It also fairly represents the ownership structure of the Company, with appropriate representations of minority interests through the Independent Non-Executive Directors.

The three (3) Independent Non-Executive Directors fulfills a pivotal role in providing unbiased and independent views, advice and judgment to the Board deliberation and decision-making process, taking into account the interest not only of the Company but also shareholders, employees, customers and communities in which the Company conducts business.

The composition of the Board fairly reflects the interest of the majority and minority shareholders. The Directors collectively bring with them a wide range of experience, diverse perspective and insights, skills and knowledge required to oversee the Group business activities.

A brief profile of each Director is presented in the Profile of Directors section of the Annual Report.

Board Independence

The Board is mindful on the importance of independence and objectivity in its decision-making process which is in line with MCCG.

The Board delegates to the Managing Director who is supported by an executive management team, implements the Company's strategic plan, policies and decisions adopted by the Board to achieve the Company's objective of creating long-term value for its shareholders through excelling in customer service and providing sustainable best-in-industry performance.

The Company's Independent Directors are required to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment taking into account the interest, not only of the Company but also of shareholders, employees, customers and communities in which the Company conducts business.

The Board with the assistance of Nominating Committee assesses each Director's independence to ensure ongoing compliance with this requirement annually. During the financial year under review, the Board via Nominating Committee assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities and is satisfied that they are independent.

Any Director who considers that he/she has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning the Company, is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

The Board is aware of the recommended tenure of an Independent Director who should not exceed a cumulative term of nine (9) years as recommended by MCCG and that an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of nine (9) years tenure. Furthermore, the Board must justify the decision and seek shareholders' approval at general meeting if the Board intends to retain the Director as Independent after the said Independent Director has served a cumulative term of nine (9) years. As at the date of this Statement, none of the Independent Directors have reached nine (9) years of service since their appointment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

2. Board Committees and Delegation

The Board delegates the implementation of its strategy to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company. While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide it with recommendations and advice:

- Nominating Committee
- Remuneration Committee
- Audit Committee
- Long-Term Incentive Plan Committee

The following diagram shows a brief overview of the four (4) main Board Committees of the Company, each of which is explained in further detail as below:

Board of Directors

Nominating Committee	Remuneration Committee	Audit Committee	Long-Term Incentive Plan Committee
Responsibilities	**Responsibilities**	**Responsibilities**	**Responsibilities**
• Board size and composition • Selection & appointment of directors • Board performance evaluation • Committees performance evaluation • Directors' training	• Remuneration policy • Directors' Remuneration	• Internal audit • External audit • Risk management • Financial reporting • Audit reports • Related party transactions • Internal controls • Conflict of interest	• Long-term incentive plan

These Board Committees have wide ranging authorities and make recommendations to the Board which holds the ultimate responsibility. The responsibilities of each Board Committee are laid out in their written terms of reference. The Board reviews the terms of reference of the Board Committees from time to time. The term of office and performance of each Audit Committee member is reviewed annually by the Nominating Committee. The Chairman of the respective Board Committees report to the Board on matters deliberated at the respective Committee Meetings and put forth their recommendations thereon.

3. Directors' Commitment

The Board endeavors to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. The Board is satisfied with the level of commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company as most of the Directors had attended all the Board Meetings under the financial year review. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

3. Directors' Commitment (cont'd)

The Board met four (4) times during the financial year under review. The details of Directors' attendance are set out as follows:

No.	Name	Number of Board Meetings attended
1.	Dato' Ir. Low Keng Kok	4/4
2.	Dato' Wong Swee Yee	4/4
3.	Datin Goh Hooi Yin	4/4
4.	Mr Chan Seng Fatt	4/4
5.	Dato' Ir. Ho Shu Keong	4/4
6.	Datuk Dr. Soh Chai Hock @ Soh Hai San (Resigned on 30 June 2020)	2/2
7.	Mr Chong Kwea Seng (Retired on 9 July 2020)	2/2

The Board, via Nominating Committee reviews annually the time commitment of the Directors and ensures that they are able to carry out their own responsibilities and contributions to the Board. It is the Board's policy for Directors to notify the Chairman before accepting any new directorship notwithstanding that the MMLR allows a Director to sit on the board of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

In order to enable Directors to sustain active participation in Board deliberations, the Directors have access to continuing education programme or training. The Directors have devoted sufficient time to update their knowledge and enhance their skills by attending trainings, details are disclosed under the "Directors' Training" section of this Statement.

4. Nominating Committee – Board Nomination and Appointment of Directors

The selection and appointment of a new member to the Board and Board Committee is made only with the recommendation from the Nominating Committee.

The Company had on 22 December 2001 established a Nominating Committee. The composition of the Nominating Committee, which consists of Independent Non-Executive Directors, is as follows:

Name	Designation
Dato' Ir. Ho Shu Keong (Appointed as Chairman on 1 July 2020)	Chairman (Independent Non-Executive Director)
Mr Chan Seng Fatt	Member (Independent Non-Executive Director)
Dato' Ir. Low Keng Kok (Appointed as Member on 10 July 2020)	Member (Independent Non-Executive Director)
Datuk Dr. Soh Chai Hock @ Soh Hai San (Ceased as Chairman on 30 June 2020)	Chairman (Independent Non-Executive Director)
Mr Chong Kwea Seng (Ceased as Member on 9 July 2020)	Member (Independent Non-Executive Director)

The Board did not engage any independent sources to identify suitably qualified candidates during the year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

4. Nominating Committee – Board Nomination and Appointment of Directors (cont'd)

The Board shall determine and identify from time to time via its Nominating Committee the size, skills and gender diversity of the Board to effectively make decision and to discharge its roles and responsibilities for the benefit of the Group.

The appointment of new Directors is under the purview of the Nominating Committee which is responsible for making recommendations to the Board of suitable candidates for appointment as Director of the Company. This responsibility includes making recommendations on the desirable competencies, experience and attributes of the Board members and strategies to address Board diversity.

As part of the process of assessing the suitability of candidate for Board membership, the Nominating Committee takes into account various factors such as the individual's educational background, experience, time commitment, the MMLR and general knowledge of the Company's business and market.

In recommending the appropriate individual to the Board and membership of Board Committees, the Nominating Committee shall take into consideration the following criteria:

- Skills, knowledge, expertise and experience
- Professionalism
- Commitment
- Boardroom diversity (including gender, age and ethnicity diversity)
- Background, character, competence, time commitment and integrity
- In the case of candidates for the position of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors

The Nominating Committee will review the experience, qualification and suitability of the candidate(s) based on the background/resume and the abovementioned criteria. Upon completion of the assessment and evaluation of the proposed candidate(s), the Nominating Committee then puts forth its recommendations to the Board who satisfied the selection process. Based on the recommendation of the Nominating Committee, the Board would evaluate and decide on the appointment of the proposed candidate(s). Successful candidate(s) will be advised accordingly.

The Board is committed to provide fair and equal opportunities and to nurture diversity within the Group. Currently, the Board has one (1) female Non-Independent Executive Director.

The Company Secretary will ensure that all appointments are properly made and regulatory obligations are complied.

The Terms of Reference of the Nominating Committee is published on the Company's website at *www.fittersgroup.com*.

5. Diversity

The Board has adopted a formal policy on diversity of the Company by taking into consideration a range of different skills, age, gender, ethnicity, backgrounds and experiences represented amongst its Directors, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with diversified viewpoints and the effective governance of the Company.

Based on the following summary of the employment gender diversity, there is balanced gender diversity across all the levels of employees in the Company during the financial year under review:

Category of Employees	Female		Male		Total
General Staff	1	10%	1	20%	2
Supervisory	2	20%	0	0%	2
Managerial	7	70%	4	80%	11
Total No. of Employees	**10**	**100%**	**5**	**100%**	**15**

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

6. Board Assessment and Annual Evaluation

The Nominating Committee reviews annually the required mix of skills and experience of Directors; effectiveness of the Board as a whole; succession plan and boardroom diversity, including gender, age, ethnicity, diversity; training courses for Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board.

The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The assessment and comments by Directors are summarized in a questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the Nominating Committee meeting and reported at the Board Meeting by the Nominating Committee Chairman. All assessments and evaluations carried out by the Nominating Committee are properly documented.

The Nominating Committee meets at least once in a year with additional meetings to be convened, if necessary.

During the financial year under review, the Nominating Committee met once and deliberated on the following:

(a) the results of Directors' self-assessment in respect of the mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors;
(b) the structure, size, composition (including gender diversity) and effectiveness of the Board as a whole and of the committees of the Board;
(c) the level of independence of Directors; and
(d) the re-election of Directors.

It was concluded that the calibre, competencies, experiences, qualifications and the present mix of skills of the Board members are adequate and capable in managing the Company and ensuring the Group's strategies are properly considered and implemented. The Board is satisfied with its current size and composition.

The Nominating Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

7. Re-election to the Board

According to the Company's Constitution, all newly appointed Directors shall retire from office. A retiring director shall be eligible for re-election at the next Annual General Meeting ("AGM") subsequent to his/her appointment. The provisions of the Constitution provide that at least one-third (1/3) of the Directors shall retire by rotation at each AGM.

The Nominating Committee reviewed and recommended the Directors' re-election to the Board on 22 February 2021. In accordance with the Company's Constitution, Dato' Ir. Low Keng Kok and Datin Goh Hooi Yin are subject to retirement at the forthcoming AGM of the Company.

8. Directors' Training

The Board through the Nominating Committee shall assess the training needs of the Directors and recommend appropriate educational and training programmes for continuous development of its Directors.

All Directors have completed the Mandatory Accreditation Programme. The Directors are mindful that they need to continue to attend seminars, conferences and briefings in order to enhance their skills and knowledge and to keep abreast with changes in legislations and regulations. In addition, the Company through the Company Secretary provides internal briefings to the Directors on key changes in the corporate governance, relevant laws and regulations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

8. Directors' Training (cont'd)

During the financial year, the Directors have attended individually or collectively the following training programmes:

Name of Directors	Training Programme/Conference/ Seminar
Dato' Ir. Low Keng Kok	• Briefing and update on amendments to the Main Market Listing Requirements
Dato' Wong Swee Yee	• Briefing and update on amendments to the Main Market Listing Requirements
Datin Goh Hooi Yin	• Briefing and update on amendments to the Main Market Listing Requirements
Mr Chan Seng Fatt	• Briefing and update on amendments to the Main Market Listing Requirements • Leadership in Distress : Corporate Malaysia & Covid 19 • Optimising Risk and Resilience Planning to Manage Disruptions • Briefing on 2021 Budget Highlights
Dato' Ir. Ho Shu Keong	• Briefing and update on amendments to the Main Market Listing Requirements

In addition, the External Auditors also briefed the members of the Audit Committee on the latest developments of accounting standards.

The Directors will continue to undergo other relevant training programmes and seminars in order to ensure that they are well equipped with the relevant knowledge as well as emergent strategic directions and ideas that will enable them to discharge their duties in a more efficient manner.

III. Remuneration

Remuneration Committee – Directors' Remuneration

The Remuneration Committee sets the policy and framework for the remuneration of Directors and Key Senior Management that commensurate with the experience, commitment and level of responsibility borne by the individual Directors and Key Senior Management. The Remuneration Committee is responsible for the review of the levels of remuneration and make recommendations to the Board on the remuneration of Directors and Key Senior Management which is linked to strategy and/or performance or long term objectives of the Company to ensure that the Company is able to attract and retain capable Directors and Key Senior Management. The Executive Directors and Key Senior Management's remunerations are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibility undertaken.

The Company had on 22 December 2001 established a Remuneration Committee. The composition of the Remuneration Committee, which consists of three (3) Independent Non-Executive Directors and a Managing Director, is as follows:

Name	Designation
Dato' Ir. Ho Shu Keong (Appointed as Chairman on 1 July 2020)	Chairman (Independent Non-Executive Director)
Mr Chan Seng Fatt	Member (Independent Non-Executive Director)
Dato' Wong Swee Yee	Member (Managing Director)
Dato' Ir. Low Keng Kok (Appointed as Member on 10 July 2020)	Member (Independent Non-Executive Director)
Datuk Dr. Soh Chai Hock @ Soh Hai San (Ceased as Chairman on 30 June 2020)	Chairman (Independent Non-Executive Director)
Mr Chong Kwea Seng (Ceased as Member on 9 July 2020)	Member (Independent Non-Executive Director)

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III. Remuneration (cont'd)

Remuneration Committee – Directors' Remuneration (cont'd)

The presence of the Managing Director is to advise the Remuneration Committee on matters relating to the remuneration of the Executive Director and Key Senior Management.

The Remuneration Committee met once during the financial year under review to discuss the service contracts of the Managing Director and Executive Director. The Non-Executive Directors' fees payable to Non-Executive Directors have also been reviewed and recommended by the Remuneration Committee to the Board to seek shareholders' approval at the Company's forthcoming Annual General Meeting. No Director is involved in deciding his own remuneration.

The determination of the remuneration packages is a matter for the Board as a whole. The Managing Director and Executive Director concerned play no part in deciding their own remuneration.

The detailed disclosure of the remuneration of the individual Directors during the financial year under review is as follows:

Received from the Company

No.	Name of Directors	Fees (RM)	Salaries (RM)	Bonuses (RM)	Defined contribution plan (RM)	Benefits-in-kind (RM)
1.	Dato' Wong Swee Yee	-	444,000	-	88,800	-
2.	Datin Goh Hooi Yin	-	166,500	-	17,100	-
3.	Datuk Dr. Soh Chai Hock @ Soh Hai San (Resigned on 30 June 2020)	30,000	-	-	-	-
4.	Dato' Ir. Low Keng Kok	63,600	-	-	-	-
5.	Mr Chan Seng Fatt	106,000	-	-	-	-
6.	Mr Chong Kwea Seng (Retired on 9 July 2020)	36,000	-	-	-	-
7.	Dato' Ir. Ho Shu Keong	63,600	-	-	-	-
	Total	**299,200**	**610,500**	**-**	**105,900**	**-**

Received from the Group

No.	Name of Directors	Fees (RM)	Salaries (RM)	Bonuses (RM)	Defined contribution plan (RM)	Benefits-in-kind (RM)
1.	Dato' Wong Swee Yee	-	1,221,000	-	244,200	-
2.	Datin Goh Hooi Yin	-	497,000	-	51,000	-
4.	Datuk Dr. Soh Chai Hock @ Soh Hai San (Resigned on 30 June 2020)	30,000	-	-	-	-
4.	Dato' Ir. Low Keng Kok	116,600	-	-	-	-
5.	Mr Chan Seng Fatt	106,000	-	-	-	-
6.	Mr Chong Kwea Seng (Retired on 9 July 2020)	36,000	-	-	-	-
7.	Dato' Ir. Ho Shu Keong	63,600	-	-	-	-
	Total	**352,200**	**1,718,000**	**-**	**295,200**	**-**

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III. Remuneration (cont'd)

Remuneration Committee – Directors' Remuneration (cont'd)

The Key Senior Management of the Company in each remuneration band is as follows:

No.	Name of Key Senior Management	Range of Remuneration (RM)
1.	Mr Chin Yong Shing	300,000 – 350,000
2.	Encik Mohd Farid Mohamed Nor	350,000 – 400,000
3.	Mr Gan Soon Kiean	400,000 – 450,000

The Company's policy and procedures for the remuneration of Directors and Key Senior Management are set out in the Directors and Key Senior Management's Remuneration Policy.

A copy of the Company's Directors and Key Senior Management's Remuneration Policy can be found in the Company's website at *www.fittersgroup.com*.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

1. Composition

The Board upholds the integrity in financial reporting. The Audit Committee plays a critical role in ensuring the integrity of the financial statements through its oversight of the Company's financial reporting process, internal control system, risk management and audit function. The Audit Committee is also responsible in ensuring that the financial statements of the Company comply with the applicable financial reporting standards in Malaysia.

The Audit Committee comprises three (3) members all of whom are Independent Non-Executive Directors, with Mr Chan Seng Fatt as the Audit Committee Chairman who is a qualified accountant and a member of Malaysian Institute of Accountants. The Audit Committee reviews issues related to accounting policies, external financial reporting, monitors the work of the Group Internal Audit Department and ensures an objective and professional relationship is maintained with the External Auditors.

The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit Committee. The composition of the Audit Committee, including roles and responsibilities and the number of meetings held during the financial year under review as well as the attendance record of each member are set out in the Audit Committee Report in the Annual Report.

The Audit Committee has its own Terms of Reference which outlines the Audit Committee's composition, authority, meeting, mandate and procedure. In carrying out its assessment of the External Auditors, the External Auditors Assessment Policy spells out the selection process of new external auditors, assessment of independence, basic principles on the prohibition of non-audit services and the approval process for the provision of non-audit services as well as requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

2. Summary of Key Activities

The Company has an in-house internal audit function within the Group, where the Head of Internal Audit, who reports directly to the Audit Committee has undertaken an independent assessment on the internal controls and ensure that no material issue or major deficiency had been noted which would pose high risk to the overall system of internal control under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

I. Audit Committee (cont'd)

2. Summary of Key Activities (cont'd)

During the financial year under review, the Audit Committee met with the External Auditors privately to discuss the matters raised by the External Auditors without the presence of the Management and Executive Directors. The activities relating to the external auditors are provided in the Audit Committee Report of this Annual Report.

The Audit Committee also carried out a review of the effectiveness of the external audit process. The review covered audit service and fee, the quality of the staff, the expertise, the resources and the independence. The Audit Committee was satisfied with the performance of External Auditors based on the quality of services and sufficiency of resources they provided to the Group and their independence, objectivity and professionalism. In view of the satisfaction on the service provided, the Board had approved the Audit Committee's recommendation for the shareholders' approval to be sought at the forthcoming AGM on the reappointment of Baker Tilly Monteiro Heng PLT as the External Auditors of the Company.

II. Risk Management and Internal Control Framework

The Board recognizes its responsibilities over the Company's internal control and risk management framework.

The Board has an established on-going process for identifying, evaluating and managing significant risks which may affect the Company's business objectives. The Board through its Audit Committee regularly reviews this process to ensure the internal control and risk management frameworks are adequate and effective.

The Board has established an independent internal audit function that reports directly to the Audit Committee. The resources and scope of work covered by the internal audit function during the financial year under review, including its observations and recommendations, is provided in the Audit Committee Report contained in this Annual Report.

The Company adopts a comprehensive, purpose driven management system, whereby the Company's mission is incorporated into its objectives which are supported by strategies, action plans, controls and monitoring systems encompassing internal controls and risk management. The risk assessment process begins with the identification of risk categories and potential impact. Once risks are identified, the next step is to determine the likelihood, consequences of each risk and actions/processes to control risks.

The system of internal control is continuously being reviewed and improved in line with the changing business environment, industry practices and risk-rewards profiles. The in-house Group Internal Audit Department (which reports directly to the Audit Committee) will conduct regular reviews on compliance with internal control procedures and practices and to review the effectiveness of the risk management and governance processes within the Group.

The Board is assisted by the Risk Management Committee to carry out its responsibilities in relation to managing the Company's risks in a systematic and methodical manner. This includes risk assessment evaluation and the setting up of a risk management framework to monitor risks on a regular basis. The Risk Management Committee consists of one (1) Independent Non-Executive Director, members of EXCO and Senior Management team/profit centre managers.

The External Auditors are responsible for reviewing the Statement on Risk Management and Internal Control. The Statement on Risk Management and Internal Control in this Annual Report provides an overview of the state of internal controls within the Group. Details on internal control and risk management framework are set out in the Statement on Risk Management and Internal Control in the Annual Report. The Board has ultimate responsibility for reviewing the Group's risks, approving the risk management framework policy and overseeing the Group's strategic risk management and internal control framework.

The Internal Auditor carries out its function in accordance with the approved annual Internal Audit Plan approved by the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Company recognises the importance of the use of information technology for effective and timely dissemination of information that serves as a direct line of communication with shareholders and investors by way of timely dissemination of information of the Company's performance and major developments through:

(a) the Annual Report;
(b) the various disclosures and corporate announcements made to Bursa Securities including the Quarterly Results and the Annual Results;
(c) explanatory circulars on business requiring shareholders' approval; and
(d) the Company's website at *www.fittersgroup.com*.

To promote more efficient engagement and communication with shareholders, the Company had amended its Constitution to permit the use of electronic means to issue documents required to be sent to the shareholders.

The Company's website has a section dedicated to shareholders under Investor Relations that provides shareholders with detailed information on the Group's business, commitments and latest developments.

II. Conduct of General Meetings

The AGM provides a valuable opportunity for shareholders to share their views and communicate with the Board. Shareholders attending the annual general meeting will be given a reasonable opportunity to participate in the AGM and vote on matters.

Currently, the Notice of AGM is circulated at least twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and explanatory notes/papers supporting the resolutions proposed before making any decision in relation to the resolutions. This is in line with Section 316(2) of Companies Act 2016 and paragraph 7.15 of MMLR of Bursa Securities which call for a 21-days' notice period, and practice 12.1 of the MCCG which encourages 28-days' notice period for public companies or listed issuers respectively.

In addition to being dispatched individually to shareholders, the Notice of AGM is also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allows shareholders to have immediate access to the Notice of AGM and make the necessary preparations for the AGM.

All Directors including the Chairman of the Audit Committee, Nominating Committee and Remuneration Committee attended the AGM last year. All Directors will attend the upcoming AGM to address any relevant questions raised by the shareholders.

All the resolutions set out in the Notice of the AGM were put to vote by poll voting and duly passed. The shareholders were informed of their right to demand for a poll. The outcome of the AGM was announced to Bursa Securities on the same meeting day. The poll results were duly verified and confirmed by the independent scrutineer appointed by the Company.

After the conclusion of the AGM, the Company Secretaries will prepare the minutes of AGM, which incorporate substantial comments or queries from the shareholders and responses from Board. A summary of key matters discussed at the AGM will be published on the Company's website as soon as practicable upon being reviewed by the Board members and approved by the Chairman.

As the number of registered shareholders and proxy holders physically attending the general meetings of the Company is considered small and manageable by the Company, the use of electronic voting system is not practicable at this juncture. Shareholders may appoint Chairman as their proxies if they are unable to attend the meeting in person.

FOCUS AREA AND FUTURE PRIORITIES

Shareholders' participation in general meetings and voting in absentia

The Company will consider the use of information technology in the future that will facilitate electronic voting and remote shareholders' participation in general meetings.

ADDITIONAL COMPLIANCE INFORMATION

1. **Status of Utilisation of Proceeds Raised from Corporate Proposals during the Financial Year ended 31 December 2020**

   The Company did not raise funds through any corporate proposals during the financial year ended 31 December 2020.

2. **Audit and Non-Audit Fees**

   The amount of audit and non-audit fees incurred for services rendered to the Company and the Group by the Company's auditors, or a firm or company affiliated to the auditors' firm for the financial year ended 31 December 2020, are set out below:

	The Company (RM'000)	The Group (RM'000)
Audit Fees	48	283
Non-Audit Fees	11	11

3. **Material Contracts involving the interest of Directors and Substantial Shareholders**

   There were no material contracts entered into by the Company and its subsidiaries involving the interest of Directors and/or substantial shareholders during the financial year nor any whose interest still subsist at the end of the financial year ended 31 December 2020.

4. **Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature Conducted Pursuant to the Shareholders' Mandate during the Financial Year ended 31 December 2020**

   Pursuant to Practice Note 12 issued by the Bursa Malaysia Securities Berhad, the aggregate value of RRPT made during the financial year in respect of the Shareholders' Mandate which was obtained on 9 July 2020, are set out below:

Nature of RRPT	Subsidiaries of FITTERS involved in the RRPT	Related Party	Interested Directors/ Major Shareholders/ Persons Connected to Directors and Major Shareholders	Estimated value as disclosed in the Circular to shareholders dated 5 June 2020 (5) (RM'000)		Actual Value Transacted during the financial year ended 31 December 2020 (RM'000)	
				Subcontract From	Subcontract To	Subcontract From	Subcontract To
Subcontract works (1)	FMKT	Wai Soon Engineering	Dato' Wong Swee Yee and Wong Swee Loy	-	15,000	-	2,808
				Sale To	Purchase From	Sale To	Purchase From
Sale of goods and services (2)	FSB Group	Fsabah	Dato' Wong Swee Yee and Datin Goh Hooi Yin	1,500	-	59	-
	FMKT			1,000	-	25	-
	MPS			300	-	-	-
	FMKT	Wai Soon Engineering	Dato' Wong Swee Yee and Wong Swee Loy	100	-	-	-

ADDITIONAL COMPLIANCE INFORMATION
(cont'd)

4. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature Conducted Pursuant to the Shareholders' Mandate during the Financial Year ended 31 December 2020 (cont'd)

Nature of RRPT	Subsidiaries of FITTERS involved in the RRPT	Related Party	Interested Directors/ Major Shareholders/ Persons Connected to Directors and Major Shareholders	Estimated value as disclosed in the Circular to shareholders dated 5 June 2020 [5] (RM'000)		Actual Value Transacted during the financial year ended 31 December 2020 (RM'000)	
				Sale To	Purchase From	Sale To	Purchase From
	FMKT	Unitrade	Nomis Sim Siang Leng and Sim Keng Chor	2,000	-	-	-
	FSB Group			2,000	-	-	-
Sale of goods [3]	MSEA	Unitrade	Nomis Sim Siang Leng and Sim Keng Chor	100,000	-	800	-
Purchase of goods [4]	FES	Unitrade	Nomis Sim Siang Leng and Sim Keng Chor	-	100,000	-	12,215
	FSB Group			-	20,000	-	-
	MSEA			-	50,000	-	-
	FCSB			-	50,000	-	-
Aggregate				**106,900**	**235,000**	**884**	**15,023**

The above RRPT of a revenue or trading nature were undertaken on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

Notes:

(1) Portions of certain contracts secured are subcontracted due to certain product expertise is unique to that particular company inclusive of manpower and miscellaneous items, which are used in the manufacture of fire rated doors by the related party. Transaction prices are determined based on market rates, which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

(2) Sale of finished goods comprising certain fire safety and protection equipment, fire rated doors and maintenance services to the related party was performed in order to meet the needs of their customers at various geographical locations. Transaction prices for sales are determined based on cost plus taking into consideration the nature, complexity and urgency required and it is not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

(3) Sale of HYPRO® PVC-O pipes to the related party to meet the needs of their customers at various geographical locations. Transaction prices are determined based on market rates, which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

(4) Purchase of pipes and fittings from the related party. Transaction prices are determined based on market rates, which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

(5) The estimated transaction values are based on prevailing rates/prices obtained from the related party which are at reasonable market-competitive prices based on the normal level of transactions entered into by the FITTERS Group. The estimated amounts are further based on the assumptions that the current levels of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above.

ADDITIONAL COMPLIANCE INFORMATION
(cont'd)

4. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature Conducted Pursuant to the Shareholders' Mandate during the Financial Year ended 31 December 2020 (cont'd)

Notes: (cont'd)

Abbreviations used above:

FCSB	*FITTERS Construction Sdn Bhd*
FITTERS	*FITTERS Diversified Berhad*
Fsabah	*FITTERS (Sabah) Sdn Bhd*
FES	*FITTERS Engineering Services Sdn Bhd*
FSB Group	*FITTERS Sdn Bhd & its subsidiaries*
FMKT	*FITTERS Marketing Sdn Bhd*
MPS	*Master Pyroserve Sdn Bhd*
MSEA	*Molecor (SEA) Sdn Bhd*
Unitrade	*Syarikat Logam Unitrade Sdn Bhd*
Wai Soon Engineering	*Wai Soon Engineering Sdn Bhd*

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

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 which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In addition, pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements, the Board of Directors must ensure that an additional statement is included in the Company's annual report explaining the Board of Directors' responsibility for preparing the annual audited financial statements.

In preparing the financial statements, the Directors have:

- selected accepted accounting policies and applied them consistently;
- ensured that all applicable accounting standards have been followed and if there are any material departures, to disclose and explain in the financial statements;
- made judgments and estimates that are reasonable and prudent; 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 are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company and are in compliance 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 of the Company and have taken reasonable steps for the prevention and detection of fraud and other irregularities.

AUDIT COMMITTEE REPORT

The Board of Directors of FITTERS Diversified Berhad ("the Company") is pleased to present the Audit Committee Report for the financial year ended 31 December 2020.

COMPOSITION, MEETINGS AND ATTENDANCE

The Audit Committee was established in June 1994. The composition of the Audit Committee comprises three (3) members of the Board, all of whom are Independent Non-Executive Directors.

During the financial year under review, four (4) Audit Committee Meetings were held. The members of the Audit Committee and records of attendance of each member at Audit Committee meetings held during the financial year ended 31 December 2020 are as follows:

Audit Committee Members	**No. of Meetings Attended**
Mr Chan Seng Fatt *(Chairman / Independent Non-Executive Director)*	4 / 4
Dato' Ir. Ho Shu Keong *(Member / Independent Non-Executive Director)*	4 / 4
Mr Chong Kwea Seng *(Member / Independent Non-Executive Director)* *(Ceased to be a member of the Audit Committee following retirement from the Board on 9 July 2020)*	2 / 2
Dato' Ir. Low Keng Kok *(Member / Independent Non-Executive Director)* *(Appointed as a member of the Audit Committee on 10 July 2020)*	2 / 2

The Company Secretary is the Secretary of the Audit Committee and the Chairman of the Audit Committee, Mr Chan Seng Fatt, is a Member of the Malaysian Institute of Accountants. All members of the Audit Committee are financially literate, hence they are able to analyse and interpret financial statements and data without difficulties so as to properly discharge their duties as Audit Committee members.

During the quarterly presentation of the Internal Audit Reports, other Directors and representatives from the senior management of the Company attended the Audit Committee meetings at the Audit Committee's invitation to explain audit findings and risks which were related to their departments or operations. The Chairman of Audit Committee reports on the main findings and deliberations of the Audit Committee Meetings to the Board after each meeting.

During the financial year ended 31 December 2020, the Board, through the Nominating Committee, had reviewed the term of office and performance of the Audit Committee and each of its members. The Board was satisfied that the Audit Committee had carried out their duties in accordance with its terms of reference.

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The following works were carried out by the Audit Committee during the financial year under review:

Financial Reporting

(i) Reviewed the announcements of the unaudited quarterly financial results before recommending them for the Board's approval, upon being satisfied that the financial reporting standards and disclosure requirements by Bursa Malaysia Securities Berhad have been adhered to.
(ii) Reviewed the draft annual audited financial statements of the Company.

AUDIT COMMITTEE REPORT
(cont'd)

SUMMARY OF WORKS OF THE AUDIT COMMITTEE (cont'd)

External Audit

(i) Reviewed the External Auditors' Audit Plan 2020 on the nature and scope of audit work.
(ii) Reviewed the audit findings, auditing and accounting issues arising from the statutory audit of the audited financial statements and management's responses.
(iii) Met in private session with the External Auditors without the presence of the Management and Executive Directors.
(iv) Recommended to the Board of Directors on the re-appointment of external auditors and proposed audit fee.
(v) Considered the External Auditors' independence.
(vi) Evaluated the qualifications, performance and independence of External Auditors taking into consideration their quality, capabilities, fees and staffing.

Related Party Transactions

(i) Reviewed and considered any related party transactions or conflict of interest that may or have arisen within the Company or the Group.
(ii) Reviewed the related party transactions and draft shareholders' circular in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature prior to submission to Bursa Malaysia Securities Berhad for perusal.

Risk Management and Internal Control

(i) Reviewed the Statement on Risk Management and Internal Control for disclosure in the Annual Report.
(ii) Reviewed the 2020 Framework for Risk Management Plan and List of Risk Owners.
(iii) Reviewed the 2020 Group Risk Profile Summary and Group Risk Management Report.

Internal Audit

(i) Reviewed the Group Internal Audit Department's resource requirements and Internal Audit Plan 2020.
(ii) Reviewed and discussed any significant internal control findings and weaknesses that have been identified, risk issues, recommendations proposed by the Group Internal Audit Department and management's responses. The Audit Committee also reviewed and discussed the actions taken by Management to improve the system of internal controls based on the Internal Audit Reports and the progress of the corrective action plans.
(iii) Reviewed and assessed the performance and competency of the internal audit function.

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

The primary function of the Group Internal Audit Department is to assist the Audit Committee in discharging its duties and responsibilities. Its role is to undertake systematic and independent review of the following activities:

(i) The adequacy and integrity of the internal control system, in managing key risk areas, to provide reasonable assurance that the system continues to operate satisfactorily, effectively and in compliance with the Group's established policies and standard operational procedures.
(ii) Internal controls of each activity based on the risk profiles established under the risk management framework which was approved by the Board of Directors.

For the financial year ended 31 December 2020, the Group Internal Audit Department had carried out the following works:

(i) Tabled the Internal Audit Plan 2020 for the Audit Committee's review and endorsement.
(ii) Presented the Internal Audit Reports to the Audit Committee for review and discussion. The Internal Audit Reports which incorporated audit recommendations and Management's responses with regards to audit findings were issued to the Audit Committee and the Management of respective operating units. Improved procedures and practices were recommended to strengthen the internal controls and follow-up audits were carried out to assess the status of implementation of the agreed audit recommendations by Management.
(iii) Carried out audits and follow-up audits on various operating units within the Group on the implementation of audit recommendations.
(iv) Reviewed the adequacy and effectiveness in managing various risks at Group level via risk management processes, risk management reports and periodic audit reviews.

AUDIT COMMITTEE REPORT
(cont'd)

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION (cont'd)

All members of the Group Internal Audit Department do not have any conflict of interests with the companies within the Group and is independent of the activities which were audited during the financial year. The Head of the Group Internal Audit reports directly and functionally to the Audit Committee. The total cost incurred by the Internal Audit Function of the Group amounted to RM192,918 during the financial year ended 31 December 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors of Listed Companies is required to include in their Annual Report, "a statement about the state of internal control of the listed corporation as a group". The Board of Directors ("the Board") is committed to maintaining a sound internal control system in the Group and is pleased to provide the following Statement on Risk Management and Internal Control for the financial year ended 31 December 2020 that was prepared in accordance with "Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" as endorsed by Bursa Securities which outlines the nature and scope of risk management and internal control of the FITTERS Group of Companies ("the Group").

RESPONSIBILITY

The Board acknowledges its responsibility for the Group's risk management and internal control system to safeguard shareholders' investment and the Group's assets as well as reviewing its effectiveness, adequacy and integrity on a regular basis. The system of internal control covers governance, risk management, strategic direction, organisational, financial, operational and compliance controls. However, due to the limitations that are inherent in any system of internal control, the Group's system of internal control is designed to manage and control risks to an acceptable level. Accordingly, it should be noted that these systems could only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the Managing Director and the Head of Finance that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

GROUP RISK MANAGEMENT FRAMEWORK

The Group believes in establishing an effective risk management framework in order to ensure continuity in business growth and enhancement of shareholders' value.

The Board has put in place a formal Risk Management Framework within the Group as an ongoing process for identifying, documenting, evaluating, monitoring and managing significant risks affecting the achievement of the Group's business objectives. The process is supported by policies, procedures, methodologies, evaluation criteria and documentation requirements to ensure clarity and consistency of application across the Group.

The Board is assisted by the Risk Management Committee ("RMC") which is chaired by an Independent Director and comprises of representatives from key senior management. The RMC closely monitors the risk management function and there are continuous plans to enhance the level of knowledge of risk management and understanding of risks affecting the Group among senior management and the Board to ensure that it is responsive to the changes in the business environment.

Using a guided risk management framework, the risk rating and mitigating actions are reviewed on a regular basis by the risk owners to identify and evaluate any emerging new risks, update the risk profiles and follow-up with the implementation of the proposed action plans. Periodically, all risks that are rated as "high" and "significant" together with their corrective measures will be summarised and compiled for review by the RMC and subsequent presentation to the Board. The Board annually reviews and discusses the summary of risk tolerance and additional internal controls to be implemented at Board meeting.

Being an integral part of the Group's operations, each employee is entrusted with the responsibility for managing or mitigating risks and internal controls associated with operations and ensuring compliance with the applicable laws and regulations. Management is responsible for creating a risk awareness culture and to build the necessary environment for effective risk management. The process requires management to identify and assess all type of risks, magnitude of impact as well as to identify and evaluate the adequacy and application of mechanisms in place to manage, mitigate or eliminate these risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

GROUP INTERNAL AUDIT FUNCTION

The Group Internal Audit Function is undertaken by an in-house Group Internal Audit Department, which is independent from the Group's business operations. It reports functionally to the Audit Committee. The description of the Internal Audit Function's activities is set out in the Audit Committee Report, which can be found in this Annual Report.

The Internal Audit Function was designated to provide assurance of the effectiveness of the system of internal controls within the Group. The Group Internal Audit Department conducts independent reviews of key activities within the Group's operating units based on annual Internal Audit Plan which was approved by the Audit Committee and the Board. Follow-up audit reviews and deliberation of Internal Audit Reports are performed to ensure that appropriate actions are taken by management to address internal control weaknesses that were highlighted. Other internal audit assignments also included ad hoc assessments/ investigations as and when required by the Board or Management.

KEY INTERNAL CONTROL PROCESSES

The Group has an established system of internal control that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. Some key processes are as follows:

- Organisation: The Group's structure is designed to clearly delineate various subsidiaries/divisions, authorisation levels and proper segregation of duties.

- Authority Level: The Group has set authority levels for different categories of transactions such as acquisitions, disposals, tenders, capital expenditures and other material/significant transactions. Proper research, assessment and analysis will be carried out by relevant appointed parties for all major business transactions/investment decisions.

- Board Delegated Committees: The Executive Committee reviews and recommends policies for the Group as well as monitors and reviews the performance of its business units. The Risk Management Committee, headed by an Independent Non-Executive Director and comprises of all Head of Divisions oversees the Group's risk management process as guided by its Risk Management Framework.

- Monthly Performance Review: The monthly management meetings report on the performance and profitability of each business unit through the review of key performance indicators ("KPI"), budgets and management reports. Where it is relevant, the internal audit findings and recommendations will also be communicated to relevant personnel for further actions.

- Group Standard Operating Procedures ("SOP"): The Group's SOP laid down the objectives, scope, policies and operating procedures to be complied by the business units, which are regularly reviewed and updated. Certain companies within the Group have ISO 9001:2015 accreditation for their operational processes.

- Centralisation of Functions: Key functions such as accounts, tax, treasury, procurement of materials and human resource are controlled centrally to ensure efficiency and compliance to approved procedures.

- Audit Committee ("AC"): The AC has full unrestricted access to any information pertaining to the Group and has direct communication channels with the External and Internal Auditors. The AC deliberates the findings and recommendations highlighted in the internal audit reports in quarterly meetings held for the purpose of reviewing the Group's quarterly consolidated results and other issues that warrant the AC's attention.

NO MATERIAL LOSSES AS A RESULT OF DEFICIENCIES IN INTERNAL CONTROL

No material losses were incurred by the Group during the financial year under review as a result of deficiencies in internal control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

CONCLUSION

For the financial year under review and up to the date of issuance of the Financial Statements, the Board is of the opinion that the system of internal controls that are established throughout the Group is effective and manageable. The Board believes that the development of a sound system of internal controls is an ongoing process and continues to take appropriate action plans to improve the Group's system of internal control in order to safeguard the interest of customers, regulators, employees, shareholders' investments and the Group's assets.

This statement is made in accordance with the resolution of the Board of Directors passed on 23 April 2021.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in AAPG3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2020 and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement on Risk Management and Internal Control factually inaccurate.

AAPG3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the External Auditor was made solely for and directed solely to the Board in connection with their compliance with the Listing Requirements of Bursa Securities and or no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the trading of fire safety materials, equipment and fire prevention systems. The principal activities of the subsidiaries are detailed in Note 18 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year, net of tax	(16,229)	2,301
Attributable to:		
Owners of the Company	(13,077)	2,301
Non-controlling interests	(3,152)	-
	(16,229)	2,301

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM'000
Single tier interim dividend-in-specie by way of share dividend on the basis of one treasury share for every fifteen existing ordinary share in respect of the financial year ended 31 December 2020, distributed on 17 April 2020	9,671

The directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2020.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT
(cont'd)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had 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 which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors, except those as disclosed in the financial statements,

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issues of shares or debentures were made by the Company.

DIRECTORS' REPORT
(cont'd)

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company:

(i) repurchased 30,242,400 of its issued ordinary shares from the open market at an average price of RM0.2789 per share for a total consideration including transaction costs of RM8,435,000;

(ii) sold 8,000,000 ordinary shares from its treasury shares reserve to the open market at an average price of RM0.2879 per share for a total consideration of RM2,304,000; and

(bi) distribution of 28,931,752 ordinary shares from its treasury shares reserve as interim single tier dividend by way of share dividend on the basis of one treasury share for every fifteen existing ordinary shares.

There was no cancellation of treasury shares during the financial year.

As at 31 December 2020, the Company held 12,817,648 treasury shares out of its 480,497,159 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM3,911,977. Further details are disclosed in Note 26(b) to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato' Ir Low Keng Kok*	Chairman, Independent Non-Executive Director
Dato' Wong Swee Yee*	Managing Director, Non-Independent Executive Director
Datin Goh Hooi Yin*	Non-Independent Executive Director
Chan Seng Fatt*	Independent Non-Executive Director
Dato' Ir Ho Shu Keong	Independent Non-Executive Director
Datuk Dr. Soh Chai Hock @ Soh Hai San*	Independent Non-Executive Director *(Resigned on 30 June 2020)*
Chong Kwea Seng*	Independent Non-Executive Director *(Retired on 9 July 2020)*

* *Directors of the Company and certain subsidiaries*

DIRECTORS' REPORT
(cont'd)

DIRECTORS (cont'd)

Other than as stated above, the names of directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Chong Wei Wei	
Surinderpal Singh A/L Arjan Singh	*(Resigned on 30 June 2020)*
Teoh Tian Chai	
Gan Soon Kiean	
Chin Yong Shing	
Mohd Farid Bin Mohamed Nor	
Lai Fook Eng	
Ong Lay Cheong	
Dato Muhammad Imran Bin Baharuddin	
Nomis Sim Siang Leng	
Ignacio Munoz de Juan	
Jose Manuel Romero Serrano	
Beh Sui Wei	*(Appointed on 29 June 2020)*
Loh Thian Fatt	*(Appointed on 29 June 2020)*
Sit Kin Yik	*(Appointed on 1 July 2020)*

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares					
	At 1 January 2020	**Dividend distributions**	**Transfer**	**Acquired**	**Sold**	**At 31 December 2020**
Direct Interest:						
Dato' Wong Swee Yee	139,051,940	9,413,022	(19,856,584)	-	-	128,608,378
Datin Goh Hooi Yin	2,143,416	-	19,856,584	-	-	22,000,000
Dato' Ir Low Keng Kok	24,345,332	95,975	-	-	(22,905,700)	1,535,607
Dato' Ir Ho Shu Keong	17,677,080	1,845,138	-	10,000,000	-	29,522,218
Deemed Interest:						
Dato' Wong Swee Yee *	2,443,416	19,998	19,856,584	-	-	22,319,998
Datin Goh Hooi Yin *	139,351,940	9,433,020	(19,856,584)	-	-	128,928,376

* *Interest in shares held by spouse and child.*

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Wong Swee Yee and Datin Goh Hooi Yin are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' REPORT
(cont'd)

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 the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefit which may arise from transactions as disclosed in Note 30(b) to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the shares or share options granted under the Long Term Incentive Plan.

LONG TERM INCENTIVE PLAN

The Company's Long Term Incentive Plan ("LTIP") for eligible full time employees and executive directors of the Company and its subsidiaries was approved by shareholders at an Extraordinary General Meeting held on 17 June 2013. Bursa Malaysia Securities Berhad had on 15 May 2013 approved the listing of and quotation for the new FITTERS Shares to be issued pursuant to the exercise of the options and/or vesting of new FITTERS Shares under the LTIP. The effective date of implementation of the LTIP was on 11 November 2013 and will be in force for a period of five years and it has been extended for up to another five years immediately from the expiry of the first five years.

As at the date of this report, no LTIP has been granted.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for all directors and certain officers of the Company were RM10,000,000 and RM15,570 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 18 to the financial statements.

Other than those subsidiaries not required to be audited in their countries of incorporation as disclosed in Note 18 to the financial statements, the available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event during and subsequent to the end of the financial year are disclosed in Note 35 to the financial statements.

DIRECTORS' REPORT
(cont'd)

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 9 to the financial statements.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

DATO' IR LOW KENG KOK Director	**CHAN SENG FATT** Director

Date: 23 April 2021

STATEMENT BY DIRECTORS

(pursuant to Section 251(2) of the Companies Act 2016)

We, **Dato' Ir Low Keng Kok** and **Chan Seng Fatt**, being two of the directors of FITTERS Diversified Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

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

DATO' IR LOW KENG KOK
Director

CHAN SENG FATT
Director

Date: 23 April 2021

STATUTORY DECLARATION

(pursuant to Section 251(1) of the Companies Act 2016)

I, **Chong Wei Wei**, being the officer primarily responsible for the financial management of FITTERS Diversified Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements 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.

CHONG WEI WEI

Subscribed and solemnly declared by the abovenamed at Petaling Jaya, Selangor Darul Ehsan on 23 April 2021.

Before me,

RADZIAH BINTI ABDUL RAHMAN
B381
Commissioner for Oaths

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	5	215,713	263,004	3,000	3,190
Cost of sales	6	(203,156)	(222,014)	-	-
Gross profit		12,557	40,990	3,000	3,190
Other income	7	6,708	6,262	6,388	6,398
Administrative expenses		(28,641)	(31,095)	(4,334)	(5,328)
Net reversal of impairment losses/ (impairment losses) of financial assets		252	(2,099)	-	-
Operating (loss)/profit		(9,124)	14,058	5,054	4,260
Finance costs	8	(3,763)	(5,123)	(1,807)	(1,948)
(Loss)/Profit before tax	9	(12,887)	8,935	3,247	2,312
Taxation	12	(3,342)	(4,436)	(946)	(348)
(Loss)/Profit for the financial year		(16,229)	4,499	2,301	1,964
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		-	4	-	-
Other comprehensive income for the financial year		-	4	-	-
Total comprehensive (loss)/income for the financial year		(16,229)	4,503	2,301	1,964
(Loss)/Profit attributable to:					
Owners of the Company		(13,077)	4,685	2,301	1,964
Non-controlling interests		(3,152)	(186)	-	-
		(16,229)	4,499	2,301	1,964
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(13,077)	4,689	2,301	1,964
Non-controlling interests		(3,152)	(186)	-	-
		(16,229)	4,503	2,301	1,964
Basic (loss)/earnings per share (sen):	13(a)	(2.83)	1.00		

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

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	214,730	229,518	15,457	15,696
Investment properties	15	1,949	1,305	22,812	23,282
Right-of-use assets	16	12,440	12,912	-	-
Intangible assets	17	5,450	5,528	-	-
Investment in subsidiaries	18	-	-	303,214	146,787
Investment in an associate	19	-	-	-	-
Other investments	20	105	105	-	-
Deferred tax assets	21	196	272	-	-
Trade and other receivables	22	43,313	38,537	-	-
Total non-current assets		278,183	288,177	341,483	185,765
Current assets					
Inventories	23	120,730	125,696	-	-
Current tax assets		1,016	1,005	-	-
Trade and other receivables	22	70,498	96,450	25,439	179,166
Contract assets	24	13,616	21,936	-	-
Other investments	20	1	1	-	-
Cash and short-term deposits	25	23,399	15,033	1,400	858
Total current assets		229,260	260,121	26,839	180,024
TOTAL ASSETS		507,443	548,298	368,322	365,789

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

(cont'd)

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	26(a)	240,662	240,662	240,662	240,662
Treasury shares	26(b)	(3,912)	(7,823)	(3,912)	(7,823)
Other reserves	27	35,996	36,242	8,258	8,348
Retained earnings		84,515	107,388	26,912	34,563
		357,261	376,469	271,920	275,750
Non-controlling interests	18(a)	10,266	13,418	-	-
TOTAL EQUITY		367,527	389,887	271,920	275,750
Non-current liabilities					
Deferred tax liabilities	21	5,198	5,150	2,037	1,996
Loans and borrowings	28	15,183	24,587	3,688	5,144
Total non-current liabilities		20,381	29,737	5,725	7,140
Current liabilities					
Loans and borrowings	28	71,200	71,440	36,239	32,546
Current tax liabilities		679	370	385	8
Trade and other payables	29	35,458	49,607	54,053	50,345
Contract liabilities	24	12,198	7,257	-	-
Total current liabilities		119,535	128,674	90,677	82,899
TOTAL LIABILITIES		139,916	158,411	96,402	90,039
TOTAL EQUITY AND LIABILITIES		507,443	548,298	368,322	365,789

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2020

Group	Note	Share capital RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Company								
At 1 January 2019		240,471	34,600	7,275	524	(14,489)	96,542	364,923	13,604	378,527
Realisation of revaluation reserve		-	(246)	-	-	-	246	-	-	-
Total comprehensive income/(loss)		-	-	-	4	-	4,685	4,689	(186)	4,503
Transactions with owners:										
Shares repurchased		-	-	-	-	(5,721)	-	(5,721)	-	(5,721)
Treasury shares disposed		191	-	-	-	12,387	-	12,578	-	12,578
Transfer of warrant reserve to retained earnings upon expiry		-	-	(5,915)	-	-	5,915	-	-	-
At 31 December 2019		240,662	34,354	1,360	528	(7,823)	107,388	376,469	13,418	389,887
Realisation of revaluation reserve		-	(246)	-	-	-	246	-	-	-
Total comprehensive loss		-	-	-	-	-	(13,077)	(13,077)	(3,152)	(16,229)
Transactions with owners:										
Shares repurchased		-	-	-	-	(8,435)	-	(8,435)	-	(8,435)
Treasury shares disposed		-	-	-	-	2,675	(371)	2,304	-	2,304
Dividend-in-specie	26(b)	-	-	-	-	9,671	(9,671)	-	-	-
At 31 December 2020		240,662	34,108	1,360	528	(3,912)	84,515	357,261	10,266	367,527

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2020

(cont'd)

		Attributable to owners of the Company					
		Share capital	Revaluation reserve	Capital reserve	Treasury shares	Retained earnings	Total equity
Company	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2019		240,471	8,438	5,915	(14,489)	26,594	266,929
Realisation of revaluation reserve		-	(90)	-	-	90	-
Total comprehensive income		-	-	-	-	1,964	1,964
Transactions with owners:							
Shares repurchased		-	-	-	(5,721)	-	(5,721)
Treasury shares disposed		191	-	-	12,387	-	12,578
Transfer of warrant reserve to retained earnings upon expiry		-	-	(5,915)	-	5,915	-
At 31 December 2019		240,662	8,348	-	(7,823)	34,563	275,750
Realisation of revaluation reserve		-	(90)	-	-	90	-
Total comprehensive income		-	-	-	-	2,301	2,301
Transactions with owners:							
Shares repurchased		-	-	-	(8,435)	-	(8,435)
Treasury shares disposed		-	-	-	2,675	(371)	2,304
Dividend-in-specie	26(b)	-	-	-	9,671	(9,671)	-
At 31 December 2020		240,662	8,258	-	(3,912)	26,912	271,920

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
(Loss)/Profit before tax:		(12,887)	8,935	3,247	2,312
Adjustments for:					
Amortisation of intangible assets		78	78	-	-
Dividend income		-	-	(3,000)	(3,190)
Depreciation of:					
- property, plant and equipments		10,072	10,280	239	364
- investment properties		36	37	470	424
- right-of-use assets		794	883	-	112
Finance costs		4,269	6,007	1,807	1,948
Gain on disposal of property, plant and equipment		(47)	(67)	(1)	-
Interest income		(3,748)	(3,567)	(2)	(13)
Net (reversal of impairment losses)/ impairment losses on:					
- trade receivables		(252)	520	-	-
- other receivables		-	1,577	-	-
- property, plant and equipment		5,308	1,600	-	-
Property, plant and equipments written off		1	2	-	-
Reversal of inventory written down		-	(140)	-	-
Trade receivables written off		-	2	-	-
Unrealised gain on foreign exchange		(11)	-	-	-
Operating profit before changes in working capital		3,613	26,147	2,760	1,957
Construction contracts		13,261	6,037	-	-
Inventories		4,966	6,961	-	-
Trade and other receivables		21,428	26,124	(776)	1,889
Trade and other payables		(14,138)	(29,196)	3,708	832
Subsidiaries		-	-	1,076	(6,028)
Net cash flows generated from/(used in) operations		29,130	36,073	6,768	(1,350)
Interest paid		(2,286)	(2,373)	(1,540)	(1,247)
Income tax refunded		10	1,651	-	326
Income tax paid		(2,930)	(8,185)	(528)	(908)
Net cash flows generated from/(used in) operating activities		23,924	27,166	4,700	(3,179)

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2020
(cont'd)

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Interest received		3,748	3,567	2	13
Proceeds from disposal of property, plant and equipment		113	72	1	-
Purchase of:					
- property, plant and equipment	(a)	(659)	(1,241)	-	(4)
- investment properties		(680)	-	-	-
- right-of-use assets	(a)	-	(187)	-	-
Change in pledged deposits		23	(3,043)	-	-
Net cash from/(used in) investing activities		2,545	(832)	3	9
Cash flows from financing activities					
Interest paid		(1,983)	(3,634)	(267)	(701)
Purchase of treasury shares		(8,435)	(5,721)	(8,435)	(5,721)
Proceeds from sale of treasury shares		2,304	12,578	2,304	12,578
Net drawdown/(repayment) of:					
- lease liabilities	(b)	(1,331)	(561)	(104)	(107)
- term loans	(b)	(11,081)	(28,211)	(1,467)	(3,435)
- revolving credits and bankers' acceptance	(b)	1,948	(4,145)	3,800	(100)
Net cash (used in)/from financing activities		(18,578)	(29,694)	(4,169)	2,514
Net increase/(decrease) in cash and cash equivalents		7,891	(3,360)	534	(656)
Cash and cash equivalents at beginning of the financial year		8,828	12,184	(1,103)	(447)
Effect of foreign exchange rate changes on cash and cash equivalents		-	4	-	-
Cash and cash equivalents at end of the financial year	25	16,719	8,828	(569)	(1,103)

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2020
(cont'd)

(a) Purchase of property, plant and equipment and right-of-use assets

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Purchase of:				
- property, plant and equipment	659	1,241	-	4
- right-of-use assets	322	1,389	-	-
Finance by way of lease arrangements	(322)	(1,202)	-	-
Cash payments on purchase of property, plant and equipment and right-of-use assets	659	1,428	-	4

(b) Reconciliation of liabilities arising from financing activities

	At 1 January	**Cash flows**	**Acquisition**	**At 31 December**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
2020				
Lease liabilities	2,295	(1,331)	322	1,286
Term loans	43,487	(11,081)	-	32,406
Revolving credits and bankers' acceptance	48,083	1,948	-	50,031
	93,865	(10,464)	322	83,723
2019				
Lease liabilities	1,654	(561)	1,202	2,295
Term loans	71,698	(28,211)	-	43,487
Revolving credits and bankers' acceptance	52,228	(4,145)	-	48,083
	125,580	(32,917)	1,202	93,865

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2020
(cont'd)

(b) Reconciliation of liabilities arising from financing activities (cont'd)

	At 1 January RM'000	Cash flows RM'000	Acquisition RM'000	At 31 December RM'000
Company				
2020				
Lease liabilities	166	(104)	-	62
Term loans	8,518	(1,467)	-	7,051
Revolving credits	27,045	3,800	-	30,845
	35,729	2,229	-	37,958
2019				
Lease liabilities	273	(107)	-	166
Term loans	11,953	(3,435)	-	8,518
Revolving credits	27,145	(100)	-	27,045
	39,371	(3,642)	-	35,729

(c) Total cash outflows for leases as a lessee

During the financial year, the Group and the Company had total cash outflows for leases of RM1,639,000 and RM104,000.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The principal place of business and registered office of the Company is located at No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur.

The principal activities of the Company are that of investment holding and the trading of fire safety materials, equipment and fire prevention systems. The principal activities of the subsidiaries are detailed in Note 18 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on April 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

* *Early adopted the amendments to MFRS 16 Leases issued by Malaysian Accounting Standards Board ("MASB") on 5 June 2020 or/and 6 April 2021.*

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

(a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurances Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statement of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

(a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective: (cont'd)

^ *The Annual Improvements to MFRS Standards 2018 - 2020*
# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Annual Improvements to MFRS Standards 2018 – 2020

Annual Improvements to MFRS Standards 2018 – 2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

- MFRS 9 *Financial Instruments* – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements to remove any potential confusion regarding the treatment of lease incentives.

- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (cont'd)

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases

The *Interest Rate Benchmark Reform—Phase 2* amends some specific requirements in MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provides a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period ; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (cont'd)

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

(c) The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

Subsidiaries are entities (including structure entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

- the recognised amount of any 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 (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less

- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8(a) to the financial statements.

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statements of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

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

Investment in associates is accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates is initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

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

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

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

(d) 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 investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b) to the financial statements.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates that do not result in the Group losing significant influence, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments

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

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Debt instruments (cont'd)

- **Fair value through other comprehensive income ("FVOCI")**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss. The Group and the Company have not designated any financial asset as financial assets at FVOCI.

- **Fair value through profit or loss ("FVPL")**

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

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

Equity instruments

Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group and the Company have not designated any equity instruments designated as FVOCI.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

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

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(c) Derecognition (cont'd)

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 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 initial recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements. 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 plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings do not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Property, plant and equipment (cont'd)

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2%
Plant, equipment and machineries	4% - 20%
Motor vehicles	20%
Tools and office equipment	10% - 33.33%
Furniture and fittings	10%
Renovations	10%

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

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

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted prospectively, if applicable.

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 arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

(a) Definition of lease

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

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.6 **Leases** (cont'd)

(b) **Lessee accounting** (cont'd)

The Group and the Company present right-of-use assets and lease liabilities as separate line items in the statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised 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 right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is 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 depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Long term leasehold land is measured at fair value, based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the long term leasehold land does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Lease liability

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

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.6 **Leases** (cont'd)

(b) **Lessee accounting** (cont'd)

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) **Lessor accounting**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.7 **Investment properties**

Investment properties are properties held to earn rental income or for capital appreciation or both.

The Group and the Company use the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Investment properties (cont'd)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follow:

Buildings	2%
Leasehold land	98 years

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use.

3.8 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

(b) Computer software

Computer software that are acquired by the Group, which has finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

(c) Other intangible assets

Intangible assets acquired separately are measured initially at cost.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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

Property under development

Cost includes:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, statutory contribution, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, lease receivables, contract assets, and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of assets (cont'd)

(a) Impairment of financial assets and contract assets (cont'd)

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

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.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of assets (cont'd)

(a) Impairment of financial assets and contract assets (cont'd)

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in 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 source 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 procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of assets (cont'd)

(b) Impairment of non-financial assets (cont'd)

Impairment losses in respect of goodwill are not reversed. For other assets, 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. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. 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.

3.13 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a 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 in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Employee share option plans

Employees of the Group and of the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Employee benefits (cont'd)

(c) Employee share option plans (cont'd)

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

3.15 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date 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.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

Borrowing costs that are 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, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and of the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the expected costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(a) Sale of goods

The Group measures revenue from sale of good at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and service tax, adjusted for the effects of any variable consideration.

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term range of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue is recognised based on the price specified in the contract.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Revenue and other income (cont'd)

(b) Property development

The Group develops and sell residential properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from residential properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

Revenue from completed properties are recognised at a point in time when the control of the asset is transferred to the customer.

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group recognises a contract liability for the difference.

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

Based on the Group's customary business practice, the customers' legal fees are borned by the Group. Revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees. The Group uses its experience in estimating the legal fees to be incurred The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which they will be entitled. The amount of revenue recognised does not include any customers' legal fees which is constrained.

For residential properties, as part of the statutory requirements, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building.

(c) Construction contracts

Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Revenue and other income (cont'd)

(c) Construction contracts (cont'd)

Sales are made with a credit term of 30 to 60 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group become entitled to invoice customers for construction contracts based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(d) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend income

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

(g) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

(h) Management fees

Management fees are recognised over time as services are rendered based on time elapsed.

3.18 Income tax

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

(a) Current tax

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Income tax (cont'd)

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Where freehold land, long term leasehold land and buildings are carried at fair value in accordance with the accounting policy as disclosed in Note 3.5 and Note 3.6 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Income tax (cont'd)

(c) Sales and services tax

Revenues, expenses and assets are recognised net of amount of sales and services tax ("SST") except:

- where the SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data 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.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.21 Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.23 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(iii) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(i) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less

(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.23 Contract costs (cont'd)

(c) Impairment (cont'd)

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Construction revenue (Note 5 and 24)

The Group recognises construction revenue in the profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(b) Impairment of property, plant and equipment (Note 14)

The Group assesses impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margins. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial positions and results if the actual cash flows are less than the expected.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(c) Impairment of goodwill (Note 17(b))

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

(d) Impairment of trade and other receivables (Note 22)

The impairment provisions for trade and other receivables are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due. The Group uses the grouping according to the customer segments that have similar loss patterns. The criteria include product type, customer type and rating.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(e) Impairment in investment in a subsidiary (Note 18)

The Company determines whether there is any indication of impairment in investment in a subsidiary. If any of such indication exist, the Company makes an estimate of the recoverable amount of the investment in a subsidiary.

The recoverable amount of investment in a subsidiary was determined based on value-in-use which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which include future revenue, gross profit margins and operating expenses.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. REVENUE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contract customers:				
Sale of fire-fighting equipment	23,756	35,868	-	-
Sale of palm oil	105,275	96,182	-	-
Sale of pipes	2,661	27,099	-	-
Rendering of services	2,539	5,942	-	-
Construction contract revenue	75,954	91,364	-	-
Property development	-	670	-	-
Renewable energy	5,528	5,879	-	-
	215,713	263,004	-	-
Revenue from other source:				
Tax exempt dividend income from subsidiaries	-	-	3,000	3,190
	215,713	263,004	3,000	3,190

(a) Disaggregation of revenue

The Group reports the following major segments: fire services, property development and construction, renewable and waste-to-energy and green palm oil mill, HYPRO PVC-O pipes manufacturing and distribution and investment holding and others in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into major goods or services and timing of revenue recognition.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. REVENUE (cont'd)

(a) Disaggregation of revenue (cont'd)

	Fire services division RM'000	Property development and construction RM'000	Renewable and waste-to-energy and green palm oil mill RM'000	HYPRO® PVC-O pipes manufacturing and distribution RM'000	Total RM'000
Group					
2020					
Major goods or services					
Fire materials and equipment	23,756	-	-	-	23,756
Palm oil	-	-	105,275	-	105,275
Pipes	-	-	-	2,661	2,661
Rendering of services	2,368	171	-	-	2,539
Construction contract services	67,372	8,582	-	-	75,954
Renewable energy	-	-	5,528	-	5,528
	93,496	8,753	110,803	2,661	215,713
Timing of revenue recognition:					
At a point in time	23,756	-	110,803	2,661	137,220
Over time	69,740	8,753	-	-	78,493
	93,496	8,753	110,803	2,661	215,713

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. **REVENUE** (cont'd)

(a) **Disaggregation of revenue** (cont'd)

	Fire services division RM'000	Property development and construction RM'000	Renewable and waste-to-energy and green palm oil mill RM'000	HYPRO® PVC-O pipes manufacturing and distribution RM'000	Total RM'000
Group					
2019					
Major goods or services					
Fire materials and equipment	35,868	-	-	-	35,868
Palm oil	-	-	96,182	-	96,182
Pipes	-	-	-	27,099	27,099
Rendering of services	4,274	1,668	-	-	5,942
Construction contract services	55,153	36,211	-	-	91,364
Completed residential units	-	670	-	-	670
Renewable energy	-	-	5,879	-	5,879
	95,295	38,549	102,061	27,099	263,004
Timing of revenue recognition:					
At a point in time	35,868	670	102,061	27,099	165,698
Over time	59,427	37,879	-	-	97,306
	95,295	38,549	102,061	27,099	263,004

(b) **Transaction price allocated to the remaining performance obligations**

As of 31 December 2020, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM84,833,000 and the entity will recognise this revenue as the construction project is completed, which is expected to occur over the next 12 to 33 months.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. COST OF SALES

	Group	
	2020	2019
	RM'000	RM'000
Cost of fire-fighting equipment sold	18,281	30,076
Cost of palm oil sold	108,327	96,551
Cost of pipes sold	6,884	21,376
Cost of services rendered	308	1,191
Construction contract costs	65,344	68,913
Property development costs	-	1,180
Cost of renewable energy	4,012	2,727
	203,156	222,014

7. OTHER INCOME

Included in other income of the Group and of the Company are:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Administrative fee from subsidiaries	-	-	2,154	2,154
Foreign exchange gain:				
- realised	140	188	-	-
- unrealised	11	-	-	-
Interest income	3,748	3,567	2	13
Net gain on disposal of property, plant and equipment	47	67	1	-
Net reversal of impairment losses on financial assets	252	-	-	-
Rental income	784	773	4,231	4,231
Reversal of inventory written down	-	140	-	-
COVID-19 related salary subsidy	821	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. FINANCE COSTS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest expense on:				
- bankers' acceptances	671	1,009	-	-
- bank overdrafts	75	117	-	-
- lease liabilities	99	63	5	10
- revolving credits	1,540	1,247	1,540	1,247
- term loans	1,378	2,687	262	691
Total finance costs	3,763	5,123	1,807	1,948

9. (LOSS)/PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following amounts have been included in arriving at (loss)/profit before taxation:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Auditors' remuneration:					
- statutory audits		282	278	45	45
- under provision in prior year		13	7	3	5
- non statutory audits		11	11	11	11
Amortisation of intangible assets	17(c)	78	78	-	-
Depreciation of:					
- property, plant and equipment	14	10,072	10,280	239	364
- investment properties	15	36	37	470	424
- right-of-use assets	16	794	883	-	112
Employee benefits expenses	10	18,566	23,676	2,425	3,017
Expenses relating to short-term leases		308	508	-	-
Impairment loss on property, plant and equipments	14	5,308	1,600	-	-
Net impairment losses on financial assets:					
- trade receivables		-	520	-	-
- other receivables		-	1,577	-	-
Property, plant and equipments written off	14	1	2	-	-
Realised foreign exchange loss		-	1	-	-
Write off on financial assets:					
- trade receivables		-	2	-	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

10. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	14,619	20,840	1,992	2,496
Social security contributions	190	166	7	10
Contributions to defined contribution plan	1,845	2,124	187	274
Other benefits	2,071	728	239	237
Less: Capitalised as capital work-in-progress				
- Wages and salaries	(141)	(159)	-	-
- Social security contribution	(2)	(2)	-	-
- Contributions to defined contribution plan	(16)	(21)	-	-
	18,566	23,676	2,425	3,017

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM3,515,000 and RM717,000 (2019: RM5,560,000 and RM1,149,000) respectively as further disclosed in Note 11 to the financial statements.

11. DIRECTORS' REMUNERATION

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	3,020	3,155	610	687
Fee	10	177	-	-
Bonus	-	1,424	-	285
Defined contribution plan	443	707	106	176
Other emoluments	42	97	1	1
Total executive directors' remuneration	3,515	5,560	717	1,149
Non-executive:				
Fees	405	527	299	432
Total directors' remuneration	3,920	6,087	1,016	1,581

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11. DIRECTORS' REMUNERATION (cont'd)

The numbers of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2020	**2019**
Executive directors:		
RM500,001 - RM550,000	1	-
RM900,001 - RM950,000	-	1
RM1,450,001 - RM1,500,000	1	-
RM2,450,001 - RM2,500,000	-	1
Non-executive directors:		
RM1 - RM50,000	2	1
RM50,001 - RM100,000	1	3
RM100,001 - RM150,000	2	2

12. TAXATION

The major components of income tax expense for the financial years ended 31 December 2020 and 31 December 2019 are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysian income tax:				
- Current year	3,218	4,917	801	665
- Under/(Over) provision in prior year	-	(387)	104	(237)
	3,218	4,530	905	428
Deferred tax:				
- Current year	118	123	41	(80)
- Under/(Over) provision in prior year	6	(217)	-	-
	124	(94)	41	(80)
Income tax recognised in profit or loss	3,342	4,436	946	348

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

12. TAXATION (cont'd)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit before tax	(12,887)	8,935	3,247	2,312
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(3,093)	2,144	779	555
Expenses not deductible for tax purposes	2,688	2,147	802	815
Income not subject to tax	-	(108)	(720)	(766)
Crystallisation of deferred tax liabilities arising from revaluation	(52)	(52)	(19)	(19)
Deferred tax assets not recognised	3,793	909	-	-
(Over)/Under provision of income tax in prior years	-	(387)	104	(237)
(Over)/Under provision of deferred tax in prior years	6	(217)	-	-
Income tax expense for the financial year	3,342	4,436	946	348

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per ordinary share

Basic (loss)/earnings per share are based on the (loss)/profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2020	2019
	RM'000	RM'000
(Loss)/Profit attributable to owners of the Company:	(13,077)	4,685
Weighted average number of ordinary shares for basic earning per share (unit'000)	462,247	468,474
Basic (loss)/earnings per ordinary share (sen)	(2.83)	1.00

During the financial year, the Company has repurchased and sold 30,242,400 and 8,000,000 of its issued ordinary shares respectively from the open market to its treasury shares reserve. Additionally, the Company distributed 28,931,752 ordinary shares from its treasury shares held to its shareholders as interim single tier dividend for the financial year ended 31 December 2020.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

(b) Diluted (loss)/earnings per ordinary share

There are no dilutive potential ordinary shares. As such, the diluted earnings per share of the Group is equivalent to basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land at valuation RM'000	Buildings at valuation RM'000	Plant, equipment and machineries RM'000	Motor vehicles RM'000	Tools and office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group									
Cost, unless otherwise stated:									
At 1 January 2020	38,460	42,915	180,354	2,262	4,378	764	971	5,308	275,412
Additions	-	-	259	362	30	8	-	-	659
Disposals	-	-	(35)	(165)	(48)	(6)	-	-	(254)
Write off	-	-	(27)	-	(262)	(11)	(505)	-	(805)
Reclassification	-	-	-	584	-	-	-	-	584
Exchange differences	-	-	-	-	1	-	-	-	1
At 31 December 2020	38,460	42,915	180,551	3,043	4,099	755	466	5,308	275,597
Accumulated depreciation and impairment losses									
At 1 January 2020	-	2,683	35,876	2,055	3,842	539	899	-	45,894
Depreciation for the financial year	-	1,013	8,749	139	115	43	13	-	10,072
Disposals	-	-	-	(165)	(46)	(4)	-	-	(215)
Write off	-	-	-	-	(261)	(11)	(505)	-	(777)
Reclassification	-	-	-	584	-	-	-	-	584
Impairment loss	-	-	-	-	-	-	-	5,308	5,308
Exchange differences	-	-	-	-	1	-	-	-	1
At 31 December 2020	-	3,696	44,625	2,613	3,651	567	407	5,308	60,867
Net carrying amount									
At 31 December 2020	38,460	39,219	135,926	430	448	188	59	-	214,730
Cost, unless otherwise stated:									
At 1 January 2019	38,460	42,310	179,831	2,602	4,279	758	971	5,308	274,519
Additions	-	544	586	-	105	6	-	-	1,241
Disposals	-	-	-	(340)	(7)	-	-	-	(347)
Write off	-	-	(2)	-	-	-	-	-	(2)
Reclassification	-	61	(61)	-	-	-	-	-	-
Exchange differences	-	-	-	-	1	-	-	-	1
At 31 December 2019	38,460	42,915	180,354	2,262	4,378	764	971	5,308	275,412
Accumulated depreciation and impairment losses									
At 1 January 2019	-	-	27,204	2,204	3,578	495	874	-	34,355
Depreciation for the financial year	-	1,083	8,672	189	267	44	25	-	10,280
Disposals	-	-	-	(338)	(4)	-	-	-	(342)
Impairment loss	-	1,600	-	-	-	-	-	-	1,600
Exchange differences	-	-	-	-	1	-	-	-	1
At 31 December 2019	-	2,683	35,876	2,055	3,842	539	899	-	45,894
Net carrying amount									
At 31 December 2019	38,460	40,232	144,478	207	536	225	72	5,308	229,518

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land at valuation RM'000	Building at valuation RM'000	Motor vehicles RM'000	Tools and office equipment RM'000	Furniture and fittings RM'000	Total RM'000
Company						
Cost, unless otherwise stated:						
At 1 January 2020	7,500	8,500	12	363	339	16,714
Additions	-	-	-	-	-	-
Disposals	-	-	(5)	-	-	(5)
At 31 December 2020	7,500	8,500	7	363	339	16,709
Accumulated depreciation impairment losses						
At 1 January 2020	-	350	12	317	339	1,018
Depreciation for the financial year	-	227	-	12	-	239
Disposals	-	-	(5)	-	-	(5)
At 31 December 2020	-	577	7	329	339	1,252
Net carrying amount						
At 31 December 2020	7,500	7,923	-	34	-	15,457
Cost, unless otherwise stated:						
At 1 January 2019	7,500	8,500	12	359	339	16,710
Additions	-	-	-	4	-	4
At 31 December 2019	7,500	8,500	12	363	339	16,714
Accumulated depreciation impairment losses						
At 1 January 2019	-	-	8	307	339	654
Depreciation for the financial year	-	350	4	10	-	364
At 31 December 2019	-	350	12	317	339	1,018
Net carrying amount						
At 31 December 2019	7,500	8,150	-	46	-	15,696

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) The property, plant and equipment of the Group and of the Company stated at valuation are based on independent professional valuation carried out on an open market basis.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	Freehold land RM'000	Buildings RM'000	Total RM'000
Group			
Cost			
At 1 January/31 December 2020	8,472	30,420	38,892
Accumulated depreciation			
At 1 January 2020	-	6,201	6,201
Depreciation for the financial year	-	592	592
At 31 December 2020	-	6,793	6,793
Net carrying amount			
At 31 December 2020	8,472	23,627	32,099
Cost			
At 1 January 2019	8,472	29,815	38,287
Additions	-	544	544
Reclassification	-	61	61
At 31 December 2019	8,472	30,420	38,892
Accumulated depreciation			
At 1 January 2019	-	5,609	5,609
Depreciation for the financial year	-	592	592
At 31 December 2019	-	6,201	6,201
Net carrying amount			
At 31 December 2019	8,472	24,219	32,691

	Freehold land RM'000	Buildings RM'000	Total RM'000
Company			
2020			
Cost	622	7,937	8,559
Accumulated depreciation	-	(5,239)	(5,239)
Carrying amount	622	2,698	3,320
2019			
Cost	622	7,937	8,559
Accumulated depreciation	-	(4,842)	(4,842)
Carrying amount	622	3,095	3,717

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) Fair value information

Fair value of the land and buildings are categorised under Level 3 of fair value. Fair value is determined by external, independent property valuers, PA International, Rahim & Co., KGV International, Landmark Valuers and Firdaus & Associates having appropriate recognised professional qualifications and recent experience in the location and category of property being valued on 31 December 2018. The valuation method used was combination of Cost and Comparison Method that makes reference to replacement cost of similar assets and recent transactions and sales evidence involving other similar properties in the vicinity. The most significant input to this valuation approach is cost per square feet and price per square feet of comparable properties.

(c) Capital work in progress and impairment loss

Included in the capital work in progress of the Group is an amount of RM5,308,000 (2019: RM5,308,000) which represents the cost of a gasifier plant under construction located in Sendayan, Negeri Sembilan.

The gasifier plant under construction is not ready for its intended use since the previous financial years. Due to the challenging economic conditions, the management has reassessed its future economic benefit and determined the recoverable amount to be Nil. Hence, a full impairment loss of RM5,308,000 was recognised in the profit or loss under administrative expenses during the financial year.

(d) Assets pledged as security

Included in property, plant and equipment and right of use assets of the Group and the Company are assets pledged to licensed banks to secure credit facilities granted to the Group and the Company as disclosed in Note 28 to the financial statements with the following carrying amounts:

	2020 RM'000	2019 RM'000
Group		
Freehold land	19,700	19,700
Buildings	39,055	39,649
Plant, equipment and machineries	136,819	145,119
Tools and office equipment	450	547
	196,024	205,015
Company		
Freehold land	7,500	7,500
Buildings	7,923	8,150
	15,423	15,650

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

15. INVESTMENT PROPERTIES

	Buildings RM'000	Total RM'000
Group		
Cost		
At 1 January/31 December 2019	2,045	2,045
Additions	680	680
At 31 December 2020	2,725	2,725
Accumulated depreciation		
At 1 January 2019	703	703
Depreciation charge for the financial year	37	37
At 31 December 2019	740	740
Depreciation charge for the financial year	36	36
At 31 December 2020	776	776
Net carrying amount		
At 31 December 2019	1,305	1,305
At 31 December 2020	1,949	1,949
Fair value		
At 31 December 2019	3,638	3,638
At 31 December 2020	4,604	4,604

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

15. INVESTMENT PROPERTIES (cont'd)

Group (cont'd)

As at reporting date, titles to investment properties with carrying amount of RM1,949,000 (2019: RM1,305,000) have yet to be registered in the subsidiaries' name.

	Buildings RM'000	Long term leasehold land RM'000	Total RM'000
Company			
Cost			
At 1 January 2019/ 31 December 2019/2020	17,903	7,402	25,305
Accumulated depreciation			
At 1 January 2019	1,316	283	1,599
Depreciation charge for the financial year	349	75	424
At 31 December 2019	1,665	358	2,023
Depreciation charge for the financial year	388	82	470
At 31 December 2020	2,053	440	2,493
Net carrying amount			
At 31 December 2019	16,238	7,044	23,282
At 31 December 2020	15,850	6,962	22,812
Fair value			
At 31 December 2019	16,000	9,200	25,200
At 31 December 2020	16,000	9,200	25,200

The investment properties of the Group and of the Company comprise of long term leasehold land and building. The rental income earned by the Group and Company from its investment properties amounted to RM37,200 and RM2,659,200 (2019: RM15,000 and RM2,659,000) respectively. Direct operating expenses pertaining to the income generating investment properties during the financial year amounted to RM133,000 and RM15,000 (2019: RM455,000 and RM6,000) respectively.

Fair value information

Fair value of investment properties is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2019				
Buildings	-	-	3,638	3,638
2020				
Buildings	-	-	4,604	4,604

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

15. INVESTMENT PROPERTIES (cont'd)

Fair value information (cont'd)

Fair value of investment properties is categorised as follows: (cont'd)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
2019				
Long term leasehold land	-	-	9,200	9,200
Buildings	-	-	16,000	16,000
	-	-	25,200	25,200
2020				
Long term leasehold land	-	-	9,200	9,200
Buildings	-	-	16,000	16,000
	-	-	25,200	25,200

The fair value on the investment properties of the Group and of the Company, which are determined by the directors of the Company based on sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot.

Assets pledged as security

Included in investment properties of the Company are assets pledged to licensed banks to secure credit facilities granted to the Company as disclosed in Note 28 to the financial statements with the following carrying amounts:

	Company	
	2020 RM'000	2019 RM'000
Long term leasehold land	6,962	7,044
Buildings	15,850	16,238
	22,812	23,282

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

16. RIGHT-OF-USE ASSETS

The Group and the Company lease several assets including long term leasehold land, plant, machineries and equipment, buildings and motor vehicles.

Information about leases of the Group and of the Company as lessees are presented below:

	Long term leasehold land at valuation RM'000	Plant, machineries and equipment RM'000	Buildings RM'000	Motor vehicles RM'000	Total RM'000
Group					
Carrying amount					
At 1 January 2020	10,781	1,022	354	755	12,912
Additions	-	322	-	-	322
Depreciation	(109)	(123)	(285)	(277)	(794)
At 31 December 2020	10,672	1,221	69	478	12,440
At 1 January 2019	10,890	104	656	756	12,406
Additions	-	954	-	435	1,389
Depreciation	(109)	(36)	(302)	(436)	(883)
At 31 December 2019	10,781	1,022	354	755	12,912
Company					
Carrying amount					
At 1 January 2019				112	112
Depreciation				(112)	(112)
At 31 December 2019/2020				-	-

(a) Lease terms

The Group leases land and building for its office space and operation site. The lease of office space and operation site generally have lease term between 1 to 98 years.

The Group leases plant, machineries and equipment and motor vehicles with lease term between 2 to 6 years and have option to purchase the assets at the end of the contract term.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

16. RIGHT-OF-USE ASSETS (cont'd)

(b) The right of use assets of the Group stated at valuation are based on independent professional valuation carried out on an open market basis.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	Long term leasehold land RM'000
Group	
At 1 January 2020	7,146
Depreciation	(130)
At 31 December 2020	7,016
At 1 January 2019	7,276
Depreciation	(130)
At 31 December 2019	7,146

(c) Fair value information

Fair value of the long term leasehold land is categorised under Level 2 of fair value. Fair value is determined by external, independent property valuers, PA International, Rahim & Co., KGV International, Landmark Valuers and Firdaus & Associates having appropriate recognised professional qualifications and recent experience in the location and category of property being valued on 31 December 2018. The valuation method used was combination of Cost and Comparison Method that makes reference to replacement cost of similar assets and recent transactions and sales evidence involving other similar properties in the vicinity. The most significant input to this valuation approach is cost per square feet and price per square feet of comparable properties.

(d) Asset pledged as security

The long term leasehold land is pledged to licensed bank as security for credit facilities granted to the Group as disclosed in Note 28 to the financial statements.

17. INTANGIBLE ASSETS

The carrying amount of the intangible assets of the Group are as follows:

		Group	
	Note	**2020 RM'000**	**2019 RM'000**
Computer software	(a)	#	#
Goodwill	(b)	4,360	4,360
License	(c)	1,090	1,168
		5,450	5,528

RM1

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

17. INTANGIBLE ASSETS (cont'd)

(a) Computer software

The computer software is amortised over 3 years on straight-line basis.

(b) Goodwill

Management reviews the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the following Group's cash generating units ("CGU") which are also reportable operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The carrying amounts of goodwill allocated to the CGU are as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Malaysia - contracting	4,360	4,360

(c) License

The license to manufacture the HYPRO® PVC-O pipes are allocated to the pipes manufacturing segment. The license has an indefinite useful life and it is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the license.

The carrying amount of the license is as follows:

	Group
	RM'000
Cost	
At 1 January 2019/31 December 2019/2020	1,324
Accumulated amortisation	
At 1 January 2019	78
Amortisation charge for the financial year	78
At 31 December 2019	156
Amortisation charge for the financial year	78
At 31 December 2020	234
Carrying amount	
At 31 December 2019	1,168
At 31 December 2020	1,090

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

17. INTANGIBLE ASSETS (cont'd)

(d) Impairment testing of goodwill and license

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by management covering a three-to-five-year period. The same method has also been used in the previous financial year.

The key assumptions used for value-in-use calculations are:

	Group	
	2020	**2019**
Gross margin		
Contracting	13%	14%
Pipes Manufacturing	20%	15%
Growth rate		
Contracting	5%	5%
Pipes Manufacturing	10%	3%
Discount rate		
Contracting	18%	16%
Pipes Manufacturing	11%	13%

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and license:

(i) Gross margin

The gross margins are the average gross margins experienced over the last year, adjusted for market and economic conditions and internal resource efficiency based on both external and sources, including accounting for near-term cost impact from COVID-19 pandemic.

(ii) Growth rate

Growth rate is the forecasted annual growth rate over the three to five year projection period. It is based on weighted average growth rate experienced over the past three to five years, and market outlook over the forecasted years following near-term impact from COVID-19 pandemic.

The weighted average growth rates used are consistent with the long-term growth rate for the industry. Long term growth rate does not exceed the long-term average growth rates for the industries relevant to the CGU. Cash flows beyond the five-year projection period are extrapolated using the long-term growth rates.

(iii) Discount rate

Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

Sensitivity to changes in assumptions

Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying value of the CGUs to exceed its recoverable amount. The estimated recoverable amount exceeds that of the carrying amount of the CGUs.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

18. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares, at cost		
In Malaysia	107,875	107,875
Outside Malaysia	33	33
	107,908	107,908
Less: Accumulated impairment losses	(24,896)	(24,896)
	83,012	83,012
Loans that are part of net investments	220,202	63,775
	303,214	146,787

Loans that are part of net investments represent amount owing by subsidiaries which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiaries. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

Details of the subsidiaries are as follows:

Name	Principal place of business/ Country of incorporation	Principal activities	Ownership interest 2020 %	Ownership interest 2019 %
Direct subsidiaries				
FITTERS Sdn. Bhd.	Malaysia	Trading and installation of fire safety materials and equipment, manufacture and assembly of fire fighting protection and prevention systems and equipment	100	100
Master Pyrodor Sdn. Bhd.	Malaysia	Property holdings	100	100
FITTERS (S) Pte Ltd *	Singapore	Trading and installation of fire safety materials and equipment	100	100
Molecor (SEA) Sdn. Bhd. ("MSSB")	Malaysia	Manufacturing and distribution of HYPRO® PVC-O pipes	72	72
FITTERS Engineering Services Sdn. Bhd.	Malaysia	Design, manufacture, assemble, supply and installation of fire fighting protection and prevention systems and equipment	100	100
FITTERS Marketing Sdn. Bhd.	Malaysia	Manufacturing and marketing of fire resistant doorsets and general building materials	100	100
FITTERS Building Services Sdn. Bhd.	Malaysia	Property development	100	100

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name	Principal place of business/ Country of incorporation	Principal activities	Ownership interest 2020 %	2019 %
Direct subsidiaries (cont'd)				
FITTERS-MPS Sdn. Bhd. ("FMPS")	Malaysia	Design, installation and maintenance of fire protection systems	51	51
Armatrade Sdn. Bhd.	Malaysia	Construction of civil work, residential and commercial building	100	100
Wintip Sdn. Bhd.	Malaysia	Ceased operations	100	100
Master Pyroserve Sdn. Bhd.	Malaysia	Install and operate the computerised fire alarm monitoring and communication systems for Jabatan Perkhidmatan Bomba dan Penyelamat Malaysia	100	100
Future NRG Sdn. Bhd.	Malaysia	Renewable energy development	100	100
Premier Equity Holdings Limited **	British Virgin Island	Investment holding	100	100
FITTERS-NRG Sdn. Bhd.	Malaysia	Renewable energy development	100	100
FITTERS Property Development Sdn. Bhd.	Malaysia	Property development	100	100
Subsidiaries of FITTERS Sdn. Bhd.				
FITTERS (Ipoh) Sdn. Bhd.	Malaysia	Ceased operations	100	100
FITTERS (Sarawak) Sdn. Bhd.	Malaysia	Trading of fire safety materials and equipment	100	100
AHT NRG Asia Sdn. Bhd.	Malaysia	Dormant	100	100
FITTERS Fire Technology Sdn. Bhd.	Malaysia	Ceased operations	100	100
Modular Floor Systems (M) Sdn. Bhd.	Malaysia	Ceased operations	100	100
Subsidiary of FITTERS Building Services Sdn. Bhd.				
Pyro-Tech Systems Sdn. Bhd.	Malaysia	Ceased operations	100	100

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name	Principal place of business/ Country of incorporation	Principal activities	Ownership interest 2020 %	Ownership interest 2019 %
Subsidiaries of FITTERS Engineering Services Sdn. Bhd.				
FITTERS Engineering and Maintenance Services Sdn. Bhd. ^^	Malaysia	Maintenance of all types of fire protection systems	-	100
FITTERS Engineering Services (Johor) Sdn. Bhd.	Malaysia	Ceased operations	100	100
FITTERS Construction Sdn. Bhd.	Malaysia	Construction of civil work, residential and commercial building	100	100
FITTERS-MCCT Sdn. Bhd. ("FMCCT")	Malaysia	Mechanical engineering works contractors and fabricators	55	55
Subsidiaries of Future NRG Sdn. Bhd.				
Future Biomass Gasification Sdn. Bhd.	Malaysia	Renewable energy development	100	100
Solid Orient Holdings Sdn. Bhd.	Malaysia	Operation of palm oil mill	100	100
Subsidiaries of FITTERS Property Development Sdn. Bhd.				
ZetaPark Development Sdn. Bhd.	Malaysia	Property development	100	100
Superior Villa Sdn. Bhd.	Malaysia	Property development	100	100
Rasa Anggun Development Sdn. Bhd.	Malaysia	Property development	100	100
Subsidiary of Premier Equity Holdings Limited				
Future NRG (SEA) Pte Ltd *	Singapore	Renewable energy development	100	100

* *Audited by auditors other than Baker Tilly Monteiro Heng PLT.*

** *Not required to be audited in their countries of incorporation. The financial statements have been reviewed for consolidation purpose.*

^^ *FITTERS Engineering Maintenance and Services Sdn. Bhd. had on 20 December 2019 filed for an application of winding up with the Suruhanjaya Syarikat Malaysia. On 19 June 2020, the Company announced that the wholly-owned subsidiary had been struck off from the register and dissolved following the publication of the notice of striking-off pursuant to Section 551(3) of the Companies Act 2016 in the Gazette on 30 March 2020.*

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	FMPS RM'000	FMCCT RM'000	MSSB RM'000	Total RM'000
2020				
NCI percentage of ownership interest and voting interest	49%	45%	28%	
Carrying amount of NCI	232	398	9,636	10,266
Loss allocated to NCI	(76)	(453)	(2,623)	(3,152)
Summarised statements of financial position				
As at 31 December 2020				
Non-current assets	209	-	35,595	
Current assets	2,824	995	12,010	
Non-current liabilities	-	-	(1,518)	
Current liabilities	(2,559)	(110)	(11,338)	
Net assets	474	885	34,749	
Summarised statements of comprehensive income				
Financial year ended 31 December 2020				
Revenue	-	(324)	2,661	
Loss for the financial year	(155)	(1,006)	(9,462)	
Total comprehensive loss	(155)	(1,006)	(9,462)	
Summarised cash flows information				
Financial year ended 31 December 2020				
Cash flows from/(used in) operating activities	147	(16)	6,421	
Cash flows used in investing activities	-	-	(5,567)	
Cash flows used in financing activities	(23)	-	(6,631)	
Net decrease in cash and cash equivalents	124	(16)	(5,777)	

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries (cont'd)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (cont'd)

	FMPS RM'000	FMCCT RM'000	MSSB RM'000	Total RM'000
2019				
NCI percentage of ownership interest and voting interest	49%	45%	28%	
Carrying amount of NCI	308	851	12,259	13,418
Loss allocated to NCI	(109)	(21)	(56)	(186)
Summarised statements of financial position				
As at 31 December 2019				
Non-current assets	214	1	41,925	
Current assets	2,883	2,625	21,496	
Non-current liabilities	-	-	(4,502)	
Current liabilities	(2,468)	(734)	(14,709)	
Net assets	629	1,892	44,210	
Summarised statements of comprehensive income				
Financial year ended 31 December 2019				
Revenue	504	-	27,099	
(Loss)/Profit for the financial year	(221)	(47)	230	
Total comprehensive (loss)/income	(221)	(47)	230	
Summarised cash flows information				
Financial year ended 31 December 2019				
Cash flows (used in)/from operating activities	(29)	29	7,253	
Cash flows used in investing activities	-	-	(108)	
Cash flows used in financing activities	-	(29)	(7,173)	
Net decrease in cash and cash equivalents	(29)	-	(28)	

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

19. INVESTMENT IN AN ASSOCIATE

	Group	
	2020	2019
	RM'000	RM'000
Quoted shares, at cost		
Outside Malaysia	6,645	6,645
Share of post-acquisition reserves	240	240
Less : Impairment loss	(6,885)	(6,885)
	-	-
Market value		
- Quoted shares	14,576	3,164

Details of associate are as follows:

Name	Country of incorporation	Principal activities	Ownership interest 2020 %	Ownership interest 2019 %
Associate of Future NRG Sdn. Bhd.				
AHT Syngas Technology NV	Netherlands	Investment holding	40%	40%
Subsidiary of AHT Syngas Technology NV				
AHT Services GmbH	Germany	Engineering and production of biomass and coal-co-generation systems (gasification)	40%	40%

On 28 November 2016, AHT Services GmbH filed for insolvency in its own administration. The Group made an impairment loss on investment in associated company amounting to RM6.9 million during the financial year ended 31 December 2016.

Fair value information

As at 31 December 2020, the fair value of AHT Syngas Technology NV, which is listed on the Frankfurt Stock Exchange, was RM14,576,000 (2019: RM3,164,000) based on the quoted market price available on the stock exchange, which has been categorised within Level 1 fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

20. OTHER INVESTMENTS

	Group	
	2020	2019
	RM'000	RM'000
Non-current		
Fair value through profit or loss		
Corporate membership in golf club	105	105
Current		
Fair value through profit or loss		
Quoted shares outside Malaysia	1	1

21. DEFERRED TAX ASSETS/(LIABILITIES)

	2020	2019
	RM'000	RM'000
Group		
Deferred tax assets:		
At 1 January	272	398
Transfer to profit or loss	(76)	(126)
At 31 December	196	272
Deferred tax liabilities:		
At 1 January	5,150	5,370
Transfer to profit or loss	48	(220)
At 31 December	5,198	5,150
Company		
Deferred tax liabilities:		
At 1 January	1,996	2,076
Transfer to profit or loss	41	(80)
At 31 December	2,037	1,996

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

	Contract liabilities	Total
	RM'000	RM'000
Group		
At 1 January 2019	(398)	(398)
Recognised in profit or loss	126	126
At 31 December 2019	(272)	(272)
Recognised in profit or loss	76	76
At 31 December 2020	(196)	(196)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

21. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

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

	Revaluation on property, plant and equipment	Temporary differences between net carrying amounts and corresponding tax written down values	Total
	RM'000	RM'000	RM'000
Group			
At 1 January 2019	4,585	785	5,370
Recognised in profit or loss	-	(168)	(168)
Crystallisation of deferred tax liabilities	(52)	-	(52)
At 31 December 2019	4,533	617	5,150
Recognised in profit or loss	-	97	97
Crystallisation of deferred tax liabilities	(49)	-	(49)
At 31 December 2020	4,484	714	5,198
Company			
At 1 January 2019	1,155	921	2,076
Recognised in profit or loss	-	(61)	(61)
Crystallisation of deferred tax liabilities	(19)	-	(19)
At 31 December 2019	1,136	860	1,996
Recognised in profit or loss	-	60	60
Crystallisation of deferred tax liabilities	(19)	-	(19)
At 31 December 2020	1,117	920	2,037

Unrecognised deferred tax assets

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

	Group	
	2020	2019
	RM'000	RM'000
Unused tax losses	30,179	20,400
Other taxable temporary differences	21,617	14,479
Provisions	330	1,442
	52,126	36,321
Potential deferred tax assets at 24% (2019: 24%)	12,510	8,717

Pursuant to Section 11 of the Finance Act 2018 (Act 812), special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business losses, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

21. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Any unutilised business losses brought forward from year of assessment 2020 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2021 to 2027).

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group 2020 RM'000
2025	14,205
2026	13,203
2027	2,771
	30,179

22. TRADE AND OTHER RECEIVABLES

		Group	
	Note	2020 RM'000	2019 RM'000
Non-current			
Non-trade			
Other receivables		43,313	38,537
Current			
Trade			
Trade receivables		42,721	63,194
Less: Impairment for trade receivables		(3,047)	(4,067)
		39,674	59,127
Retention sum on contracts		15,947	15,369
Amounts owing by related parties		514	8,878
Trade receivables, net	(a)	56,135	83,374
Non-trade			
Other receivables		11,481	12,367
Less: Impairment for other receivables	(b)	(1,577)	(1,577)
		9,904	10,790
Refundable deposits		3,703	1,849
Prepayments		480	262
SST/GST refundable		276	175
		14,363	13,076
		70,498	96,450
Total trade and other receivables (current and non-current)		113,811	134,987

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. TRADE AND OTHER RECEIVABLES (cont'd)

		Company	
		2020	2019
	Note	RM'000	RM'000
Non-trade			
Other receivables		7,741	6,964
Refundable deposits		535	535
Prepayments		-	1
Amounts owing by subsidiaries	(c)	30,771	185,274
Less: Impairment on amounts owing by subsidiaries	(c)	(13,608)	(13,608)
		25,439	179,166

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In the previous financial year, included in trade receivables of the Group is stakeholder sum receivables from house buyers of RM34,000.

The information about the credit risk exposure of the Group's trade receivables is as follows:

	Group	
	2020	2019
	RM'000	RM'000
Neither past due nor impaired **	25,850	49,537
1 to 30 days past due not impaired	6,460	5,273
31 to 60 days past due not impaired	4,533	9,938
61 to 90 days past due not impaired	3,467	3,881
91 to 120 days past due not impaired	4,587	5,229
More than 121 days past due not impaired	11,238	9,516
	30,285	33,837
Individually impaired	3,047	4,067
	59,182	87,441

** *Included in neither past due nor impaired are retention sums amounted to RM15,947,000 (2019: RM15,369,000).*

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement for the impairment of trade receivables are as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 January	4,067	3,818
Charges for the financial year		
- individually assessed	361	817
Reversal of impairment losses		
- individually assessed	(613)	(297)
Written off	(768)	(271)
At 31 December	3,047	4,067

(b) Other receivables

Receivables that are impaired

The Group's other receivables that are impaired at the reporting date and the reconciliation of movement for the impairment of other receivables are as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 January	1,577	-
Charges for the financial year		
- individually assessed	-	1,577
At 31 December	1,577	1,577

(c) Amount owing by subsidiaries

Amount owing by subsidiaries are unsecured, are repayable on demand and are expected to be settled in cash.

Amount owing by subsidiaries that are impaired at the reporting date and the movement of the impairment of amount owing by subsidiaries is as follow:

	Company	
	2020	2019
	RM'000	RM'000
At 1 January/31 December	13,608	13,608

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

23. INVENTORIES

	Group	
	2020	2019
	RM'000	RM'000
At lower of cost and net realisable value:		
Property under development		
- Leasehold land at cost	32,670	32,670
- Freehold land at cost	29,128	29,128
- Development costs	34,627	33,794
Completed properties	1,008	1,008
Raw materials	6,885	12,315
Work-in-progress	-	547
Finished goods	15,508	16,234
Consumable tools	904	-
	120,730	125,696

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of continuing operations was RM117,079,000 (2019: RM123,435,000).

(b) In the previous financial year, the Group reversed the previous inventories written down value of RM140,000 as a result of sales of such inventories.

(c) Included in inventories are borrowing costs capitalised in the property development costs during the financial year as follows:

	Group	
	2020	2019
	RM'000	RM'000
Borrowing costs capitalised	506	884

24. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2020	2019
	RM'000	RM'000
Contract assets relating to construction service contracts	13,616	21,936
Total contract assets	13,616	21,936
Contract liabilities relating to construction service contracts	(12,198)	(7,257)
Total contract liabilities	(12,198)	(7,257)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

24. CONTRACT ASSETS/(LIABILITIES) (cont'd)

Construction activities

The contract assets and liabilities represent timing differences in revenue recognition and the milestone billings in respect of the construction activities.

(a) Significant changes in contract balances

	Group			
	Contact assets Increase/ (Decrease)	Contact liabilities (Increase)/ Decrease	Contact assets Increase/ (Decrease)	Contact liabilities (Increase)/ Decrease
	2020		2019	
	RM'000	RM'000	RM'000	RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	-	2,343	-	5,624
Increases due to consideration received from customers, but revenue not recognised	-	(7,284)	-	(7,110)
Increases as a result of changes in the measure of progress	3,550	-	16,356	-
Transfers from contract assets recognised at the beginning of the period to receivables	(11,870)	-	(20,907)	-

(b) Revenue recognised in relation to contract balances

	Group	
	2020	2019
	RM'000	RM'000
Revenue recognised that was included in contract liabilities at the beginning of the financial year	2,343	5,624

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

25. CASH AND SHORT-TERM DEPOSITS

	2020 RM'000	2019 RM'000
Group		
Cash and bank balances	18,023	9,645
Cash held under Housing Development Accounts	677	673
Deposits placed with licensed banks	4,699	4,715
	23,399	15,033
Company		
Cash and bank balances	1,400	858

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates.

(b) Included in deposits with licensed banks are short-term deposits made for varying periods of between 1 and 30 days depending on the immediate cash requirements of the Group and earn interests at the respective short-term deposit rates. The interest rate is 1.9% (2019: 2.4%) per annum at the end of the reporting date.

(c) Deposits with licensed banks of the Group amounting to RM4,020,000 (2019: RM4,043,000) are pledged to licensed bank as securities for credit facilities granted to the Group as disclosed in Note 28 to the financial statements.

(d) Included in cash and bank balances of the Group is an amount of RM677,000 (2019: RM673,000) deposited into Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers and interest credited thereon, are restricted for the payment of property development expenditure incurred and fulfilment of all relevant obligations to the purchasers. The surplus monies, if any, will be released to the Group upon the completion of the particular property development projects.

(e) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Note	2020 RM'000	2019 RM'000
Group			
Cash and short-term deposits		23,399	15,033
Bank overdrafts	28	(2,660)	(2,162)
		20,739	12,871
Less: Pledged deposits		(4,020)	(4,043)
		16,719	8,828
Company			
Cash and short-term deposits		1,400	858
Bank overdrafts	28	(1,969)	(1,961)
		(569)	(1,103)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

26. SHARE CAPITAL AND TREASURY SHARES

	Group and Company				
	Number of ordinary share		Amount		
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid)	Total share capital and share premium	Treasury shares
	Units ('000)	Units ('000)	RM'000	RM'000	RM'000
At 1 January 2019	480,497	36,259	240,471	240,471	(14,489)
Shares repurchased	-	14,248	-	-	(5,721)
Resale of treasury shares	-	(31,000)	191	191	12,387
At 31 December 2019	480,497	19,507	240,662	240,662	(7,823)
Shares repurchased	-	30,242	-	-	(8,435)
Resale of treasury shares	-	(8,000)	-	-	2,675
Dividend-in-specie	-	(28,932)	-	-	9,671
At 31 December 2020	480,497	12,817	240,662	240,662	(3,912)

(a) Share capital

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

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Company's share buyback scheme was first approved by the Company's shareholders in the Annual General Meeting held on 11 June 2008 for the Company to repurchase 10% of its issued ordinary shares. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The mandate for share buybacks was renewed in each subsequent Annual General Meeting of shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

26. SHARE CAPITAL AND TREASURY SHARES (cont'd)

(b) Treasury shares (cont'd)

During the financial year, the Company repurchased 30,242,400 of its issued ordinary shares from the open market at an average price of RM0.2789 per share. The total consideration paid for the repurchase including transaction costs was RM8,435,000.

Month	No. of shares repurchased	Price per share Highest	Lowest	Average	Total consideration
	Units ('000)	RM	RM	RM	RM'000
2020					
February 2020	3,939	0.360	0.335	0.348	1,377
March 2020	23,045	0.335	0.170	0.274	6,342
October 2020	3,258	0.225	0.215	0.219	716
	30,242				8,435

Additionally, the Company sold 8,000,000 ordinary shares from its treasury shares reserve to the open market at an average price of RM0.2879 per share for a total consideration of RM2,304,000.

Month	No. of shares repurchased	Price per share Highest	Lowest	Average	Total consideration
	Units ('000)	RM	RM	RM	RM'000
2020					
September 2020	8,000	0.295	0.285	0.289	2,304

During the financial year, an interim single tier dividend by way of share dividend on the basis of one treasury share for every fifteen existing ordinary shares, being 28,931,752 ordinary shares distributed for a total consideration of RM9,671,000 in respect of the financial year ended 31 December 2020.

There was no cancellation of treasury shares during the financial year.

As at 31 December 2020, the Company held 12,817,648 treasury shares out of its 480,497,159 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM3,912,000.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

27. OTHER RESERVES

	Asset revaluation reserve RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group				
At 1 January 2019	34,600	7,275	524	42,399
Foreign currency translation	-	-	4	4
Realisation of revaluation reserve	(246)	-	-	(246)
Transfer of warrant reserve to retained earnings upon expiry	-	(5,915)	-	(5,915)
At 31 December 2019	34,354	1,360	528	36,242
Realisation of revaluation reserve	(246)	-	-	(246)
At 31 December 2020	34,108	1,360	528	35,996
Company				
At 1 January 2019	8,438	5,915	-	14,353
Realisation of revaluation reserve	(90)	-	-	(90)
Transfer of warrant reserve to retained earnings upon expiry	-	(5,915)	-	(5,915)
At 31 December 2019	8,348	-	-	8,348
Realisation of revaluation reserve	(90)	-	-	(90)
At 31 December 2020	8,258	-	-	8,258

The nature and purpose of each category of reserve are as follows:

(a) Asset revaluation reserve

Asset revaluation reserve represents the cumulative net change in fair value of land and buildings, net of deferred tax.

(b) Capital reserve

Included in the capital reserve, RM1,360,010 represents a reserve from bonus issues made by subsidiaries.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. LOANS AND BORROWINGS

	Note	Maturity	2020 RM'000	2019 RM'000
Group				
Non-current				
Secured:				
Lease liabilities	(a)	2023	579	1,275
Term loans	(b)	2024	14,604	23,312
			15,183	24,587
Current				
Secured:				
Lease liabilities	(a)	2021	707	1,020
Term loans	(b)	2021	17,802	20,175
Bank overdrafts	(c)	2021	2,660	1,962
Bankers' acceptances	(d)	2021	14,070	12,072
Revolving credit	(e)	2021	30,844	27,045
			66,083	62,274
Unsecured:				
Bank overdrafts	(c)	2021	-	200
Bankers' acceptances	(d)	2021	5,117	8,966
			5,117	9,166
			71,200	71,440
Total loans and borrowings			86,383	96,027
Company				
Non-current				
Secured:				
Lease liabilities	(a)	2020	-	62
Term loans	(b)	2024	3,688	5,082
			3,688	5,144
Current				
Secured:				
Lease liabilities	(a)	2021	62	104
Term loans	(b)	2021	3,363	3,436
Bank overdrafts	(c)	2021	1,969	1,961
Revolving credit	(e)	2021	30,845	27,045
			36,239	32,546
Total loans and borrowings			39,927	37,690

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. LOANS AND BORROWINGS (cont'd)

The maturities of the loans and borrowings at end of the reporting period are as follows:

	2020 RM'000	2019 RM'000
Group		
On demand or within 1 year	71,200	71,440
More than 1 year and less than 2 years	12,910	17,903
More than 2 year and less than 5 years	2,273	6,684
	86,383	96,027
Company		
On demand or within 1 year	36,239	32,546
More than 1 year and less than 2 years	1,938	3,031
More than 2 year and less than 5 years	1,750	2,113
	39,927	37,690

(a) Lease liabilities

	2020 RM'000	2019 RM'000
Group		
Future minimum lease payments:		
Not later than 1 year	758	1,112
Later than 1 year and not later than 2 years	511	1,252
Later than 2 years and not later than 5 years	87	94
Total minimum lease payments	1,356	2,458
Less: Future finance charges	(70)	(163)
Present value of lease liabilities	1,286	2,295
Company		
Future minimum lease payments:		
Not later than 1 year	63	109
Later than 1 year and not later than 2 years	-	63
Total minimum lease payments	63	172
Less: Future finance charges	(1)	(6)
Present value of lease liabilities	62	166

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. LOANS AND BORROWINGS (cont'd)

(a) Lease liabilities (cont'd)

	2020 RM'000	2019 RM'000
Group		
Analysis of present value of lease liabilities		
Not later than 1 year	707	1,020
Later than 1 year and not later than 2 years	494	1,150
Later than 2 years and not later than 5 years	85	125
	1,286	2,295
Less: Amount due within 12 months	(707)	(1,020)
Amount due after 12 months	579	1,275
Company		
Analysis of present value of lease liabilities		
Not later than 1 year	62	104
Later than 1 year and not later than 2 years	-	62
	62	166
Less: Amount due within 12 months	(62)	(104)
Amount due after 12 months	-	62

Group

The weighted average effective interest rate implicit in the leases ranging from 4.90% (2019: 4.90%) per annum. These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

Company

The average effective interest rate implicit in the leases is 4.90% (2019: 4.9%) per annum.

(b) Term loans

Group

(a) The term loans of the Group bear a weighted average effective interest rate ranging of 7.04% (2019: 7.04%) per annum.

(b) The term loans of the Group are secured by way of:

(i) a first party first legal charge over a freehold land and all the plant and machineries on the said land of the Group at Baling, Kedah;
(ii) corporate guarantees provided by the Company;
(iii) first party first legal charge over a freehold land and building of the Company at Sri Damansara, Kuala Lumpur;
(iv) first party first legal charge over a long term leasehold land of the Company at Kuantan, Pahang;
(v) a debenture creating first fixed and floating charges over all present and future assets of the Group located at Kuantan, Pahang;
(vi) a third party debenture by the Group creating second fixed and floating charges over all present and future assets of the Group located at Kuantan, Pahang;

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. LOANS AND BORROWINGS (cont'd)

(b) Term loans (cont'd)

Group (cont'd)

(b) The term loans of the Group are secured by way of: (cont'd)

(vii) fixed charge over an industrial land together with the building of the Group at Sendayan, Negeri Sembilan and short term fixed deposits with licensed bank amounting to RM1,000,000 as disclosed in Note 25 to the financial statements;
(viii) a debenture creating a fixed and floating charge over all present and future assets of the Group located at Sendayan, Negeri Sembilan; and
(ix) charge over a leasehold land of the Group at Rawang, Selangor.

Company

(a) The term loans of the Company bear a weighted average effective interest rate ranging of 6.80% (2019: 6.80%) per annum.

(b) The term loans of the Company are secured by way of:

(i) first party first legal charge over a freehold land and building of the Company at Sri Damansara, Kuala Lumpur;
(ii) first party first legal charge over a long term leasehold land of the Company at Kuantan, Pahang; and
(iii) third party debenture by its subsidiary, Molecor (SEA) Sdn. Bhd.

(c) Bank overdrafts

Group

(a) Bank overdrafts are denominated in RM, bear interests ranging from 7.82% to 8.14% (2019: 7.82% to 8.14%) per annum.

(b) The bank overdrafts of the Group are secured by way of:

(i) corporate guarantees provided by the Company; and
(ii) properties owned by a debtor of the Group.

Company

(a) Bank overdrafts are denominated in RM, bear interest at 7.82% (2019: 7.82%) per annum.

(b) The bank overdraft of the Company is secured by the properties owned by a debtor of the Company.

(d) Bankers' acceptances

Group

(a) The bankers' acceptance of the Group bear interests ranging from 4% to 5.58% (2019: 4% to 5.58%) per annum.

(b) The bankers' acceptance of the Group is secured by way of

(i) corporate guaranteed by the Company; and
(ii) first party first legal charge over a long term leasehold land of the Company at Kuantan, Pahang.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. LOANS AND BORROWINGS (cont'd)

(e) Revolving credits

Group and Company

The revolving credits of the Group and Company are secured by way of:

(i) corporate guarantees provided by the subsidiaries;
(ii) properties owned by a debtor of the Group;
(iii) Second charge over a freehold land of the Group at Baling Kedah; and
(iv) Second charge over a long term leasehold land of the Company at Kuantan Pahang.

(f) Bank guarantee

Group

The bank guarantee of the Group is secured by way of a fixed charge over a short term fixed deposits with licensed bank amounting to RM3,020,000 (2019: RM3,043,000) as disclosed in Note 25 to the financial statements.

29. TRADE AND OTHER PAYABLES

	Note	2020 RM'000	2019 RM'000
Group			
Trade			
Retention sum		4,288	5,712
Trade payables	(a)	15,962	23,927
Amount owing to related parties	(b)	4,802	782
Accruals		85	8,638
		25,137	39,059
Non-trade			
Other payables	(c)	2,368	2,649
Deposits received		104	126
Accruals		5,490	6,151
GST payable		165	348
Amount owing to a director	(d)	2,194	1,274
		10,321	10,548
Total trade and other payables		35,458	49,607
Company			
Non-trade			
Other payables		1	2
Accruals		1,891	965
Amount owing to a director	(d)	2,024	1,274
Amount owing to subsidiaries	(b)	50,137	48,104
Total other payables		54,053	50,345

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. TRADE AND OTHER PAYABLES (cont'd)

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2019: 30 to 90 days). The retention sum is payable upon the expiry of defect liability period.

(b) Amounts owing to related parties and subsidiaries

The amount owing to related parties and subsidiaries are unsecured, repayable on demand and are expected to be settled in cash.

(c) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 3 months (2019: average term of 3 months).

(d) Amounts owing to a director

The amount owing to a director is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

30. RELATED PARTY DISCLOSURES

(a) Identification of related parties

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

Related parties of the Group include:

(i) Subsidiaries;
(ii) Associates;
(iii) Entities in which directors have substantial financial interest; and
(iv) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

Details of the related party relationships are as follows:

Related parties	Relationship
FITTERS (Sabah) Sdn. Bhd.	Dato' Wong Swee Yee who is a director and major shareholder of the Company, is also a director and major shareholder of FITTERS (Sabah) Sdn. Bhd.
Wai Soon Engineering Sdn. Bhd.	Wong Swee Loy who is the brother of Dato' Wong Swee Yee, is the director and major shareholder of Wai Soon Engineering Sdn. Bhd.
Syarikat Logam Unitrade Sdn. Bhd.	Nomis Sim Siang Leng, a director of Molecor (SEA) Sdn. Bhd. ("MSSB"), and Sim Keng Chor, father of Nomis Sim Siang Leng owns 50% shareholding in Syarikat Logam Unitrade Sdn. Bhd.
Sanlens Sdn. Bhd.	Nomis Sim Siang Leng is a director of MSSB and shareholder of Sanlens Sdn. Bhd. Sim Keng Chor is the father of Nomis Sim Siang Leng and major shareholder of Sanlens Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

30. RELATED PARTY DISCLOSURES (cont'd)

(b) Significant related party transactions

In addition to the related party's information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2020 RM'000	2019 RM'000
Group		
Transaction with related parties		
Wai Soon Engineering Sdn. Bhd.		
- purchases from	2,808	3,327
FITTERS (Sabah) Sdn. Bhd.		
- sales to	(84)	(414)
Syarikat Logam Unitrade Sdn. Bhd.		
- sales to	(800)	(15,918)
- purchases from	12,215	-
Company		
Transaction with subsidiaries		
- administrative income	(2,154)	(2,154)
- rental income	(3,895)	(3,895)
- dividend income	(3,000)	(3,190)

(c) Compensation of key management personnel

The Group considers the directors to be the key management personnel. Disclosure of their remuneration is made in Note 11 to the financial statements.

31. CAPITAL COMMITMENT

Capital commitment as at the reporting date is as follows:

	Group	
	2020 RM'000	2019 RM'000
Capital expenditure approved and contracted for:		
Property, plant and equipment	790	205

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost ("AC")
(ii) Fair value through profit or loss ("FVPL")

	Carrying amount RM'000	AC RM'000	FVPL RM'000
2020			
Financial assets			
Group			
Trade and other receivables (exclude SST/GST refundable and prepayments)	113,055	113,055	-
Other investments	106	-	106
Cash and short-term deposits	23,399	23,399	-
	136,560	136,454	106
Company			
Trade and other receivables (exclude prepayments)	25,439	25,439	-
Cash and short-term deposits	1,400	1,400	-
	26,839	26,839	-
2019			
Financial assets			
Group			
Trade and other receivables (exclude SST/GST refundable and prepayments)	134,550	134,550	-
Other investments	106	-	106
Cash and short-term deposits	15,033	15,033	-
	149,689	149,583	106
Company			
Trade and other receivables (exclude prepayments)	179,165	179,165	-
Cash and short-term deposits	858	858	-
	180,023	180,023	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (cont'd)

	Carrying amount RM'000	Amortised cost RM'000
2020		
Financial liabilities		
Group		
Loans and borrowings	86,383	86,383
Trade and other payables (exclude GST payable)	35,293	35,293
	121,676	121,676
Company		
Loans and borrowings	39,927	39,927
Trade and other payables	54,053	54,053
	93,980	93,980
2019		
Group		
Loans and borrowings	96,027	96,027
Trade and other payables (exclude GST payable)	49,259	49,259
	145,286	145,286
Company		
Loans and borrowings	37,690	37,690
Trade and other payables	50,345	50,345
	88,035	88,035

(b) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There is no transfer between levels of fair values hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value measurement (cont'd)

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Fair value				Fair value			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2020									
Financial assets									
Other receivables	43,313	-	-	-	-	-	-	43,313	43,313
Other investments	105	-	-	105	105	-	-	-	-
Financial liability									
Term loans	14,604	-	-	-	-	-	-	14,604	14,604
Company									
2020									
Financial liability									
Term loans	3,688	-	-	-	-	-	-	3,688	3,688

32. **FINANCIAL INSTRUMENTS** (cont'd)

(b) **Fair value measurement** (cont'd)

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows: (cont'd)

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Fair value				Fair value			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2019									
Financial assets									
Other receivables	38,537	-	-	-	-	-	-	38,537	38,537
Other investments	105	-	-	105	105	-	-	-	-
Financial liability									
Term loans	23,312	-	-	-	-	-	-	23,312	23,312
Company									
2019									
Financial liability									
Term loans	5,082	-	-	-	-	-	-	5,082	5,082

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value measurement (cont'd)

Level 3 fair value

Fair value of financial instruments carried at fair value

The fair value of unquoted equity investments has been estimated using a discounted cash flows model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimate of fair value for these unquoted equity investments.

Fair value of financial instruments not carried at fair value

The fair value of other receivables, lease liabilities and term loans are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

Fair value hierarchy is not presented for those financial assets and financial liabilities of the Group and the Company which are not carried at fair value by any valuation method.

(c) Financial risk management objectives and policies

The Group's and the Company's activities are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholder.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

(i) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by geographic region are as follows:

	Group			
	2020		2019	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	69,555	100%	105,013	100%
Singapore	196	0%	297	0%
	69,751	100%	105,310	100%

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Concentration of credit risk (cont'd)

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by industry sectors are as follows:

	Group			
	2020		2019	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Fire services division	63,089	90%	65,415	51%
Property development and construction	3,991	6%	28,334	37%
Renewable and waste-to-energy and green palm oil mill	2,609	4%	2,608	7%
HYPRO® PVC-O pipes manufacturing and distribution	62	0%	8,953	5%
	69,751	100%	105,310	100%

Included in trade receivables of the Group is an amount of RM7,289,000 (2019: Nil) due from 1 (2019: Nil) of its significant receivables.

Recognition and measurement of impairment loss

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit characteristics and the days past due. The impairment losses also incorporate forward-looking information.

The Group does not have any significant credit risk as its services and products are engage in a wide spectrum of activities and sell in a variety of end markets and their operations are with financing facilities from reputable end-financiers. The Group's historical credit loss experience does not show significantly different loss patterns and the collection of accounts receivable falls within the recorded allowances.

The information about the movements in allowance for impairment and ageing of trade receivables as at 31 December 2020 are disclosed in Note 22 to the financial statements.

The Group also assessed the risk of loss of its major customers individually based on their financial information, past trend of payments and external credit ratings, where applicable.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Inter-company loans and advances

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Other receivables and other financial assets

For other receivables and other financial assets (including other investments and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Other than the credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company did not recognised any loss allowance for impairment for other receivables and other financial assets other than as disclosed in Note 22 to the financial statements.

Refer to Note 3.12(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The nominal amount relating to the corporate guarantee provided by the Company is as follow:

	2020 RM'000	2019 RM'000
Secured		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	217,706	249,525
Unsecured		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	52,419	50,600
Corporate guarantee given to corporations for credit facilities granted to subsidiaries	139,100	139,100
	409,225	439,225

As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		Contractual cash flows			
	Carrying amount	On demand or within 1 year	Between 1 and 5 years	More than 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2020					
Loans and borrowings	86,383	75,427	10,507	2,395	88,329
Trade and other payables	35,293	35,293	-	-	35,293
Total undiscounted financial liabilities	121,676	110,720	10,507	2,395	123,622
2019					
Loans and borrowings	96,027	73,674	26,248	-	99,922
Trade and other payables	49,259	49,259	-	-	49,259
Total undiscounted financial liabilities	145,286	122,933	26,248	-	149,181
Company					
2020					
Loans and borrowings	39,927	36,571	2,101	1,848	40,520
Trade and other payables	54,053	54,053	-	-	54,053
Financial guarantee contracts	-	409,225	-	-	409,225
Total undiscounted financial liabilities	93,980	499,849	2,101	1,848	503,798
2019					
Loans and borrowings	37,690	33,107	5,487	-	38,594
Trade and other payables	50,345	50,345	-	-	50,345
Financial guarantee contracts	-	439,225	-	-	439,225
Total undiscounted financial liabilities	88,035	522,677	5,487	-	528,164

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings with floating interest rates. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM27,000 and RM7,000 (2019: RM35,000 and RM8,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iv) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States Dollar ("USD"), and European Dollar ("EURO"), Singapore Dollar ("SGD").

Approximately 0.01% (2019: 0.02%) of the Group's sales are denominated in foreign currencies whilst almost 3.27% (2019: 3.93%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances of the Group (mainly in SGD and USD) amount to RM387,000 and RM17,000 (2019: RM 808,000 and RM3,000) respectively.

<u>Sensitivity analysis for foreign currency risk</u>

A sensitivity analysis had been performed to determine the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the respective functional currencies of the Group's entities. This analysis assumes that all other variables, in particular interest rates, remain constant. Based on the analysis, there is no material impact on the Group's profit net of tax on potential fluctuation of foreign currencies relevant to the Group.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

33. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by capital. Net debt includes loans and borrowings, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

	2020 RM'000	2019 RM'000
Group		
Loans and borrowings	86,383	96,027
Less: Cash and bank balances	(23,399)	(15,033)
Net debt	62,984	80,994
Equity attributable to the owners of the Company	357,261	376,469
Gearing ratio	18%	22%
Company		
Loans and borrowings	39,927	37,690
Less: Cash and bank balances	(1,400)	(858)
Net debt	38,527	36,832
Equity attributable to the owners of the Company	271,920	275,750
Gearing ratio	14%	13%

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

The Group and the Company are required to comply with certain debts equity ratios in respect of its credit facilities.

Gearing ratios are not governed by the MFRSs and their definitions and calculations may vary between reporting entities.

34. SEGMENT INFORMATION

Factors used to identify reportable segments

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

(i) Fire services division

Manufacturing and trading of safety, fire fighting equipment, industrial products, installation and maintenance of the Fire Department's privatised Computerised Fire Alarm Monitoring System ("CMS"), contract for mechanical and electrical engineering works, corrective and preventive maintenance within the fire industry and speciality construction industry.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

34. SEGMENT INFORMATION (cont'd)

Factors used to identify reportable segments (cont'd)

(ii) Property development and construction

Development and construction in the property industry.

(iii) Renewable and waste-to-energy and green palm oil mill

Providing renewable, alternative and waste-to-energy, and operation of palm oil mill for the purposes of treatment, cure and extraction of palm oil.

(iv) HYPRO® PVC-O pipes manufacturing and distribution

Manufacturing and distribution of HYPRO® PVC-O pipes.

(v) Investment holding

The investment segment is in the business of investment holding.

The fire services division is involved in the manufacturing, trading and specialised installation of firefighting materials and equipment as well as the supply of fire safety protection services and products. It also manages and operates the Fire Department's privatised computerised fire alarm monitoring system. The division also provides mechanical and electrical services related to fire protection, gas supply, electrical power, air conditioning, ventilation and water supply. These operating segments are aggregated into the reportable fire services segment due to the similarity of the nature of business. The performance of these operations is evaluated internally as a single business unit.

Property development and construction segment are aggregated into one reportable segment due to the regulatory environments in which the businesses operate. The performance of these operations is evaluated internally as a single business unit.

The renewable and waste-to-energy operating segment and the green palm oil mill operating segment are aggregated into one reportable segment due to similar construction technology and business objectives. The two operating segments are evaluated internally as a single business unit.

HYPRO® PVC-O pipes manufacturing and distribution is organised and identified as separate reportable segment due to the industry in which it operates.

Segment profit

Segment performance is used to measure performance as Group's Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets (excluding investment in associate) of a segment, as included in the internal reports that are reviewed by the Group's Managing Director.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Group's Managing Director, hence no disclosures are made on segment liabilities.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

34. SEGMENT INFORMATION (cont'd)

	Fire services division RM'000	Property development and construction RM'000	Renewable and waste-to-energy and green palm oil mill RM'000	HYPRO® PVC-O pipes manufacturing and distribution RM'000	Investment holding and others RM'000	Elimination RM'000		Total RM'000
2020								
Revenue								
External sales	93,496	8,753	110,803	2,661	-	-		215,713
Inter-segment sales	4,619	-	436	-	3,000	(8,055)	(a)	-
	98,115	8,753	111,239	2,661	3,000	(8,055)		215,713
Results								
Segment results	2,551	4,855	(9,394)	(9,036)	5,020	(3,120)	(b)	(9,124)
Finance costs								(3,763)
Taxation								(3,342)
Loss for the financial year								(16,229)
Assets								
Segment assets	154,395	287,073	170,406	47,605	388,593	(541,841)	(c)	506,231
Unallocated assets							#	1,212
Total assets								507,443
Other information:								
Capital expenditure	693	362	599	6	1	-		1,661
Depreciation and amortisation	1,274	263	5,957	3,676	1,192	(1,382)		10,980
Impairment loss on property, plant and equipment	-	-	5,308	-	-	-		5,308
Net reversal of impairment losses on financial assets	(252)	-	-	-	-	-		(252)
Net gain on disposal of property, plant and equipment	-	-	(46)	-	(1)	-		(47)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

34. SEGMENT INFORMATION (cont'd)

	Fire services division RM'000	Property development and construction RM'000	Renewable and waste-to-energy and green palm oil mill RM'000	HYPRO® PVC-O pipes manufacturing and distribution RM'000	Investment holding and others RM'000	Elimination RM'000		Total RM'000
2019								
Revenue								
External sales	95,295	38,549	102,061	27,099	-	-		263,004
Inter-segment sales	2,885	2	383	-	3,190	(6,460)	(a)	-
	98,180	38,551	102,444	27,099	3,190	(6,460)		263,004
Results								
Segment results	3,002	13,243	(3,529)	1,046	4,260	(3,964)	(b)	14,058
Finance costs								(5,123)
Taxation								(4,436)
Profit for the financial year								4,499
Assets								
Segment assets	146,717	295,638	251,274	60,366	386,123	(593,097)	(c)	547,021
Unallocated assets							#	1,277
Total assets								548,298
Other information:								
Capital expenditure	420	126	1,972	108	4	-		2,630
Depreciation and amortisation	824	84	5,840	3,617	913	-		11,278
Impairment loss on property, plant and equipment	-	-	1,600	-	-	-		1,600
Net impairment losses on:								
- trade receivables	520	-	-	-	-	-		520
- other receivables	-	-	1,577	-	-	-		1,577
Property, plant and equipment written off	-	-	2	-	-	-		2
Written off on trade receivables	2	-	-	-	-	-		2
Net gain on disposal of property, plant and equipment	(67)	-	-	-	-	-		(67)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

34. SEGMENT INFORMATION (cont'd)

Notes

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

(a) Inter-segment revenues are eliminated on consolidation.

(b) Profit from inter-segment sales are eliminated on consolidation.

(c) Reconciliation of assets

	2020 RM'000	2019 RM'000
Non-reportable segments	2,355	2,536
Inter-segment assets	(544,196)	(595,633)
	(541,841)	(593,097)

[#] *Segment assets comprise total current and non-current assets, less current tax assets and deferred tax assets.*

Information about major customers

Major customers' information is revenue from transactions with a single external customer amount to ten percent or more of the Group's revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer, and a government and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	2020 RM'000	2019 RM'000	Segments
Customer A	44,709	26,968	Renewable and waste-to-energy
Customer B	43,712	43,814	Renewable and waste-to-energy

Geographical information

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by geographical segments:

	Segments assets		Capital expenditure	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	505,088	545,762	1,661	2,630
Singapore	977	1,153	-	-
British Virgin Island	1,378	1,383	-	-
	507,443	548,298	1,661	2,630

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

35. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 December 2020.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2021 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

INDEPENDENT AUDITORS' REPORT

to the Members of **FITTERS DIVERSIFIED BERHAD**
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of FITTERS Diversified Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and cash flows for the financial year then ended in accordance with the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Construction revenue (Note 4(a), 5 and 24 to the financial statements)

The Group recognised construction revenue in the profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs. We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction contract projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:

Our procedures on the sample of selected projects included, among others;

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budgets and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing the Group's major assumptions to contractual terms and our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project managers;
- assessing the computed progress towards anticipated satisfaction of a performance obligation for identified projects against architect or consultant certificates; and
- checking the mathematical computation of recognised revenue for the projects during the financial year.

INDEPENDENT AUDITORS' REPORT

to the Members of **FITTERS DIVERSIFIED BERHAD**
(Incorporated in Malaysia)
(cont'd)

Key Audit Matters (cont'd)

Property, plant and equipment (Note 4(b) and 14 to the financial statements)

The Group assesses impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margins. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial positions and results if the actual cash flows are less than the expected.

Our response:

Our procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others:

- understanding the recoverable amount methodology adopted by the Group in accordance to the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budgets to assess the performance of the business and reliability of forecasting process;
- comparing the Group's assumptions to externally derived data as well as or assessments in relation to key assumptions to assess the reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

Goodwill (Note 4(c) and 17(b) to the financial statements)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margins. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

Our response:

Our procedures focus on evaluating the cash flows projections and the Group's projection procedures which included, among others;

- assessing the valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budgets to assess the performance of the business and reliability of forecasting process;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rates, forecast growth rates, inflation rates and gross profit margins;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT
to the Members of **FITTERS DIVERSIFIED BERHAD**
(Incorporated in Malaysia)
(cont'd)

Key Audit Matters (cont'd)

Trade and other receivables (Note 4(d) and 22 to the financial statements)

The Group and the Company have significant trade and other receivables as at 31 December 2020 which include certain amounts which are long outstanding. We focused on this area because the Group and the Company made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the Group and the Company selected inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:

Our procedures included, among others;

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and impairment calculation;
- developing an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence and management explanation on recoverability with significantly past due balances; and
- assessing the calculation of expected credit losses as at the end of the reporting period.

Company

Investment in a subsidiary (Note 4(e) and 18 to the financial statements)

The Company determines whether there is any indication of impairment in investment in a subsidiary. If any of such indication exist, the Company makes an estimate of the recoverable amount of the investment in subsidiary.

We focused on this area because the Company's assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in the subsidiary was determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumption supporting the underlying cash flow projections which include future sales, gross profit margins and operating expenses.

Our response:

Our procedures focused on evaluating the cash flow projections and the Company's forecasting procedures which included, among others:

- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- comparing the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

INDEPENDENT AUDITORS' REPORT

to the Members of **FITTERS DIVERSIFIED BERHAD**
(Incorporated in Malaysia)
(cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT
to the Members of **FITTERS DIVERSIFIED BERHAD**
(Incorporated in Malaysia)
(cont'd)

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 18 to the financial statements.

OTHER MATTERS

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/2022 J
Chartered Accountant

Kuala Lumpur

Date: 23 April 2021

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

as at 31 December 2020

	Description	Address	Net Book Value RM'000	Tenure	Date of last valuation/ acquisition	Existing Use	Age Of Building (Year)
1	5-storey office block 1,779.20 m^2	No. 1 Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur	15,422	Freehold	20-02-2019	Office	27
2	Land 20.23 hectares	HS(D) 15865, Lot 18059 Mukim Rawang District of Gombak Selangor Darul Ehsan	32,670	Leasehold expire on 26-10-2102	27-11-2012	Development	-
3	18-storey office tower 290,798 sq ft	No. 2 Jalan Tun Razak 50400 Kuala Lumpur	29,128	Freehold	28-08-2015	Commercial	38
4	1-storey factory & 2-storey office 34,358 m^2	Lot 5/129 and 6/129 Kawasan Perindustrian Gebeng Phase II, Kuantan Pahang Darul Makmur	24,307	Leasehold expire on 30-06-2113	07-03-2019	Industrial	7
5	Land 8.094 hectares (20 acres)	HS(D) 34685, Lot 5585 Mukim of Ulu Telom District of Cameron Highlands Pahang Darul Makmur	18,000	Freehold	11-03-2019	Agriculture	-
6	1-storey factory & 2-storey office 4,155.878 m^2	Lot PT 6127 Jalan Tech Valley 3A/1 Sendayan Tech Valley Bandar Sri Sendayan 71950 Negeri Sembilan Darul Khusus	15,798	Freehold	31-12-2018	Industrial	5
7	Factory complex 125,130 m^2	No. 3998, Batu 5 Jalan Baling 09300 Kuala Ketil Kedah Darul Aman	11,280	Freehold	31-11-2018	Industrial	15
8	3-storey shop house 143.07 m^2	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	1,728	Leasehold expire in 2093	26-02-2019	Office	26
9	2-storey shop house 143.07 m^2	12 Jalan Sagu 5 Taman Daya 81100 Johor Bahru Johor Darul Takzim	624	Freehold	14-02-2019	Office	26
10	2-storey shop office 130.0 m^2	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh Perak Darul Ridzuan	432	Leasehold expire in 2093	01-03-2019	Office	26

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2021

Total number of Issued Share	:	480,497,159
Class of Shares	:	Ordinary Shares
Voting Right	:	One (1) vote per share on a poll

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2021

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	780	12.71	40,531	0.01
100 to 1,000	400	6.52	155,877	0.03
1,001 to 10,000	1,601	26.08	9,112,442	1.95
10,001 to 100,000	2,902	47.27	89,497,364	19.13
100,001 to less than 5% of issued shares	452	7.36	226,856,574	48.51
5% and above of issued shares	4	0.06	142,016,723	30.37
Total	**6,139**	**100.00**	**467,679,511** #	**100.00**

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2021

	Direct Interest		Indirect Interest	
Directors	No. of Shares Held	%#	No. of Shares Held	%#
Dato' Ir. Low Keng Kok	1,535,607	0.33	-	-
Dato' Wong Swee Yee	128,608,378	27.50	22,319,998 (1)	4.77
Datin Goh Hooi Yin	22,000,000	4.70	128,928,376 (2)	27.57
Mr Chan Seng Fatt	-	-	-	-
Dato' Ir. Ho Shu Keong	29,522,218	6.31	-	-

Notes:-

(1) *Deemed interested by virtue of the direct shareholdings of his spouse, Datin Goh Hooi Yin and his sons, Martyn Wong Jing Xiong, Marvyn Wong Jing Wen and Melvyn Wong Jing Han in FITTERS Diversified Berhad ("FITTERS").*

(2) *Deemed interested by virtue of the direct shareholdings of her spouse, Dato' Wong Swee Yee and her sons, Martyn Wong Jing Xiong, Marvyn Wong Jing Wen and Melvyn Wong Jing Han in FITTERS.*

\# *Excluding a total of 12,817,648 shares bought back by the Company and retained as treasury shares.*

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2021
(cont'd)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 31 MARCH 2021

	Direct Interest		Indirect Interest	
Substantial Shareholders	No. of Shares Held	%#	No. of Shares Held	%#
Dato' Wong Swee Yee	128,608,378	27.50	22,319,998 (1)	4.77
Datin Goh Hooi Yin	22,000,000	4.70	128,928,376 (2)	27.57
Dato' Ir. Ho Shu Keong	29,522,218	6.31	-	-

Notes:-

(1) Deemed interested by virtue of the direct shareholdings of his spouse, Datin Goh Hooi Yin and his sons, Martyn Wong Jing Xiong, Marvyn Wong Jing Wen and Melvyn Wong Jing Han in FITTERS Diversified Berhad ("FITTERS").

(2) Deemed interested by virtue of the direct shareholdings of her spouse, Dato' Wong Swee Yee and her sons, Martyn Wong Jing Xiong, Marvyn Wong Jing Wen and Melvyn Wong Jing Han in FITTERS.

 # Excluding a total of 12,817,648 shares bought back by the Company and retained as treasury shares.

THE THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%#
1.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	45,419,014	9.71
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	39,305,704	8.40
3.	Ho Shu Keong	29,522,218	6.31
4.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee (PJCAC)	27,769,787	5.94
5.	Goh Hooi Yin	22,000,000	4.70
6.	Salcon Berhad	16,931,033	3.62
7.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee (MY3759)	14,000,000	2.99
8.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	7,232,000	1.55
9.	Teh Beng Khim	5,144,300	1.10
10.	Ong Ngoh Ing @ Ong Chong Oon	5,000,000	1.07
11.	Goh Wee Hoon	3,349,469	0.72
12.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Sze Yan (E-TJJ)	3,290,000	0.70
13.	Yon Yu Hon @ Hon Yew Hon	2,758,259	0.59
14.	Tee Tiam Lee	2,700,000	0.58
15.	Lai Lan @ Loow Lai Lan	2,643,787	0.57
16.	Maybank Nominees (Tempatan) Sdn Bhd Lim Kah Eng	2,598,000	0.56

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2021
(cont'd)

THE THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Name	No. of Shares	%#
17.	See Eng Siang	2,398,066	0.51
18.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamed Zameel Bin Mohamed Hussain	2,264,533	0.48
19.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Tze Yu @ Ho Chue Yu	2,134,784	0.46
20.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Swee Yee	2,113,873	0.45
21.	Sim Keng Chor	2,090,666	0.45
22.	Tan Heng Ta	2,049,000	0.44
23.	Cheah Yaw Song	2,021,333	0.43
24.	Kong Sii Ming @ Kong Chak Ming	1,920,000	0.41
25.	Cheam Haw Thien	1,675,000	0.36
26.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Keng Kok	1,535,607	0.33
27.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Keng Chor	1,313,386	0.28
28.	Chin Chin Seong	1,282,026	0.27
29.	Ng Teng Song	1,278,242	0.27
30.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ser Toh Chon Chien (7006951)	1,232,300	0.26
	Total	**254,972,387**	**54.51**

Excluding a total of 12,817,648 shares bought back by the Company and retained as treasury shares.

NOTICE OF 35TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fifth Annual General Meeting of FITTERS Diversified Berhad (Registration No. 198601000595 (149735-M)) will be held at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Friday, 28 May 2021 at 10.00 a.m. for the following purposes:

A G E N D A

ORDINARY BUSINESS	**Ordinary Resolution**
1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon.	**Note A**
2. To approve the Directors' fees payable to the Independent Non-Executive Directors of the Company and its subsidiaries up to an amount of RM259,200 from this Annual General Meeting until the next Annual General Meeting of the Company.	**1**
3. To re-elect the following Directors who retire pursuant to Clause 98 of the Constitution of the Company:	
(a) Dato' Ir. Low Keng Kok	**2**
(b) Datin Goh Hooi Yin	**3**
4. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors and to authorise the Board of Directors to fix their remuneration.	**4**

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following Resolutions:

5.1 **Authority to Allot and Issue Shares Pursuant to Section 76 of the Companies Act 2016** — **5**

"THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued share/ total number of voting shares of the Company (excluding treasury shares) at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

5.2 **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** — **6**

"THAT subject to the provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into and to give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as stated in Section 2.4 of the Circular to Shareholders dated 28 April 2021 provided that such transactions are undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the Company's minority shareholders ("Proposed Renewal of Shareholders' Mandate").

NOTICE OF 35TH ANNUAL GENERAL MEETING
(cont'd)

THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;

(b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate."

5.3 **Proposed Renewal of Authority for the Company to Purchase its Own Shares** **7**

"THAT subject to the provisions of the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force or as may be amended, modified or re-enacted from time to time and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary 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 of the Company may deem fit, necessary and expedient in the interest of the Company ("Proposed Renewal of Share Buy-Back Authority"), provided that:

(a) the aggregate number of ordinary shares purchased or held by the Company pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company at any point in time;

(b) the maximum amount of funds to be allocated for the share buy-back shall not exceed the aggregate sum of the retained profits of the Company at the time of purchase; and

(c) the authority conferred by this resolution shall commence immediately upon the passing of this resolution and continue to be in force until:

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

    (ii) the expiration of the period within which the next Annual General Meeting is required by law to be held; or

    (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

NOTICE OF 35TH ANNUAL GENERAL MEETING
(cont'd)

(d) upon completion of the purchase(s) by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:

(i) distribute the shares as share dividends to the shareholders; or

(ii) resell the shares or any of the shares on Bursa Malaysia Securities Berhad; or

(iii) transfer the shares or any of the shares for the purposes of or under an employees' shares scheme; or

(iv) transfer the shares or any of the shares as purchase consideration; or

(v) cancel all the ordinary shares so purchased; and/or

(vi) sell, transfer or otherwise use the shares for such other purposes as allowed by the Companies Act 2016.

AND THAT the Directors of the Company be and are hereby authorised to take all such necessary steps to give effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or deemed by the Board to be in the best interest of the Company, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority."

6. To transact any other ordinary business of the Company of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board

TAI YIT CHAN (SSM PC No. 202008001023) (MAICSA 7009143)
TAN SEIW LING (SSM PC No. 202008000791) (MAICSA 7002302)
Company Secretaries

Kuala Lumpur
28 April 2021

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.

NOTICE OF 35TH ANNUAL GENERAL MEETING
(cont'd)

5. The instrument appointing a proxy must be deposited at the Company's Registered Office at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof and in default the instrument of proxy shall not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or Adjourned Annual General Meeting.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 May 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or on his behalf.

EXPLANATORY NOTES:

Note A

This item on the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

Ordinary Resolution 5
Authority to Allot and Issue Shares pursuant to Section 76 of the Companies Act 2016

The proposed Ordinary Resolution 5, if passed, will give flexibility to the Directors of the Company to issue shares and allot up to a maximum of ten per centum (10%) of the total number of issued share/ total number of voting shares of the Company (excluding treasury shares) at the time of such allotment and issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. As at the date of this Notice, the Company did not issue and allot any new shares pursuant to the general mandate granted to the Directors at the Thirty-Fourth Annual General Meeting held on 9 July 2020.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities, for the purpose of funding investment project(s), working capital and/or acquisitions and thereby reducing administrative time and cost associated with the convening of such meeting(s).

Ordinary Resolution 6
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 6, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Paragraph 10.09 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

Please refer to the Circular to Shareholders dated 28 April 2021 for further information.

Ordinary Resolution 7
Proposed Renewal of Authority for the Company to Purchase its Own Shares

The proposed Ordinary Resolution 7, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

Please refer to the Share Buy-Back Statement dated 28 April 2021 for further information.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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FITTERS Diversified Berhad
(Registration No. 198601000595 (149735-M))

PROXY FORM

Number of shares held :	

I/We .... NRIC No : ....
(Full name in Capital Letters)

of ....
(Address)

being a member/members of FITTERS Diversified Berhad hereby appoint ....

.... NRIC No : ....
(Full Name)

of ....
(Address)

or failing him, ... NRIC No : ....
(Full Name)

of ....
(Address)

as *my/*our proxy to vote for *me/*us on *my/*our behalf at the Thirty-Fifth Annual General Meeting of FITTERS DIVERSIFIED BERHAD to be held at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Friday, 28 May 2021 at 10.00 a.m. and at any adjournment thereof.

The proportion of *my/*our holding to be represented by *my/*our proxies are as follows:
(The next paragraph should be completed only when two proxies are appointed).

First Proxy (1) .... %   Second Proxy (2) .... %

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		

	FOR	AGAINST
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		

(Please indicate with (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this .... day of 2021
(*Delete if not applicable)

....
(Signature/Common Seal of Shareholder)

Notes :

1. *A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.*
5. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof and in default the instrument of proxy shall not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or Adjourned Annual General Meeting.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 May 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or on his behalf.*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 April 2021.

Fold this flap for sealing

Then fold here

Affix
Stamp

THE COMPANY SECRETARY
FITTERS Diversified Berhad 198601000595 (149735-M)
Wisma FITTERS
No. 1, Jalan Tembaga SD 5/2
Bandar Sri Damansara
52200 Kuala Lumpur
Malaysia

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www.fittersgroup.com

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Wisma FITTERS,
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Bandar Sri Damansara
52200 Kuala Lumpur, Malaysia

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