

ANNUAL REPORT 2020



**TREATING OTHERS AS
INDEPENDENT EQUALS.**

EARNING WHAT IS DESERVED.

**DEALING ONLY BY FAIR, FREE
AND VOLUNTARY EXCHANGE.**

**AN EXCHANGE WHICH
BY INDEPENDENT JUDGEMENT
BENEFITS BOTH.**

THIS IS TRADING.

AND THIS IS HOW WE BEGAN.

PANSAR





GUIDING VALUES

Innovative
Passionate
Responsible
Team-oriented
Compassionate
Humble

VISION STATEMENT

Be recognised as the preferred
engineered solutions partner in ASEAN

MISSION STATEMENT

Engineer responsible ways to make life better

This is the spirit that leads, guides and drives us to do everything we do each and every day.

It is the embodiment of the promise we make, and it is premised on our mission, our vision and our guiding values.

Corporate Information

BOARD OF DIRECTORS

Dato' James Tai Cheong @ Tai Chiong, *Chairman*

Datuk Tai Hee, *Managing Director*

Ling Lee Chuon @ James Ling Chung, *Non-Independent Non-Executive Director*

Ting Ing Horh @ Ting Ing Ho, *Non-Independent Non-Executive Director*

Fong Yoo Kaw @ Fong Yee Kow, *Independent Non-Executive Director*

Azman Bin Bujang, *Independent Non-Executive Director*

REGISTERED OFFICE

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Sarawak

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STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

STOCK NAME

Pansar

STOCK CODE

8419

COMPANY SECRETARY

Pauline Kon Suk Khim
(MAICSA 7014905)

SHARE REGISTRAR

Metra Management Sdn Bhd
35th Menara Multi-Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Selangor
Malaysia

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AUDITORS

Messrs Crowe Malaysia PLT
Chartered Accountants
Kuching - iCom Square Office
2nd Floor C378 Block C
iCom Square
Jalan Pending
93450 Kuching
Sarawak

PRINCIPAL BANKERS

Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank Malaysia Berhad
Hong Leong Bank Berhad

Chairman's Statement



Dear Shareholders,

The financial year ended 31 March 2020 (FY2020) concluded in a whirlwind of uncertainty. It would be remiss of me not to offer my sympathies to you because all of us were variously affected by the COVID19 pandemic. Except for the most essential, almost all business activities were forced to come to a halt.

I am pleased to assure you, our shareholders, that Pansar's guiding values have become second nature in our team even from the very beginning of this global crisis. Being innovative, passionate, exemplary, humble and compassionate helped us through the first weeks of this social panic and economic turmoil. This was especially evident when quick and immediate actions were needed to be put in place to adapt to the Movement Control Order (MCO). Balancing the activities of sustaining our business as best as we can and meeting the guideline and recommendations of the Ministry of Health was a huge challenge that our team overcame together.

While our business goals and projections may have slipped out of our grasp, we as a group turned our attention to the needs of our employees, suppliers and customers especially in the continuance of essential

services to our customers. In the past it was our practice of fair and equal dealings that had built trust; now it shall include our compassion. We have become the community we live in.

All that being said, FY2020 began well for us. Even though there was a decrease of gross revenue of 8% to RM338.7 million, gross profit had improved to RM49.9 million. This was an increase of 7% compared to the previous year, and is mainly attributable to the focus on products and services with better margins. The profit after tax (PAT) is RM7.3 million, a slight decrease compared to the previous year's RM7.9 million. This number was mainly due to our prudence in making provisions for receivables and inventories.

The spread of COVID19 which was then followed by the implementation of MCO had impacted the last quarter of our operations

for FY2020. However, we are confident that we can weather the storm of the pandemic in the coming year.

Moving forward, the troubles are far from over. The new fiscal year will be heavily impacted by both global and domestic actions taken by governments to control the spread of the pandemic. In April, Bank Negara Malaysia Report 2019 projected a GDP rate of -2% to 0.5% in the coming year. Within this atmosphere of low confidence and anxiety, we will be put to the test.

This statement is not an excuse for failure, but one that sees an opportunity for growth through our people and our relationships. A strong living company depends on good long-term relationships, standing and reputation between our shareholders, employees and customers. The actions of our predecessors in many a time of economic stress have inspired us, now it is our turn to inspire the future.

Our focus now turns to addressing these business shifts by working closer with our customers and creating value for them, while

at the same time managing leaner operations and reductions in expenditure. Pansar has not and has never taken lightly the trust and support paid to us by our shareholders and customers. This is key in driving organizational transformation forward and we will work tirelessly to ensure the sustainability of our business operations until the nation can overcome and recover from this economic environment.

As we look to addressing liquidity, stabilizing operations and carrying on with the business, now it is even more imperative to communicate and engage with our stakeholders clearly and transparently, in order to maintain and enhance long term trust.

We continue to have exciting projects happening, especially in infrastructure development in Sabah and Sarawak. Our mission to engineer responsible ways to make life better has now become more important than ever. The way ahead may be unclear but we have our guiding values as our compass.

This trouble too shall pass.
Pansar will emerge stronger.

Management Discussion and Analysis

FINANCIAL AND BUSINESS OPERATIONAL REVIEW

For the financial year ended 31 March 2020 (“FY2020”), we registered revenue of RM338.7 million, a 8.0% decrease from RM368.0 million in FY2019. This decline was due to a lacklustre economy and political instability, which was further exacerbated in March 2020 by the temporary closure of business operations to comply with the Movement Control Order (“MCO”). The MCO was imposed by the Government to curb the spread of COVID-19 infections in the country effective 18 March 2020.

While overall revenue was lower in FY2020, we recorded higher gross profit of RM49.9 million, a 7.3% increase from RM46.5 million in FY2019. Our Marine & Industrial and Mechanical & Electrical business divisions performed well. Along with this, our profit margin was also higher at 14.7%, compared to 12.6% in FY2019.

On a geographical basis, we remained focused on the Malaysia market which formed 96% of our revenue while the balance was contributed by Singapore.

In the wake of challenging market conditions, we are encouraged that our efforts are validated by the strong performance of our gross profit numbers. Going forward, we are increasing efforts on focusing on our marketing and sales force, while improving the effectiveness of our operations through digitization.

Business divisions

Marine & Industrial. We delivered revenue of RM107.8 million, an increase of RM26.3 million from RM81.5 million in FY2019. The strong performance was driven by the sales of marine propulsion systems to the shipbuilding industry and the government sector, coupled with the write back of impairment losses on trade receivables. With this we delivered strong operating profit of RM20.3 million, a growth of 47.4% from RM13.8 million.

Building Products. The glut in the property market contributed to this division’s sharp decline in revenue to RM115.8 million, a decrease of 20.4% from RM145.5 million in FY2019. This has led to lower operating profit to RM7.3 million, a decrease of 17.9% from RM8.9 million for FY2019. Looking ahead, the construction and property development market environment is expected to remain very weak. Nevertheless, we are hopeful that we can capture some strategic projects and

major ongoing infrastructure projects in Sarawak and Sabah.

Agro Engineering. The main contributors to this sector are the oil palm and timber industries. There were cutbacks in the oil palm industry due to volatile CPO price, which remained below historical averages in the past year. Our revenue decreased to RM24.9 million, a reduction of 16.8% from RM30.0 million in FY2019. Operating profit fell to RM1.2 million, a reduction of 47.2% from RM2.2 million in FY2019. To strengthen the business, we are actively exploring new business opportunities to grow our customer base, as well as introducing new products such as fertilizers and specialized chemicals.

Electrical & Office Automation. Our Electrical & Office Automation division was affected by weak demand in FY2020 and recorded sales of RM20.9 million, a 17.6% reduction compared to RM25.3 million in FY2019. Profit recorded by this segment however increased to RM0.9 million, an improvement of 34.0% from RM0.7 million in FY2019. The increase in operating

profit was mainly attributed to higher reversal of impairment losses on receivables previously recognised. Going forward, we will continue to look for opportunities to promote and market our existing products as well as exploring new complementary product range in order to augment this business segment.

Heavy Equipment. This division's operating profit dropped to RM0.7 million, a decrease of 71.0% from RM2.3 million in FY2019, while revenue fell to RM13.1 million, a decrease of 19.8% from RM16.3 million a year earlier. The revenue was primarily contributed by sales of backhoe loaders, excavators and the associated spare parts as well as maintenance and aftersales technical support services against the backdrop of a tougher operating environment. Amid the slowdown in demand for heavy equipment from end users, intense competitive conditions are expected to prevail. To address these challenges, we have been actively running innovative sales promotions while seeking new customer segments to expand our business reach.

Mechanical & Electrical. Due to slower work progress during the financial year, we recognized lower revenue of RM56.2 million, a decline of 18.9% from RM69.3 million in FY2019. While we saw a marked improvement of gross profit to RM6.4 million, we impaired RM4.5 million in the fourth quarter of FY2020 due to specific project receivable and impairment of inventory. As a result, operating profit closed at RM1.9 million, a decrease of 73.2% from RM7.0 million in FY2019. We will continue to actively tender for projects and capitalise on the opportunities that may arise, especially from government-related projects. As a result of our active tendering efforts to replenish our order book, we have outstanding order book of RM230 million and are tendering for over RM100 million of projects.

Expenses and other income

Our administrative expenses decreased marginally to RM32.5 million, from RM32.6 million in FY2019, mainly attributed to the decrease in corporate affairs and related costs, partially offset by higher personnel costs and depreciation charges.

Selling and distribution expenses decreased in tandem with revenue, to RM9.8 million, a

reduction of 3.1% compared to RM10.1 million in FY2019. The decrease was largely due to lower vehicles maintenance costs and commission expenses, partially offset by higher personnel costs.

We had progressively pared down our bank borrowings and with lower interest rate during FY2020, interest expense on bank borrowings decreased by 37.6% to RM0.8 million. As at 31 March 2020, our gearing ratio stood at 0.14 times. Overall finance costs however increased by RM0.3 million from RM1.4 million in FY2019 to RM1.7 million in FY2020. The increase was mainly due to the recognition of interest expense on lease liabilities upon the recognition of right-of-use assets following the adoption of new accounting standard MFRS 16.

Other operating expenses increased by RM8.0 million from RM3.4 million in FY2019 to RM11.4 million in FY2020, mainly attributed to higher debts provision and inventory impairment of RM6.2 million and RM2.0 million respectively.

Other operating income for FY2020 increased by RM2.8 million from RM10.7 million in FY2019 to RM13.5 million in FY2020, due largely to higher realised gain in foreign exchange, interest charges on overdue accounts as well as write back of impairment losses on receivables and overprovision for previous year's bonus.

The income tax on profit was provided for and adjusted under tax rules for different jurisdictions. We recorded a total income tax expenses of RM2.6 million in FY2020 compared to RM2.4 million in FY2019. The effective tax rate for FY2020 was 32.9% compared with 25.1% for FY2019. The higher effective tax rate for the current year under review was mainly due to certain major expenses which were not deductible for tax purposes.

The share of profit of our associate, Reservoir Link Sdn Bhd, increased to RM2.0 million as compared to RM0.7 million in the preceding financial year due to the increase in its business activities.

We registered a net profit attributable to shareholders of RM7.3 million, a decrease of 7.3% as compared to RM7.9 million in FY2019. The operating results for the year under review included a net allowance for doubtful

debts and slow-moving inventories of RM2.3 million and RM2.0 million respectively.

Associated Company

As announced on 28 June 2019, our 20%-owned associated company, Reservoir Link Sdn Bhd ("RLSB") had proposed to list on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") via a special purpose vehicle, Reservoir Link Energy Bhd ("RLEB"). RLEB had completed its Initial Public Offering ("IPO") exercise and was successfully listed on Bursa Securities on 15 July 2020. During the IPO exercise, the Company had undertaken an offer for sale ("OFS") of 15,951,000 ordinary shares held in RLEB at an offer price of RM0.41 per share. The OFS had strengthened our liquidity and cash flow position by raising gross cash proceeds of RM6.5 million, which will be utilised for, inter alia, working capital. Following the completion of RLEB's IPO exercise, RLEB has ceased to be an associated company.

The successful IPO exercise has enabled the Company to unlock and crystallise the value of its investment in RLSB via RLEB and enhances the shareholders' value at the Company and Group level.

Principal Risks

We note that the operating environment will be challenging moving forward. The COVID-19 outbreak has led to increased uncertainty and is expected to have a negative impact on our business for the next financial year. We continue to monitor the economic situation closely and will respond proactively to mitigate the impact on our performance and financial position. At the same time, we will continue taking measures to safeguard our workforce. As always, risk management is a crucial part of our business. With prudent management of working capital and vigilant credit control measures, we will continue to maintain a sound liquidity risk management policy that will better position us to sustain through this period and to take advantage of new market opportunities.

FINANCIAL POSITION

Assets

Our current assets stood at RM210.6 million as at 31 March 2020 which accounted for 80.0% of the total assets and represents a reduction of RM12.1 million from 222.7 million as at 31 March 2019. The decrease was largely attributed to the decrease in inventories of RM7.2 million, fixed deposits of RM28.0 million, trade receivables of RM9.1 million and current tax assets of RM4.2 million. These were partially offset by the increase in cash and bank balances of RM27.3 million as well as short term investments of RM5.0 million.

The decrease in trade receivables was mainly due to the decrease in trade debtors which were outstanding as at 31 March 2020, and was in line with the decrease in revenue achieved during the current financial year and stringent credit monitoring from debtors.

Our non-current assets increased by RM19.7 million from RM32.8 million as at 31 March 2019 to RM52.5 million as at 31 March 2020. This was because the carrying amount of our interest in RLSB increased by RM2.0 million, addition of investment properties of RM6.1 million, as well as an initial recognition of right-of-use assets of RM11.0 million pursuant to an adoption of new accounting standard of MFRS 16 : Leases.

Right-of-use assets relate mainly to office premises occupied by our various entities, and are recognised following the adoption of MFRS 16 Leases. Correspondingly, there was a recognition in the lease liabilities of RM11.3 million as at 31 March 2020.

We continue to manage our finances prudently by maintaining a healthy liquidity position with higher net cash of RM28.1 million at the end of FY2020 compared to RM18.6 million in the prior year. During the reporting period, net cash from operating activities amounted to RM29.7 million.

Liabilities and Equity

Total liabilities were RM85.3 million, an increase of 5.6% as compared to RM80.8 million in FY2019. The increase was mainly attributed to the increase in trade payables of RM4.5 million and lease liabilities of RM11.3 million as a result of adoption of new

accounting standard MFRS 16. These were partially offset by the decrease in bank borrowings of RM10.2 million and contract liabilities of RM1.8 million.

Our total equity as at 31 March 2020 stood at RM177.8 million as compared to RM174.7 million as at 31 March 2019. The increase of RM3.1 million was largely attributed to the net profit of RM7.3 million recognised for the year and the increase in foreign exchange translation reserve of RM0.2 million, partially offset by the dividend distributions to owners of the Company of RM4.6 million.

CAPITAL MANAGEMENT

Our objective when managing capital is to safeguard our ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, we may adjust the amount of dividend payment, issue new shares or buy back issued shares.

Our approach to capital management remained unchanged during the financial year.

The following are the key financial indicators for the past five years of Pansar Berhad.

	UOM	2016	2017	2018	2019	2020
Total revenue	RM' million	360.4	358.9	386.5	368.0	338.7
Nett income	RM' million	7.9	4.9	8.7	7.9	7.3
Earnings per share	Sen	2.81	1.74	3.08	1.72	1.60
Nett tangible assets	RM' million	164.6	165.4	181.9	174.4	177.4
Return on assets	%	3.4	2.1	3.2	3.1	2.8
Return on capital employed	%	4.8	2.9	4.8	4.5	4.1
Current ratio	Times	3.1	3.0	2.6	2.8	2.7
Quick ratio	Times	2.6	2.4	2.3	2.1	2.2
Debt equity ratio	Times	0.4	0.4	0.5	0.5	0.5
Retained profits	RM' million	137.6	136.9	142.9	137.2	140.0
Dividend yield	%	4.00	2.00	3.04	3.01	4.52
Shareholders' Funds	RM' million	164.8	165.7	182.3	174.7	177.8

Corporate Structure



PANSAR BERHAD

Registration No.
197401002551
(18904-M)

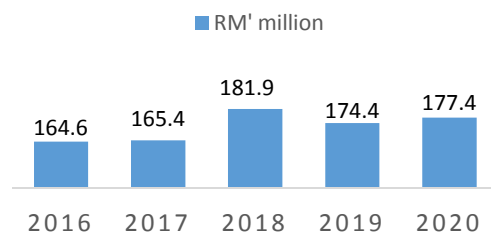


Financial Highlights

TOTAL REVENUE



NETT TANGIBLE ASSETS



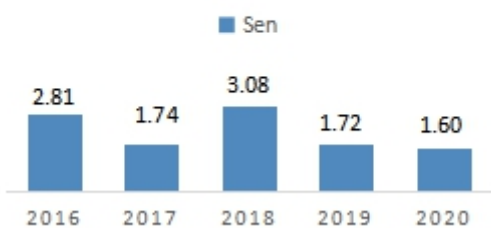
NETT INCOME



RETURN ON ASSETS



EARNINGS PER SHARE

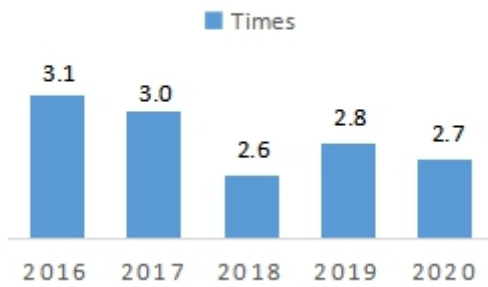


RETURN ON CAPITAL EMPLOYED



Financial Highlights (Cont'd)

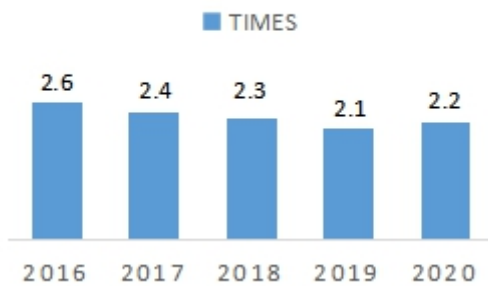
CURRENT RATIO



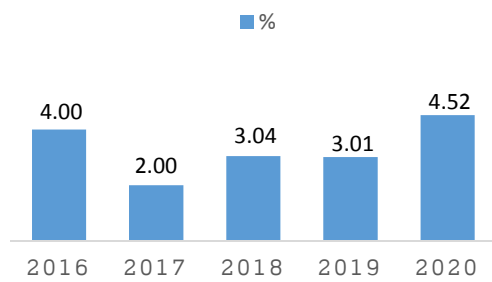
RETAINED PROFITS



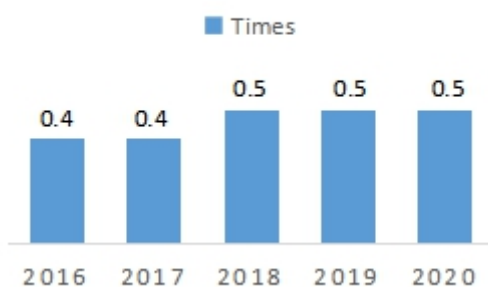
QUICK RATIO



DIVIDEND YIELD



DEBT EQUITY RATIO



SHAREHOLDERS' FUNDS



Board of Directors



**DATO' JAMES TAI CHEONG @
TAI CHIONG**

Non-Independent Non-Executive Chairman
65, Malaysian Male

Board Committee :Nomination Committee
Member

Dato' James Tai Cheong has been the Chairman of the Board since October 2010. Dato' James Tai Cheong holds executive positions in more than 15 companies and has over 20 years of experience in construction, palm oil plantations, timber logging and processing, and food and beverage industry.

Dato' James Tai Cheong obtained his Bachelor of Business Administration from New Zealand.



DATUK TAI HEE

Managing Director
57, Malaysian Male

Board Committee : Risk
Management Committee Chairman

Datuk Tai Hee joined Pansar in 1988 and has since held various positions in the Group and became its Managing Director in October 2010. Besides Pansar, Datuk Tai holds various directorships in over 30 companies. This has enabled him to gain much insights in the fields of oil and gas, hospitality, plantation, manufacturing, shipping, travel, tourism, retail mall and environmental waste management. Datuk Tai also sits on the Board of Reservoir Link Energy Berhad.

He is Vice-President of the Malaysia Japan Economic Association (MAJECA) and Vice President of Sarawak Chamber of Commerce & Industry, Sibu Regional Centre. In 2016, Datuk Tai was appointed as a member representing Malaysia in the East Asia Business Council.

His varied experience in multiple industries injects the Board of Pansar Berhad with fresh perspective.

Datuk Tai Hee obtained his Bachelor of Science (Honours) Information Systems Design from the United Kingdom.



**LING LEE CHUON @
JAMES LING CHUNG**

Non-Independent Non-Executive Director
73, Malaysian Male

Board Committees : Remuneration
Committee Chairman, Audit Committee
Member

Mr Ling is a trained professional engineer who has considerable experience in the field of civil, construction and structural engineering. Mr Ling holds various executive positions in Perbena Emas Group. He has undertaken very sophisticated and innovative civil and structural projects successfully over the past 40 plus years. Mr Ling holds various directorships in a varied field of businesses from retail malls, municipal waste management to specialist steel fabrication

Mr Ling obtained his Bachelor of Engineering (Civil) from New Zealand.

Board of Directors (cont'd)



**TING ING HORH @
TING ING HO**

Non-Independent Non-Executive Director
61, Malaysian Male

Board Committee : Risk Management
Committee Member

Mr Ting is a licensed Company Secretary. He holds directorships in more than 10 companies and brings to the Board of Pansar Berhad experience gained in the hospitality, plantations, timber and sawmilling sectors.

He is presently the Chairman of Sibul Municipal Council.

Mr Ting qualified in Economics and Psychology from University of York Toronto Canada.



IR AZMAN BIN BUJANG

Independent Non-Executive Director
57, Malaysian Male

Board Committees : Nomination Committee
Chairman, Audit Committee Member,
Remuneration Committee Member

Ir Azman is a professional engineer with over 20 years of technical and management experience and has provided expertise in numerous fields, including project management on the Bakun Hydroelectric Project in Sarawak. He also holds directorship in other Malaysian private companies. He is a Corporate Member of the Institute of Engineers Malaysia.

Ir Azman obtained his Bachelor of Science (Mechanical Engineering) from the United Kingdom.



**FONG YOO KAW @
FONG YEE KOW**

Independent Non-Executive Director
68, Malaysian Male

Board Committees : Audit Committee
Chairman, Nomination Committee Member,
Remuneration Committee Member

Mr Fong was a Partner of EY prior to his retirement in 2010. During his time in the Accountancy profession he held positions of Financial Accountant in New Zealand and Group Financial Controller in Malaysia before joining EY as a Senior Manager, Principal and Partner. At EY he was involved in the areas of corporate finance, internal audit, tax planning, business strategy, corporate restructuring and performance improvement. His professional memberships include, Member of the Malaysian Institute of Accountants, Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators, and Member of the Chartered Accountants of Australia and New Zealand.

He is a Director in a number of companies and sits on the Boards of Bursa Malaysia-listed YKGI Holdings Berhad, Sarawak Oil Palms Berhad and DPI Holdings Berhad.

Mr Fong holds a Bachelor's Degree in Commerce and Administration from New Zealand.

Footnotes:

Other than those specifically mentioned here, none of the Directors hold Directorships in any other public company and any listed issuer, or have any personal interests or conflicts.

Dato' James Tai Cheong @ Tai Chiong and Datuk Tai Hee are sons of Puan Sri Datin Sri Ling Lah Kiong, a major shareholder in the Company, and are nephews of Ling Lee Chuon @ James Ling Chung, who is a Member of the Board of Pansar Berhad along with being a brother to Puan Sri Datin Sri Ling. They, along with Ting Ing Horh @ Ting Ing Ho, are deemed interested in transactions entered into with related parties, which are carried out in the ordinary course of business, as detailed in the Notes to the Financial Statements for breakdown of Recurrent Related Party Transactions.

Except as disclosed therein, they have no personal interest in any other business arrangement with the Company.

The Directors of Pansar have been carefully selected for their blend of entrepreneurial, financial, management and technical experience as well as their potential multidisciplinary multi-industry contribution to the Board and the business of the Company. Other than Fong Yoo Kaw @ Fong Yee Kow, who was appointed on 01 November 2011, all the other Directors were first appointed to the Board on 21 October 2010.

Attendance of the Directors at Board meetings is as listed on page (B6) of this Annual Report. None of the Directors have ever been charged or convicted for any offence at any time over the past 5 years.

Senior Management

DATUK TAI HEE
Managing Director
57, Malaysian Male



JESSIE NGIAM AI CHENG
Chief Financial Officer
55, Malaysian Female

Ms Ngiam joined the Group in 1991 and has held various finance and accounting positions within the Group. She was appointed to the position of Chief Financial Officer in July 2020 and is responsible for the overall financial and management reporting functions of the Group. She is a member of the Malaysian Institute of Accountants and the CPA Australia.

Ms Ngiam obtained her Bachelor of Economics from Australia.

Ms Ngiam does not hold directorship in any public company and any listed issuer. She does not have any family relationship with any director or major shareholder or has any conflict of interest with the Company. She has not been convicted of any offence within the past five years.

Mr. Tai joined Pansar Berhad in 2015 as Corporate Strategy Head. He assumed his current position as General Manager-Business Divisions on 2018. He served as an Assistant Vice-President of an international investment group, with over eight years' experience in Singapore, London, India and Australia.

Mr. Tai qualified in Jurisprudence from the United Kingdom. He does not hold directorship in any public company and any listed issuer.

He is the nephew of Dato' James Tai Cheong @ Tai Chiong, Chairman of the Company, and, Datuk Tai Hee, Managing Director of the Company. Mr. Tai has not been convicted of any offence within the past five years.



DAVID TAI WEI
General Manager
(Business Divisions)
37, Malaysian Male

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COMPLIANCE REPORTS

Corporate Governance Overview Statement	Directors' Responsibility Statement	Statement on Risk Management and Internal Control	Audit Committee Report	Sustainability Report
B3	B9	B10	B15	B19
			Other Compliance Information	Nomination Committee Statement
			B26	B27

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Pansar Berhad (“Pansar”) believes that the practice of good corporate governance is important in ensuring long-term sustainability and business prosperity and hence, enhance shareholders’ value. The Board is pleased to present this Corporate Governance Overview Statement (“this Statement”) which provides shareholders and investors of Pansar with an overview of the Company’s corporate governance (“CG”) practices during the financial year 2020

This Statement is prepared in accordance with the Main Market Listing Requirement of the Bursa Malaysia Securities Berhad. It is to be read together with the CG Report of the Company which is available on the Company’s website at www.Pansar.com.my.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board responsibilities

The Board is primarily responsible for providing effective leadership in determining the Company's strategic direction and corporate goals and to monitor the progress towards achieving them. In this regards, the Board is guided by the principles and practices set out in the Board Charter to ensure that all Board members, acting collectively and individually on behalf of the Company, are aware of the specific functions of the Board, their duties and responsibilities.

The Board has delegated certain responsibilities to the Management and the following committees appointed by the Board:-

- a) Audit Committee
- b) Nomination Committee
- c) Remuneration Committee
- d) Risk Management Committee

These committee operates its functions within their approved terms of reference but the ultimate responsibility for final decision rest with the Board.

The positions of the Chairman, who is a non-executive member of the Board, and the Managing Director are distinctly segregated. There is clear division of responsibility between the Chairman and the Managing Director in the running of the Board and the business of the Company to ensure an appropriate balance of power and authority and accountability at the Board level.

The Managing Director is supported by management committees of various functions as he leads the Senior Management in the daily business and operations of the Group and in the implementation of the strategies and policies approved by the Board. The functions and powers of the Management are governed by the Limits of Authority adopted throughout the Group and embedded in the control systems. The delegation of the Board authority to the Managing Director is reviewed as and when the need arises.

The Independent Non-Executive Directors are responsible for providing unbiased and independent judgement to the Board and ensure effective check and balance in the Board decision making process.

The Group has in place a Code of Conduct and Ethics to serve as a source of guiding principles for acceptable behaviour and practice in the company. To further enhance good governance, the Anti-Corruption and Bribery Policy and Whistleblowing Policy have been established to enable employees and stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate manner.

The Board is supported by a suitably qualified Company Secretary who ensures that meeting procedures and all applicable rules and regulations are complied with. The Company Secretary, besides performing its statutory duties under the Companies Act, 2016, also provides the Board with guidance on matters relating to good corporate governance practices affecting the Company. All

Corporate Governance Overview Statement (cont'd)

Board members have unlimited access to the professional advice and services of the Company Secretary and where necessary, external independent professional advice.

All the Directors have completed the Mandatory Accreditation Programme as prescribed by the Listing Requirements of Bursa Malaysia. For the current financial, all the directors have registered for the Corporate Liability Seminar on 'Preparation for Corporate Liability on Corruption' supposed to be held on 24 March 2020. However, in view of the Covid 19 pandemic and the Movement Control Order imposed by the government, the seminar was cancelled.

The following are the trainings attended by the Directors during the financial year under review:

DIRECTORS	COURSE
Datuk Tai Hee	<ul style="list-style-type: none">• Mandatory Accreditation Programme for Directors of Public Listed Company
Fong Yoo Kaw @ Fong Yee Kow	<ul style="list-style-type: none">• 2020 Budget and Tax Conference
Ting Ing Horh @ Ting Ing Ho	<ul style="list-style-type: none">• Seminar on "MBRS for preparer Financial Statements"• Seminar on "Corporate Directors Training Programme Fundamental 2.0 & Financial Statement 101"• Company Secretarial Practice under the Companies Act 2016 (Part 3)

2. Board composition

The Board has six (6) members, comprising one (1) Managing Director and five (5) Non-Executive Directors, including two (2) Directors who are Independent Non-Executive Directors. The structure of composition is consistent with the Listing Requirements which requires that at least two (2) Directors or one-third of the Board, whichever is the higher, are Independent Directors.

The diverse background of the current Board members gives a right mix of skills, knowledge, experience to enable various perspectives to be considered whenever a proposal is put before the Board for decision.

In accordance with the Company's Constitution, all the Directors are subject to election by shareholders at the first Annual General Meeting of the Company after their appointment. Thereon, an election of Directors shall take place every year where one-third (1/3) of the Directors for the time being, or if their number is not three (3) or multiple of three (3), then the number nearest to one third (1/3) shall retire but shall be eligible for re-election; provided always that all Directors shall retire from office once at least in each three (3) years.

The Board continues to practice non-gender discrimination with equal opportunities extended to both genders based on merit that will add value and bring an additional perspective to the Board.

The Directors have also shown their commitment towards the company in their attendance and active participation at Board meetings throughout the year in review.

Corporate Governance Overview Statement (cont'd)

Below are details showing attendance of the Directors at the Board meetings held for the financial year 2020:

NAME OF DIRECTORS	BOARD OF DIRECTORS' MEETING	PERCENTAGE OF ATTENDANCE
Dato' James Tai Cheong @ Tai Chiong <i>Non-Independent Non-Executive Chairman</i>	5/5	100%
Datuk Tai Hee <i>Managing Director</i>	5/5	100%
Ting Ing Horh @ Ting Ing Ho <i>Non-Independent Non-Executive Director</i>	4/5	80%
Ling Lee Chuon @ James Ling Chung <i>Non-Independent Non-Executive Director</i>	5/5	100%
Azman Bin Bujang <i>Independent Non-Executive Director</i>	5/5	100%
Fong Yoo Kaw @ Fong Yee Kow <i>Independent Non-Executive Director</i>	5/5	100%

3. Remuneration

In developing the remuneration policy and package, the Remuneration Committee takes into consideration the skills, responsibility and complexity of the role of the Director, the individual and corporate performance and the remuneration packages of comparable companies in the same industry. A review of remuneration packages is conducted annually and where necessary, adjusted to appropriately reflect their performance, responsibilities, job functions and market trends.

Remuneration packages and benefits of the Executive Directors are recommended by the Remuneration Committee to the Board for approval. Remuneration scheme for Executive Directors is designed to link to the Group's performance and scope of responsibility and reviewed on an annual basis giving regard to market/industry standards. For Non-Executive Directors, it is determined by the Board in accordance with their level of responsibilities undertaken by them.

The remuneration for all Non-Executive Directors are based on a standard fixed fee, except for the Chairman of the Board and the Audit Committee Chairman who are paid a higher fee in recognition of their additional responsibilities. All Directors are paid a meeting allowance for each Board and Committee meetings they attend.

A summary remuneration of the Directors for the financial year ended 31 March 2020 distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components are set out below:

Corporate Governance Overview Statement (cont'd)

A summary remuneration of the Directors for the financial year ended 31 March 2020 distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components are set out below:

	FEES		SALARY		BONUS		MEETING ALLOWANCE		EPF		OTHER BENEFITS		TOTAL	
	Company RM	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM	Group RM
EXECUTIVE DIRECTOR														
Datuk Tai Hee	-	6,000	-	1,214,700	-	156,000	4,000	4,000	-	145,764	-	24,875	4,000	1,551,339
NON-EXECUTIVE DIRECTORS														
Dato' James Tai Cheong @ Tai Chiong	84,000	96,000	-	-	-	-	4,000	4,000	-	-	-	-	88,000	100,000
Ling Lee Chuon @ James Ling Chung	48,000	48,000	-	-	-	-	6,500	6,500	-	-	-	-	54,500	54,500
Ting Ing Horh @ Ting Ing Ho	48,000	60,000	-	-	-	-	3,300	3,300	-	-	-	-	51,300	63,300
Ir Azman Bin Bujang	48,000	48,000	-	-	-	-	7,000	7,000	-	-	-	-	55,000	55,000
Fong Yoo Kaw @ Fong Yee Kow	60,000	60,000	-	-	-	-	7,000	7,000	-	-	-	-	67,000	67,000
TOTAL	288,000	318,000	-	1,214,700	-	156,000	31,800	31,800	-	145,764	-	24,875	319,800	1,891,139

The Company's directors' fees and meeting attendance allowance are subject to the shareholders' approval at the Annual General Meeting, as set out in the Notice of AGM.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit committee

The Audit Committee (AC) is established to provide assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities with regards to the accounting and financial reporting practices. The AC also reviews the scope and results of internal and external auditing processes and monitors the effectiveness of the internal controls and risk management to ensure the Board makes properly informed decisions.

The AC comprises of three (3) Non-Executive Directors and majority of them are Independent Directors. The AC is chaired by Mr Fong Yoo Kaw @ Fong Yee Kow who is a senior chartered accountant of the Malaysian Institute of Accountants and assisted by Mr Ling Lee Chuon @ James Ling Chung and Encik Azman Bin Bujang.

More details on the activities of the AC can be found in the AC Report on pages B15 to B18 of the Annual Report. The terms of reference of the audit committee is published on the Company's website.

2. Risk management and internal control

The Board recognises that proper risk management and internal control are important aspects of a company's governance, management and operation in order to safeguard shareholders' investment and the Group's assets.

The Board is responsible for identifying, assessing, managing and monitoring the material business risks identified by the Risk Management Committee.

Detailed information on risk management and internal control is set out in the Statement on Risk Management and Internal Control in Annual Report 2020.

Corporate Governance Overview Statement (cont'd)

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

1. Communication with stakeholders

The Company recognises the importance of maintaining transparency and effective communication with the shareholders, investors and other stakeholders so as to keep them abreast of all developments concerning the Pansar Group. As such, the Board is committed to ensuring timely, accurate and proper dissemination of information on the operations, activities and performance of the Pansar Group to its shareholders, investors, and other stakeholders.

The Company strictly adheres to the disclosure requirements stipulated in the Listing Requirements and due care is taken to ensure material and market sensitive information are not unduly disclosed before an official announcement is made to Bursa Malaysia for public release.

2. Conduct of general meetings

The Company's General Meetings remain the main channel of communication with the Company's shareholders. At each General Meeting, shareholders are encouraged and given sufficient time and opportunity to participate in the proceedings, to raise questions and participate in discussions pertaining the operation and financial aspects of the Group. They may seek clarifications on the Group's performance, major development as well as on the resolutions being proposed. All Board members, senior management team as well as the Company's external auditors are available to respond to shareholders' relevant questions raised at the meeting. A summary of key matters discussed at the AGM is always made available on the Company's website.

In line with good CG practice, the notice of the 46th Annual General Meeting ("AGM") of the Company will be issued 28 days before the AGM date. The Company's AGM have always been held at easily accessible venues for the convenience of the shareholders.

This statement is made in accordance with the resolution of the Board of Directors dated 27 July 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible to ensure that the annual Financial Statements for each financial year are prepared in accordance with the applicable approved accounting standards in Malaysia which give a true and fair view of the financial position, financial performance and cash flows of the Company and of the Pansar Group.

In preparing the Financial Statements for the financial year ended 31 March 2020, the Directors have:

- i) ensured that all the requirements of the Companies Act, 2016 have been complied with;
- ii) followed all the applicable approved accounting standards;
- iii) applied the appropriate and relevant accounting policies on a consistent basis;
- iv) used reasonable judgement and estimations; and
- v) prepared the Financial Statements on a going concern basis.

The Directors are also responsible for ensuring that the Company and the Pansar Group keep proper accounting records which disclose with reasonable accuracy the financial position of the Company and the Pansar Group. The Directors have the overall responsibility for taking reasonable steps to prevent and detect fraud and other irregularities so as to safeguard the assets of the Company and the Pansar Group.

This statement has been approved by the Board on 27 July 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control is made pursuant to the requirements of Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; and in accordance with the Malaysian Code on Corporate Governance 2017.

BOARD RESPONSIBILITIES

The Board holds responsibility for ensuring a sound and effective risk management and internal control system covering financial, operational and compliance aspects is maintained throughout the Pansar Group in order that key risk areas are appropriately managed within the risk tolerance levels to safeguard shareholders' investments and the Group's assets.

In fulfilling its oversight responsibility, the Board, assisted by its Risk Management Committee and Audit Committee, reviews the adequacy, effectiveness and integrity of the Group's risk management system and internal control system. These two Committees support the Board by ensuring that the Management implements and maintains a sound system of risk management and internal control and that risk management is embedded in all aspects of the Group's activities to mitigate and/or reduce the overall risk exposure associated with the activities of the Group.

The Board does not review the internal control system of our Associate as the Board does not have direct control over their operation. However, the Group's interests are served through representation on the board of our Associate which provides the Board with information for timely decision making.

RISK MANAGEMENT FRAMEWORK

The Board has established a Risk Management Framework to ensure compliance with legal and internal requirements within which key policies and procedures are developed to facilitate a formalised, structured and consistent approach in identifying, assessing and monitoring key business risks identified in accordance with the overall risk appetite of the Pansar Group. The Risk Management Framework is cascaded downwards to all levels of Management who have a collective responsibility for propagating a risk-aware culture and in ensuring that business risk assessment is an explicit part of both the business and operation units' decision making process.

Risk Assessment Process

Possible risk factors are identified for every departments, namely Marketing and Purchasing, Finance and Accounts, Credit, Inventory, Personnel, Information Technology and Project. The Management, comprising the respective heads of each business and operation units, is accountable for the day-to-day management of risks under their areas of responsibility through risk identification, risk analysis,

Statement on Risk Management and Internal Control (cont'd)

risk evaluation and risk treatment and thereafter, monitoring and communicating these risks in the context of their internal and external environments.

Key risks within their own areas are identified including identification of possible sources or causes of risks and events; and each risk is assessed for the likelihood of occurring and the magnitude of the impact on the relevant business strategies to determine whether the specified level of risk is acceptable or tolerable. Risk ratings are assigned in accordance to the risk matrix. As risk owners, the respective heads are responsible to take appropriate corrective actions including formulating suitable internal control as and when needed to mitigate these risks to within tolerable ranges, with priority on risk mitigating measures through a combination of preventive, detective and corrective measures based on the risk ratings assigned. The risk profiles developed through this process and their mitigating controls are tabulated in a risk register.

The Group seeks to minimise potential adverse impact through among others, assessing the creditworthiness of customers, monitoring of collections and overdue debts, implementing stringent standard operating procedures for a more efficient inventory management and entering into forward foreign currency contracts to hedge against its foreign currency risk. Risk assessments are also carried out on potential projects whereby project risks are identified by the project managers to evaluate the feasibility of these projects and discussions are held with the Senior Management before resources are committed to them. Subsequently, the project managers will monitor and provide updates of the projects in the quarterly project management meetings.

Monitoring, Review and Reporting

On-going monitoring and reviews of the risk register are undertaken on a quarterly basis by the Management to assess the continued applicability and relevance of the risks already identified and to re-rate these risks where necessary; as well as to identify emerging risks or new risk factors, if any, faced by the Pansar Group as a whole based on a consistent risk likelihood and impact criteria applied across the Group. In line with this, existing control measures are reviewed to determine its continued relevance or obsolescence in the wake of these changes and/or new risk exposures and redressed accordingly to remain effective. The respective heads also meet every quarter to deliberate on the prevailing economic conditions and other external hazards and their potential impact and risks on the Group's business activities so as to anticipate our risks rather than to have to deal with their consequences when they do occur. Such risks are analysed and measures are taken on a timely basis to strengthen the control environment. In performing this ongoing risks review process, the business and operation units liaise closely with the back-office support units to jointly propose ways on how to manage and/or contain these risks to within the Group's risk appetites.

The outcomes of these review processes together with their mitigating measures are recorded to enable the Management to report their updated risk profiles and status to the Risk Management Committee. The Risk Management Committee meets to deliberate on the risks identified, the controls and risk mitigation strategies and measures arising from the risk assessment process conducted by the Management. It is responsible to ensure that the risk management policies and procedures are aligned to the business strategies and risk tolerance. The Risk Management Committee will update the Board on the status of the risk management.

The risk management and system of internal control instituted by the Pansar Group's business and operation units for the financial year under review and up to the date of this Statement is deemed to be adequate to safeguard shareholders' investment, customers' interests and the Group's assets. There were no major internal control weaknesses or failings that could lead to material losses, contingencies or uncertainties that would require disclosure in this Annual Report 2020.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL AUDIT FUNCTION

The Pansar Group has in place an Internal Audit function which reports independently to the Audit Committee on a quarterly basis and provides the Board with sufficient and independent assurance of the effectiveness of the Group's risk management and internal control processes.

All the Internal Audit findings are discussed directly with the Management. Where weaknesses have been identified as a result of reviews, recommendations to strengthen controls are presented to the Audit Committee for consideration.

The Internal Audit also follows up on issues raised in previous audits to ensure remedial actions are promptly taken by the Management. The results of such follow-up works are also reported to the Audit Committee.

The activities of the Internal Audit function during the financial year are set out in the Audit Committee Report in this Annual Report 2020

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

Organisation Structure

The Board has set organisation structure to govern and manage the decision process in the Pansar Group. The authority limits matrices are set out to govern the approvals and authorisation by the Board and the different levels of Management to ensure accountability, segregation of duties and control over the Group's financial commitments. The authority limits and authorisation levels are built into the control systems to ensure proper checks and authorisation of transactions at each control area throughout the process chain.

Key support functions of the Pansar Group are managed centrally at the head office to ensure consistency, standardisation and compliance in the application of the policies and procedures relating to these functions.

The operating structure of the Pansar Group is aligned to business requirements. It has defined lines of responsibilities to ensure that component tasks are handled by different employees. With segregation of duties, employees' accountability can be enhanced and the risk of error and fraud can be minimised.

Audit Committee

Internal audit reports containing the audit issues, Internal Audit's recommendations and Management's responses are issued by the Internal Audit for deliberation by the Audit Committee before they are reported to the Board. The Committee is kept updated and informed of the status and progress of the implementation through subsequent follow-up audits. The Audit Committee may direct Internal Audit to carry out investigations in respect of any specific events which are deemed to have violated internal policies.

The Audit Committee also reviews the Group's quarterly financial performance and assesses the financial results and operational performance before presenting to the Board.

During the financial year under review, the Audit Committee has also held one formal sessions with the External Auditors without the presence of the Management. The External Auditors have also represented that there was no conflict situation that would compromise their independence as External Auditors of the Company.

Statement on Risk Management and Internal Control (cont'd)

Further details on the activities of the Audit Committee are set out in the Audit Committee Report in this Annual Report 2020.

Business Budget and Review Process

Budgeting exercise is undertaken before the end of each year to establish budget for the forthcoming year against which performance will be measured on a regular basis. This annual budget is deliberated in the Management meeting before being tabled to the Board for their deliberation and approval.

Scheduled operational and management meetings are held to discuss and review the strategies, budgets, financial and operational performances of the Pansar Group. The quarterly management accounts containing key financial results, operational performances and comparison of actual performances against budgets are presented to the Management team at these meetings for monitoring and review. Explanations for significant variances, subsequently followed up and necessary actions taken are reported in the meetings. Key operational and management issues are also highlighted for deliberation and resolution at these meetings. This process enables employees' performances to be monitored, appraised and rewarded according to the achievements of targets set for relevant employees.

Subsequent interim reports from the Management on key operating statistics and financial performances together with comparisons are reviewed by the Audit Committee. Variances between the actual and targeted results together with the responses and corrective measures taken are highlighted by the Audit Committee to the Board. The quarterly Financial Statements are presented to the Board for their consideration and approval. The Board also plays an active role in discussing and reviewing the performance and risks faced by the Company.

Information and Communication

A comprehensive and automated information system enables transactions to be captured, compiled and reported through established reporting lines across the Pansar Group on a timely basis.

Appropriate channels of communication and procedures are in place for reporting of significant control failings or weaknesses that are identified together with details of corrective actions being undertaken, to the relevant levels of Management and the Board.

Policies and Procedures

Documented policies and procedures covering major key and critical functions are in place to regulate the functional processes of the Pansar Group and to guide the employees in their day-to-day operational activities in a consistent way. These include standard operating procedures, memorandum, and handbooks that are updated to incorporate changes to the systems, work environment and guidelines issued by regulators. Compliance with these policies and procedures is an essential element of the internal control framework.

Human Resources

Job descriptions and responsibilities are clearly defined and communicated. Manpower requirement planning is carried out regularly together with the respective business and operation units with the aim to optimise staff resources and increase efficiency. Continuous emphasis is placed on enhancing the competency level and quality of employees across all functions through mentoring, training and skills development and upgrading programmes in order to enhance their skills, knowledge and competencies.

Statement on Risk Management and Internal Control (cont'd)

BOARD ASSURANCE AND LIMITATION

The Board has received assurances from the Managing Director and Chief Financial Officer that the system of risk management and internal control for the financial year under review is operating adequately in all material aspects. With these assurances, the Board is satisfied that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Pansar Group and is of the view that the risk management and internal control systems that are presently in place are sufficient to support both the types of businesses and size of operation to enable the Pansar Group to achieve its business objectives.

However, the Board wishes to state that in view of the inherent limitations in any systems, the control systems and procedures are designed only to manage rather than to eliminate completely all risks. It can only provide reasonable and not absolute assurance against material errors, losses, frauds or the occurrence of unforeseen circumstances. Nonetheless, the Board is cognisant of the changing and challenging business environment and thus is committed towards continuous enhancements and improvements to strengthen its internal control systems so as to meet the long term goals and objectives of the Pansar Group.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement for inclusion in the Annual Report and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control of the Pansar Group.

This Statement is made in accordance with the resolution of the Board of Directors dated 27 July 2020.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit Committee for the financial year ended 31 March 2020.

COMPOSITION AND MEETINGS OF THE AUDIT COMMITTEE

The present Audit Committee comprises of three (3) members of whom two (2) are Independent Non-Executive Directors and one (1) is a Non-Independent Director. The Audit Committee (“the Committee”) held five (5) meetings during the financial year ended 31 March 2020 which were attended by the members as tabulated below:

NAME OF MEMBERS	DIRECTORSHIP	NUMBER OF MEETINGS ATTENDED
Fong Yoo Kaw @ Fong Yee Kow	Chairman <i>Independent Non-Executive Director</i>	5/5
Ling Lee Chuon @ James Ling Chung	Member <i>Non-Independent Non-Executive Director</i>	5/5
Azman Bin Bujang	Member <i>Independent Non-Executive Director</i>	5/5

A full agenda and comprehensive set of meeting papers were circulated to each Committee member with sufficient notification prior to each meeting. The Internal Auditor and other Senior Management were called in when relevant. The External Auditors also attended the meetings at the invitation of the Committee to brief the Audit Committee during the meetings held on 22 May 2019, 21 June 2019 and 14 February 2020 on annual audit issues.

During the financial year under review, the Audit Committee met separately with the External Auditors without the presence of the Management on 22 May 2019.

AUTHORITY AND DUTIES OF THE AUDIT COMMITTEE

The Audit Committee is governed by its Terms of Reference which is available on the Company's website at www.Pansar.com.my.

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

In accordance with its Terms of Reference, the works undertaken by the Audit Committee during the financial year ended 31 March 2020 included the deliberation and review of the following:

Audit Committee Report (cont'd)

1. Financial Reporting

- a. Reviewed the Company and the Pansar Group's compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements, the requirements of the Companies Act 2016, applicable approved accounting standards in Malaysia and other relevant regulatory requirements to ensure that the quarterly announcements of financial results and the audited Financial Statements are properly prepared.
- b. Discussed with the Management any significant changes to the regulations, standards and other regulatory requirements that may affect the financial reporting of the Group.
- c. Reviewed and discussed the quarterly unaudited financial results with the Management, in particular any significant items or transactions that have affected the financial performance of the Company and the Group and sought clarifications from the Management before its recommendation to the Board of Directors for their approval and release to Bursa Malaysia Securities Berhad.
- d. Reviewed the annual audited Financial Statements of the Company and the Pansar Group for the financial year ended 31 March 2020 with the Management and the External Auditors before recommending them to the Board of Directors for their deliberation and approval and release to Bursa Malaysia Securities Berhad.

2. Internal Audit

- a. Reviewed the annual Internal Audit plan with the Internal Auditor to ensure adequate audit coverage of the key risk areas and processes of the business operations activities and projects of the Company and the Pansar Group; and recommended the same to the board for approval and adoption.
- b. Oversaw the internal audit activities carried out by Internal Audit and ensure sufficient assistance was rendered by the Management and staff to Internal Audit.
- c. Discussed the Internal Audit reports, their major findings and recommendations; and appraised the adequacy of the Management's responses in resolving the audit issues found to ensure that risk issues were adequately addressed.
- d. Reviewed and recommended to the Board for their approval the Internal Auditor's recommendations for improvements in the areas such as internal controls, the Group's systems and efficiency enhancements including proposed additional improvement opportunities where appropriate.
- e. Monitored and reviewed the progress of follow-ups on audit findings to ensure remedial/corrective actions have been taken by the Management on a timely basis.
- f. Assigned and reviewed ad-hoc investigative audits performed by the Internal Auditor and the actions taken in relation to these investigations.
- g. Reviewed the adequacy of the resources and core skills and competencies of staff within the Internal Audit Department.

Audit Committee Report (cont'd)

3. External Audit

- a. Reviewed and discussed with the External Auditors, their annual audit planning memorandum inclusive of the areas of audit emphasis, scope for the year and their audit strategies as well as the audit procedures prior to commencement of annual audit for the financial year ended 31 March 2020.
- b. Reviewed with the External Auditors and the Management, the results and observations of the External Audit, significant audit findings and adjustments arising therefrom together with the Management's responses to the findings.
- c. Appraised the performance and evaluated the independence and objectivity of the External Auditors in providing their services, including non-audit services to the Group; and made recommendations to the Board of Directors on their re-appointment and quantum of audit fees.
- d. Met with the External Auditors without the presence of the Management to facilitate discussions of additional matters in relation to audit issues and internal control weaknesses noted in the course of their audit.
- e. The Audit Committee had obtained confirmation from the External Auditors, Messrs Crowe Malaysia PLT that they have complied with the relevant ethical requirements regarding their independence throughout the audit and that the provision of the non-audit services to the Company have not compromised their independence, nor were they aware of any relationships between them and the Pansar Group that may reasonably be thought to have impaired their independence.
- f. The total amount of audit fees and non-audit fees paid by the Group for the financial year under review were as follow:-

	COMPANY (RM)	GROUP (RM)
Audit	30,000	173,000
Non-audit		
<i>Crowe Malaysia PLT</i>	12,000	12,000
<i>Crowe Tax (Sarawak) Sdn Bhd</i>	10,600	44,400
<i>Nuovo Consulting Pte Ltd</i>		5,892
Total	52,600	235,292

4. Related Party Transactions

- a. Reviewed on a quarterly basis, the related party transactions entered into by the Company and the Pansar Group during the financial year and ensured that the transactions were undertaken on normal commercial terms which were not detrimental to the interests of minority parties.
- b. Reviewed the Circular to Shareholders with regards to the shareholders' mandate in respect of the recurrent related party transactions of a revenue or trading nature before recommending to the Board for approval for circulation to its shareholders.

5. Other Matters

- a. Discussed any latest changes issued by any statutory and regulatory bodies and/or changes in the economic landscape and their implication and possible impact on the Company and the Group, and highlighted these concerns to the Board.

Audit Committee Report (cont'd)

- b. Briefed the Board on the latest changes in the Listing Requirements and ensured all Board members understood their fiduciary duties.
- c. Reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report and recommended to the Board for approval for the statements to be published in the Annual Report.

EVALUATION OF THE AUDIT COMMITTEE

For the financial year under review, an evaluation was carried out on the terms of office and performance of the Audit Committee by the Nomination Committee.

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group is performed in house and reports directly to the Audit Committee. The Terms of Reference of the Internal Audit function are clearly spelt out in the Internal Audit Charter. Internal Audit plan is reviewed and approved by the Audit Committee before it is carried out by the Internal Audit. The Audit Committee holds discussions and reviews on a regular basis with the Internal Auditor on issues and matters raised.

The Internal Audit is responsible to provide an independent evaluation and review of the adequacy and effectiveness of the internal control system, governance and operational control processes within the Pansar Group and its adherence to established policies, procedures and standards, and statutory requirements; and where necessary, to provide recommendations for improvements in controls to the existing systems and work processes. Investigative audits were also carried out by the Internal Audit upon the request of the Audit Committee and the Management.

The audits ensure that established controls are appropriate, effectively applied and within acceptable risk tolerance levels. All outcomes of reviews and investigative audits are reported to the Audit Committee. Internal Audit thus provides assurance to the Audit Committee of the integrity of the Pansar Group's internal control and management information systems.

The total costs incurred by the Internal Audit Department in managing its Internal Audit activities during the financial year ended 31 March 2020 amounted to RM76,768.00

The main activities carried out by the Internal Audit Department during the financial year ended 31 March 2020 were as follows:

1. Discussed the Internal Audit plan with the Audit Committee.
2. Performed operational audits to ascertain the adequacy and integrity of their internal controls and made recommendations for improvements where weaknesses were found.
3. Discussed with the Audit Committee the audit findings and proposed recommendations and the Management's responses and actions on the issues found.
4. Issued and briefed the Internal Audit reports to the Audit Committee on a quarterly basis on control and risk management issues identified from the audits together with their recommendations for improvements and enhancements to the processes.
5. Performed follow-up audit on matters from previous Internal Audit reports to ensure corrective and preventive actions have been undertaken by the Management and presented the updates to the Audit Committee.
6. Carried out special investigations and reviews upon request by the Management or the Audit Committee.

SUSTAINABILITY REPORT

SUSTAINABLE STRATEGIES AND GOALS

Pansar was built on the mission to engineer responsible ways to make life better. The current world situation is uncertain, yet our guiding values will, even more than before, continue to sustain us. We are here for the long term. As a living company, our first priority is always to create economic value over the long term. Concurrently, we help contribute to a better planet by developing efficient practices and having a principle of representing products which are good for the environment. Finally, we are the community we operate in. Improvements in the welfare of the local community would ultimately lead to better business results.

Sustainability Report (cont'd)



GOVERNANCE FRAMEWORK

The Board is ultimately responsible for governing sustainability matters. The Board is supported in this responsibility by the Risk Management Committee, which oversees the formulation, implementation and management of PANSAR’s sustainability initiatives.

The Risk Management Committee is empowered by the Board to ensure that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.

At the management level, PANSAR’s Operational Committee is responsible for updating and reviewing the day-to-day compliance of the company’s operations to the strategic sustainability plan.



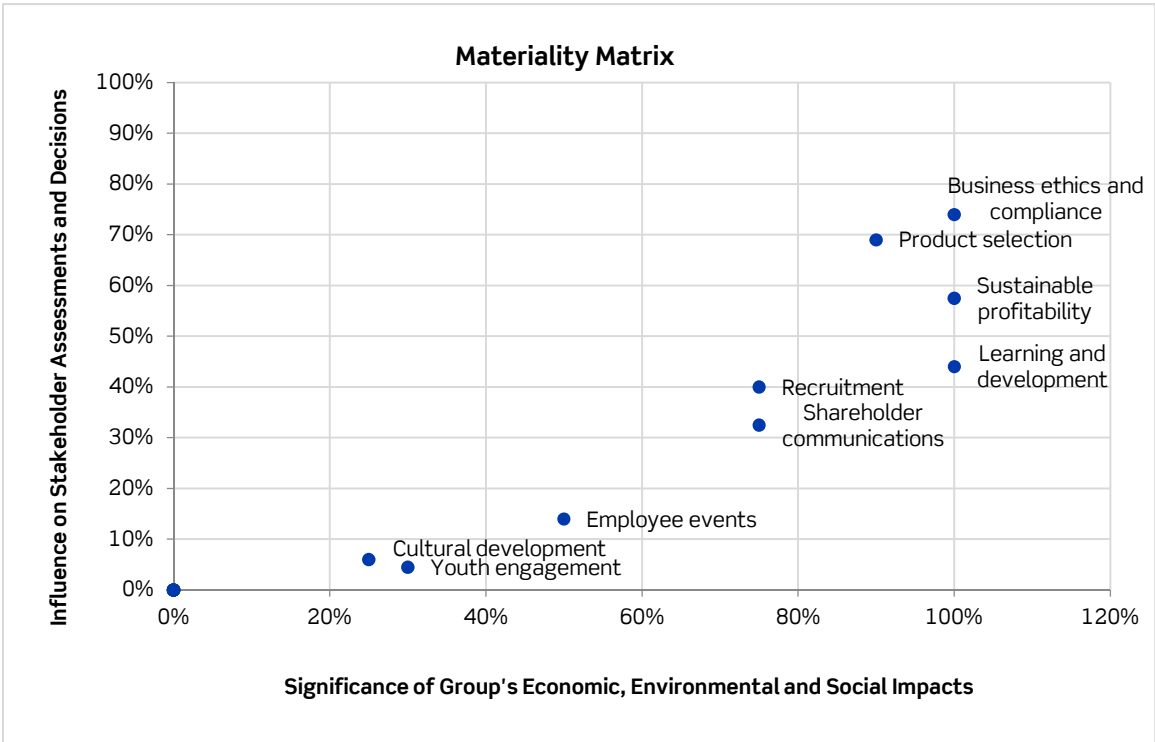
The sustainability report is prepared within the scope of our listed operations.

Sustainability Report (cont'd)

STAKEHOLDER ENGAGEMENT

STAKEHOLDER	ENGAGEMENT CHANNEL	FREQUENCY	MATERIAL ISSUES	CATEGORIES
Employees	<ul style="list-style-type: none"> Annual lunch Trainings Social club activities 	Ongoing	<ul style="list-style-type: none"> Employee engagement Learning and development Recruitment 	<ul style="list-style-type: none"> Economic Social
Shareholders	<ul style="list-style-type: none"> AGM/EGM Website Investor relations 	Ongoing	<ul style="list-style-type: none"> Sustainable profitability Shareholder Communications 	<ul style="list-style-type: none"> Economic Environmental
Directors	<ul style="list-style-type: none"> AGM/EGM Board meetings 	At least quarterly	<ul style="list-style-type: none"> Sustainable profitability Business ethics and Compliance Learning and development 	<ul style="list-style-type: none"> Economic Social
Customers	<ul style="list-style-type: none"> Sales engagement 	Continuous	<ul style="list-style-type: none"> Product selection 	<ul style="list-style-type: none"> Economic Environment
Business partners and Suppliers	<ul style="list-style-type: none"> Business plan meetings Joint visits Supplier evaluation 	Continuous	<ul style="list-style-type: none"> Sustainable profitability Product selection 	<ul style="list-style-type: none"> Economic Environment
Local communities	<ul style="list-style-type: none"> Community programmes 	At least once a year	<ul style="list-style-type: none"> Cultural development Youth engagement 	<ul style="list-style-type: none"> Social

MATERIALITY MATRIX



Sustainability Report (cont'd)

ECONOMIC

As an engineered solutions provider, Pansar works closely with our principals to implement our business and sustainability strategies. By working with forward-thinking business partners, we are able to access world-leading innovations that offers environmentally friendly products that help us to liaise with customers for after-care services, manage their costs efficiently and increase their productivity.

A. Product Selection

JCB

Two years ago, when we stepped into our customer’s site, a leading aluminum smelter, and saw the difficult work condition of their existing machines, we recommended one single machine – the JCB Telehandler – for four work phases: from unloading cargo, to filling hoppers, to handling jumbo bags and finally to loading shipping containers. This machine increased their productivity throughput by more than 20%. This machine is still going strong today.

The Telehandler’s wide range of easily exchangeable attachments makes it multi-functional and its telescopic boom allows a wide range of reach. A bucket was also specially designed for the customer to help them deal with separating waste from loose raw material mechanically. Before this, workers had to go in and manually shovel out the waste material. This has reduced both downtime and increased workers’ safety.



Air Conditioners

We have taken the initiative to encourage our customers to transition to air conditioners using R32 refrigerant, as opposed to the older R410A refrigerant. R32 is superior in efficiency and environmental sustainability. The Global Warming Potential (“GWP”) of R32 gas is 675, as compared to 2,090 for R410A¹, meaning it is one third less likely to contribute to global warming. At the same time, R32 has an Ozone Depletion Potential (“ODP”) of zero. In this fiscal year, 50% of sales of our split unit air conditioners are R32 and we expect the percentage to increase.



B. Engineering: Health and Safety

We have recently implemented a formal health and safety policy for our projects, which goes beyond merely following the relevant legislation. Our priority is to complete a high-quality job on time and on budget, while ensuring the safety and health of our employees, clients, suppliers, and stakeholders. At the same time, it is our commitment to execute projects with well-planned strategies that encourage environmental awareness and conservation.



¹ Source: Values for 100 year global warming potential (GWP) from IPCC Fourth Assessment Report.

Sustainability Report (cont'd)

SOCIAL AND COMMUNITY

We continue to strive to build a better and more caring community where we grow our business. We find, through experience, that this has helped us build a more positive company culture that is supportive and driven to serve the customers' interest.

A. Community Support



1. Patient Care

With the recent pandemic, thermometers and blood pressure monitors were donated to a polyclinic in Sibu to help ease the wait time and worry on patients who needed to be at the clinic.

2. Frontliners' Comfort and Safety

In appreciation of the brave essential frontliners who work long hours, we tried to enhance their comfort by donating Oxypas Smooth shoes to Sibu Hospital, Kuching General Hospital and Bintulu Hospital.

Other than the hospitals, we provided sanitizing liquids to the local BOMBA for their disinfecting jobs. The Malaysian Maritime Enforcement Agency also received masks and hand sanitizers from us.



3. Change of social perception

Pansar is also dedicated to supporting and helping people with special needs. Our key goal is to change the perception of the community against them. We have put in programs that help people with special needs to be independent and employable. A support group for the family is also important because having a child with special needs can be stressful and lonely.

Sustainability Report (cont'd)

B. Youth Engagement

Special Olympics

During a Saturday in August 2019, more than 200 peers participated in the 'Special Olympics Sarawak, Sibü Chapter Inclusive Day'. This was held at University College of Technology Sarawak (UCTS). The aim was to promote understanding among typically developing children and those with special needs. All the games and activities required that the children helped one another. It was a fun day for everyone.



That day, we all learned to empathise. Most importantly, we showed the typically developing children who participated that children with special needs knew how to help too, and that allowing them to play was the right thing to do.

C. Employees

1. The MCO Challenge

On the 18th of March 2020, the MCO (Movement Control Order) was implemented nationwide. Movement within cities and towns was limited to essential activities only and all travel between districts were stopped. Since Pansar provides essential services to a number of customers during that period, we had to come up with a system that would enable us to provide the necessary services to sea ports, airports, telecommunications infrastructure, oil palm plantations, schools, and hospitals.

2. Training

Our employees' in-house and supplier training is an important part of our company culture. With continual innovation and technological advancement, our team has to keep abreast of the latest innovations.



Sustainability Report (cont'd)

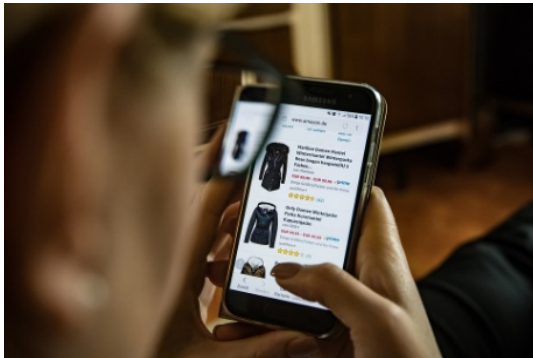
ENVIRONMENT

Digitalization in Communications

Our plan to respect the environment and optimise scarce resources has pushed us to enhance our efforts to digitalize our communications, whether in marketing, sales, frontline service, or supply chain. This has gone beyond what we had originally expected to achieve. For one, you, our shareholder, can now have instant access to any information you need, whether it be an annual report, a circular or a quarterly report. You can even access it from anywhere in the world.

Our customers also have instant access to our product brochures. This is convenient for our Sales Team too because when they are on-site, and a new requirement turns up, they might not have a specific physical brochure on hand. The online brochure allows them to follow up on the opportunity by showing a product to the customer that needs it.

Online recruitment can also be done in a timely manner. Unlike advertising in a newspaper, we can refine our needs and requirements without being limited by space or word count. PANSAR is a well-known name, so qualified candidates do actively search our website for openings.



OTHER COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company has obtained a Shareholders' Mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature at the Annual General Meeting of the Company convened on 16 August 2019. At the forthcoming Annual General Meeting to be held on 9 September 2020, the Company will propose to renew the Shareholders' Mandate in respect of the recurrent related party transactions of a revenue or trading nature.

Status of Utilisation of Proceeds Raised from Corporate Proposal

The Company had on 7 February 2018 obtained the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for up to 28,000,000 new ordinary shares, representing 10% of the Company total number of issued shares. The placement was issued at RM0.427 per share equivalent to a total proceed of RM11,956,000.

As at 15 July 2020, the status of the utilisation of the proceeds raised are as follows:-

PURPOSES	PROPOSED UTILISATION RM'000	ACTUAL UTILISATION RM'000	ESTIMATED TIME FRAME FOR UTILISATION
Potential expansion and capital expenditure	5,576	5,576	Within 18 months
Working capital for the business operation expenditures of the Group	6,278	6,278	
Defraying expenses relating to the Private Placement	102	102	Within 6 months
TOTAL	11,956	11,956	

Material Contracts Involving Directors and Major Shareholders

There were no material contracts entered into by the Company or its subsidiaries (not being contracts entered into the ordinary course of business) involving Directors' and major Shareholders' interests either subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

NOMINATION COMMITTEE STATEMENT

The Nomination Committee was set up to assist the Board in establishing a formal and transparent procedure for the appointments and reviews/assessments of Directors to ensure an effective Board. During the financial year 2020, it has three (3) members, comprising entirely of Non-Executive Directors, of whom the majority are independent, as follows:

CHAIRMAN

Encik Azman Bin Bujang
(Independent Non-Executive Director)

MEMBERS

Dato' James Tai Cheong @ Tai Chiong
(Non-Independent Non-Executive Director)

Mr Fong Yoo Kaw @ Fong Yee Kow
(Independent Non-Executive Director)

The Nomination Committee assists the Board in fulfilling the following duties and responsibilities:

1. To establish and review the terms and conditions of employment of Executive Director of the Group.
2. To identify and nominate for the approval of the Board, candidates to all board vacancies as and when they arise.
3. To review the required mix of skills, experience and other qualities, including core competencies of the Board.
4. To establish the minimum requirements for the Board to perform their responsibilities effectively.
5. To assess on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution by each Director.
6. To oversee the appointment, management succession planning and performance evaluation of the Directors.
7. To ensure that all Directors receive continuous training.
8. To consider succession planning, the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office and the re-election by the shareholders of any Director under the "retirement by rotation" provisions in the Company's Constitution.
9. To review the tenure of the Directors pursuant to Malaysian Code of Corporate Governance 2017.

The key activities undertaken by the Nomination Committee during the financial year under review included the deliberation and review of the following:

- a) the performance and effectiveness of the Board and the Board Committees as a whole.
- b) the size, composition, mix of skills and performance of each Director of the Board.
- c) the term of reference and performance of the Audit Committee and its members.
- d) the recommendations to the Board regarding the Directors who are seeking re-election at the Annual General Meeting.
- e) the recommendation to the Board on the retention of Mr Fong Yoo Kaw @ Fong Yee Kow and Encik Azman Bin Bujang as independent Directors who have served as independent Non-Executive Directors for a cumulative term of nine years.
- f) the appropriate training for the Directors.

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Audited Financial Statements

for the financial year ended 31 March 2020

Directors' Report	Statement by Directors Statutory Declaration	Independent Auditors' Report	Statements of Financial Position	Statements of Profit or Loss and Other Comprehensive Income
C1	C7	C8	C13	C15
		Statements of Changes in Equity	Statements of Cash Flows	Notes to the Financial Statements
		C16	C19	C23

Analysis of Shareholdings C107

Analysis of Warrant Holdings C110

List of Properties C113

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	7,348,507	5,447,689

DIVIDENDS

A final single-tier dividend of 1.0 sen per ordinary share amounting to RM4,579,769 for the financial year ended 31 March 2019 was approved by the shareholders at the Annual General Meeting held on 16 August 2019 and paid on 26 September 2019.

On 27 July 2020, the Company declared an interim dividend of 1.5 sen per ordinary share in respect of the current financial year, payable on 28 August 2020, to shareholders whose names appeared in the record of depositors on 12 August 2020. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2021.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (CONT'D)

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) The Company increased its issued and paid-up share capital by a bonus issue of RM154,000,000 new ordinary shares on the basis of 1 bonus share for every 2 existing ordinary shares held.

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

TREASURY SHARES

As at 31 March 2020, the Company held as treasury shares a total of 4,023,150 of its 462,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM2,313,335. The details of the treasury shares are disclosed in Note 23 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, 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 value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

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

DIRECTORS' REPORT (CONT'D)

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 43 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations 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 AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The names of directors who served during the financial year and up to the date of this report are as follows:-

Dato' James Tai Cheong @ Tai Chiong
Datuk Tai Hee
Ting Ing Horh @ Ting Ing Ho
Ling Lee Chuon @ James Ling Chung
Azman Bin Bujang
Fong Yoo Kaw @ Fong Yee Kow

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

David Tai Wei
Lee Muk Sui
Ngu Ming Ho
Stephen Chin Yun Chieh (Resigned on 12.11.2019)
Tai Chu Ung
Ting Ing Hung (Alternate to Ting Ing Horh @ Ting Ing Ho)
Ting Lina @ Ding Lina
Alexander Hii Wei Nguong (Appointed on 12.11.2019)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES			
	At 1.4.2019	Bought	Sold	At 31.3.2020
Ordinary Shares in the Holding Company, Pan Sarawak Holdings Sdn. Bhd.				
<i>Direct Interests</i>				
Ling Lee Chuon @ James Ling Chung	393,750	-	-	393,750
<i>Indirect Interests</i>				
Dato' James Tai Cheong @ Tai Chiong	16,774,902	-	-	16,774,902
Datuk Tai Hee	16,774,902	-	-	16,774,902
Ting Ing Horh @ Ting Ing Ho	3,584,610	-	-	3,584,610

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (cont'd)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows (cont'd):-

	NUMBER OF ORDINARY SHARES			
	At 1.4.2019	Bought	Sold	At 31.3.2020
Ordinary Shares in the Company				
<i>Indirect Interests</i>				
Dato' James Tai Cheong @ Tai Chiong#	201,231,500	100,775,753	-	302,007,253
Datuk Tai Hee^	201,010,000	100,758,303	-	301,768,303
Ling Lee Chuon @ James Ling Chung*	1,269,700	634,850	-	1,904,550

Deemed interested through his shareholdings in Pan Sarawak Holdings Sdn. Bhd. and his spouse's and children's shareholdings.

^ Deemed interested through his shareholdings in Pan Sarawak Holdings Sdn. Bhd. and his spouse's shareholdings.

* Deemed interested through his children's shareholdings.

By virtue of their shareholdings in the holding company and the Company, Dato' James Tai Cheong @ Tai Chiong and Datuk Tai Hee are deemed to have interests in shares in its related corporations during the financial year to the extent the holding company and the Company have interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 40 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose 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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 39 to the financial statements.

DIRECTORS' REPORT (CONT'D)

INDEMNIFICATION OF OFFICERS

There is no amount of indemnity given or insurance effected during the financial year, or since the end of financial year for directors and officers of the Company.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Crowe Malaysia PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Crowe Malaysia PLT during the financial year and up to the date of this report.

SUBSIDIARIES

The details of the Group's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 46 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 47 to the financial statements.

HOLDING COMPANY

The holding company is Pan Sarawak Holdings Sdn. Bhd., a company incorporated in Malaysia.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 33 to the financial statements.

Signed in accordance with a resolution of the directors dated

Dato' James Tai Cheong @ Tai Chiong
Director

Datuk Tai Hee
Director

STATEMENT BY DIRECTORS & STATUTORY DECLARATION

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' James Tai Cheong @ Tai Chiong and Datuk Tai Hee, being two of the directors of Pansar Berhad, state that, in the opinion of the directors, the financial statements set out on pages C13 to C106 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated

Dato' James Tai Cheong @ Tai Chiong
Director

Datuk Tai Hee
Director

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Jessie Ngiam Ai Cheng, MIA Membership Number: 14914, being the officer primarily responsible for the financial management of Pansar Berhad, do solemnly and sincerely declare that the financial statements set out on pages C13 to C106 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Jessie Ngiam Ai Cheng,
at Sibul in the State of Sarawak
on this

Jessie Ngiam Ai Cheng
Officer

Before me

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pansar Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages C13 to C106.

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 March 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Impairment on Trade Receivables

Refer to Note 15 in the financial statements

KEY AUDIT MATTER

As at 31 March 2020, the Group's trade receivables were recorded at a gross amount of RM128.6 million with an impairment allowance of RM23.0 million.

The management has assessed the recoverability of trade receivables by reviewing customers' ageing profile, credit history and payment trends, including status of subsequent settlement, and determine whether an impairment allowance is required.

We identified impairment on trade receivables as a key audit matter because of the significance of trade receivables in the financial statements both in amount and nature, and the significant judgement required for assessing the recoverability of trade receivables.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our procedures included, amongst others:-

- Reviewing the ageing analysis of receivables and testing the reliability thereof;
- Reviewing subsequent cash collections for major receivables and overdue amounts;
- Reviewing collections and sales trend during the financial year for major receivables;
- Evaluating the reasonableness and adequacy of the allowance for impairment recognised; and
- Evaluating the adequacy of the disclosure in the financial statements.

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

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

Auditor's 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Chong Thian Poh
01580/02/2021J
Chartered Accountant

Kuching

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	119,025,003	119,025,003
Investment in an associate	7	16,780,750	14,779,462	12,829,260	12,829,260
Property, plant and equipment	8	4,908,020	5,759,196	-	-
Investment properties	9	14,960,826	8,859,468	6,050,678	-
Intangible assets	10	293,830	268,547	-	-
Right-of-use assets	11	10,979,286	-	-	-
Goodwill	12	53,580	53,580	-	-
Deferred tax asset	13	4,537,039	3,079,574	18,908	-
		52,513,331	32,799,827	137,923,849	131,854,263
CURRENT ASSETS					
Inventories	14	43,305,690	50,516,858	-	-
Trade receivables	15	105,534,554	114,629,815	-	-
Other receivables, deposits and prepayments	16	7,371,936	5,105,568	954	123,531
Contract assets	17	7,083,799	5,242,708	-	-
Short term investments	19	5,017,657	-	-	-
Derivative assets	20	156,065	250,930	-	-
Current tax assets		96,468	4,260,060	41,263	2,475,917
Fixed deposits with licensed banks	21	260,309	28,288,153	-	19,141,656
Cash and bank balances		41,729,775	14,417,285	15,782,411	564,437
		210,556,253	222,711,377	15,824,628	22,305,541
TOTAL ASSETS		263,069,584	255,511,204	153,748,477	154,159,804

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

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2020 (CONT'D)

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	151,956,000	151,956,000	151,956,000	151,956,000
Treasury shares	23	(2,313,335)	(2,313,335)	(2,313,335)	(2,313,335)
Reserves	24	28,117,275	25,089,252	3,768,951	2,901,031
TOTAL EQUITY		177,759,940	174,731,917	153,411,616	152,543,696
NON-CURRENT LIABILITY					
Lease liabilities	25	8,607,186	-	-	-
CURRENT LIABILITIES					
Trade payables	26	39,567,340	35,066,561	-	-
Other payables, deposits and accruals	27	6,959,515	7,019,066	336,861	393,016
Contract liabilities	17	10,367,564	12,217,148	-	-
Amount owing to subsidiaries	28	-	-	-	1,223,092
Amount owing to related companies	18	-	19,835	-	-
Lease liabilities	25	2,726,936	-	-	-
Derivative liabilities	20	-	13,622	-	-
Bank borrowings:-	29				
- bank overdrafts		6,156,174	14,064,877	-	-
- other borrowings		7,700,000	10,000,000	-	-
Provision for employee benefits	30	2,303,510	2,366,386	-	-
Current tax liabilities		921,419	11,792	-	-
		76,702,458	80,779,287	336,861	1,616,108
TOTAL LIABILITIES		85,309,644	80,779,287	336,861	1,616,108
TOTAL EQUITY AND LIABILITIES		263,069,584	255,511,204	153,748,477	154,159,804

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
REVENUE	31	338,680,726	367,982,512	6,250,000	5,780,000
COST OF SALES	32	(288,771,860)	(321,486,753)	-	-
GROSS PROFIT		49,908,866	46,495,759	6,250,000	5,780,000
OTHER INCOME		13,453,411	10,689,026	402,362	761,777
SELLING AND DISTRIBUTION EXPENSES		(9,826,797)	(10,141,490)	-	-
ADMINISTRATIVE EXPENSES		(32,504,694)	(32,602,071)	(1,135,541)	(1,025,108)
OTHER OPERATING EXPENSES		(11,380,195)	(3,430,816)	-	-
FINANCE COSTS		(1,685,585)	(1,351,390)	(40)	(4)
SHARE OF PROFIT OF AN EQUITY-ACCOUNTED ASSOCIATE		2,000,911	696,572	-	-
PROFIT BEFORE TAXATION	33	9,965,917	10,355,590	5,516,781	5,516,665
INCOME TAX EXPENSE	34	(2,617,410)	(2,426,608)	(69,092)	(168,622)
PROFIT AFTER TAXATION		7,348,507	7,928,982	5,447,689	5,348,043
OTHER COMPREHENSIVE INCOME	35				
<u>Items that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences		189,711	367,305	-	-
Share of other comprehensive income of an equity-accounted associate		377	(49,200)	-	-
Cash flow hedge		69,197	78,920	-	-
TOTAL OTHER COMPREHENSIVE INCOME		259,285	397,025	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		7,607,792	8,326,007	5,447,689	5,348,043
EARNINGS PER SHARE (SEN)	36				
Basic		1.60	1.72		
Diluted		Not applicable	Not applicable		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Share Capital RM	Treasury Shares RM	Non-distributable			Distributable Retained Profits RM	Total Equity RM
				Reverse Acquisition Reserve RM	Foreign Exchange Translation Reserve RM	Cash Flow Hedge Reserve RM		
The Group								
Balance at 1.4.2018		151,956,000	-	(116,731,744)	4,178,028	13,799	142,853,285	182,269,368
Effect on adoption of MFRS 9 and 15		-	-	-	-	-	(8,934,355)	(8,934,355)
Balance at 1.4.2018 (restated)		151,956,000	-	(116,731,744)	4,178,028	13,799	133,918,930	173,335,013
Profit after taxation for the financial year		-	-	-	-	-	7,928,982	7,928,982
Other comprehensive income for the financial year:-								
- foreign currency translation differences		-	-	-	367,305	-	-	367,305
- share of other comprehensive income of an equity-accounted associate		-	-	-	(49,200)	-	-	(49,200)
- cash flow hedge		-	-	-	-	78,920	-	78,920
Total comprehensive income for the financial year		-	-	-	318,105	78,920	7,928,982	8,326,007
Contributions by and distributions to owners of the Company:-								
- purchase of treasury shares	23	-	(2,313,335)	-	-	-	-	(2,313,335)
- dividends	37	-	-	-	-	-	(4,615,768)	(4,615,768)
Balance at 31.3.2019		151,956,000	(2,313,335)	(116,731,744)	4,496,133	92,719	137,232,144	174,731,917

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

**STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Note	< ----- Non-distributable ----- >				Distributable		Total Equity RM
		Share Capital RM	Treasury Shares RM	Reverse Acquisition Reserve RM	Foreign Exchange Translation Reserve RM	Cash Flow Hedge Reserve RM	Retained Profits RM	
The Group								
Balance at 1.4.2019		151,956,000	(2,313,335)	(116,731,744)	4,496,133	92,719	137,232,144	174,731,917
Profit after taxation for the financial year		-	-	-	-	-	7,348,507	7,348,507
Other comprehensive income for the financial year:-								
- foreign currency translation differences		-	-	-	189,711	-	-	189,711
- share of other comprehensive income of an equity-accounted associate		-	-	-	377	-	-	377
- cash flow hedge		-	-	-	-	69,197	-	69,197
Total comprehensive income for the financial year		-	-	-	190,088	69,197	7,348,507	7,607,792
Contributions by and distributions to owners of the Company:-								
- dividends	37	-	-	-	-	-	(4,579,769)	(4,579,769)
Balance at 31.3.2020		151,956,000	(2,313,335)	(116,731,744)	4,686,221	161,916	140,000,882	177,759,940

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Share Capital RM	Treasury Shares RM	Retained Profits RM	Total Equity RM
The Company					
Balance at 1.4.2018		151,956,000	-	2,168,756	154,124,756
Profit after taxation/Total comprehensive income for the financial year		-	-	5,348,043	5,348,043
Contributions by and distributions to owners of the Company:-					
- purchase of treasury shares	23	-	(2,313,335)	-	(2,313,335)
- dividends	37	-	-	(4,615,768)	(4,615,768)
Balance at 31.3.2019/1.4.2019		151,956,000	(2,313,335)	2,901,031	152,543,696
Profit after taxation/Total comprehensive income for the financial year		-	-	5,447,689	5,447,689
Contributions by and distributions to owners of the Company:-					
- dividends	37	-	-	(4,579,769)	(4,579,769)
Balance at 31.3.2020		151,956,000	(2,313,335)	3,768,951	153,411,616

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	9,965,917	10,355,590	5,516,781	5,516,665
Adjustments for:-				
Allowance for impairment losses on investment in an associate no longer required	-	(1,000,000)	-	-
Allowance for impairment losses on investment properties	-	185,382	-	-
Allowance for impairment losses on trade receivables	9,217,047	3,000,678	-	-
Allowance for impairment losses no longer required				
- receivables	(6,946,214)	(5,671,256)	-	-
- related companies	-	(762,419)	-	-
Allowance for slow-moving inventories	2,150,910	194,300	-	-
Allowance for slow-moving inventories no longer required	(189,290)	(145,470)	-	-
Amortisation of intangible assets	6,232	6,184	-	-
Bad debts written off	12,238	50,456	-	-
Depreciation of investment properties	348,803	153,569	189,084	-
Depreciation of property, plant and equipment	1,666,671	1,646,749	-	-
Depreciation of right-of-use assets	2,829,056	-	-	-
Dividend income	-	-	(6,250,000)	(5,780,000)
Fair value loss:				
- derivatives	30,382	30,275	-	-
- short-term investments	7,841	-	-	-
Loss/(gain) on disposal of property, plant and equipment	54,984	(126,206)	-	-
Interest expense on lease liabilities	842,803	-	-	-
Interest expense on borrowings	842,783	1,351,390	40	4
Interest income	(2,055,339)	(1,185,453)	(402,362)	(756,777)
Provision for employee benefits	827,967	2,185,848	-	-
Share of profit in an equity-accounted associate	(2,000,911)	(696,572)	-	-
Unrealised gain on foreign exchange	302,780	(5,363)	-	-
Operating profit/(loss) before working capital changes	17,914,660	9,567,682	(946,457)	(1,020,108)

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

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
BALANCE BROUGHT FORWARD	17,914,660	9,567,682	(946,457)	(1,020,108)
Decrease/(increase) in inventories	5,271,444	(16,452,564)	-	-
Net (increase)/decrease in contract assets	(3,690,675)	9,456,877	-	-
Decrease/(increase) in trade and other receivables	5,480,664	24,941,534	69,946	(54,205)
Increase/(decrease) in trade and other payables	4,076,612	(11,056,414)	(56,155)	176,140
Decrease in amount owing to subsidiaries	-	-	(1,223,092)	(278,627)
Net (increase)/decrease in amount owing by related companies	(14,903)	1,143,734	-	-
Employee benefits paid	(891,893)	(1,421,046)	-	-
CASH FROM/(FOR) OPERATIONS	28,145,909	16,179,803	(2,155,758)	(1,176,800)
Income tax paid	(3,478,823)	(4,317,589)	(134,306)	(994,713)
Income tax refunded	4,491,650	370,574	2,480,960	-
Interest paid	(842,783)	(1,351,390)	(40)	(4)
Interest received	1,374,362	1,146,286	454,993	769,638
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	29,690,315	12,027,684	645,849	(1,401,879)

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

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE BROUGHT FORWARD		29,690,315	12,027,684	645,849	(1,401,879)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		-	-	6,250,000	5,780,000
Uplift of fixed deposits with licensed banks		22,259,797	16,875,055	19,141,656	3,025,145
Proceeds from disposal of property, plant and equipment		16,000	304,533	-	-
Purchase of intangible assets		(29,404)	-	-	-
Purchase of investment properties		(6,450,161)	(1,768,280)	(6,239,762)	-
Purchase of property, plant and equipment		(884,031)	(3,078,253)	-	-
Purchase of short-term investments		(5,025,498)	-	-	-
NET CASH FROM INVESTING ACTIVITIES		9,886,703	12,333,055	19,151,894	8,805,145
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividend paid	37	(4,579,769)	(4,615,768)	(4,579,769)	(4,615,768)
Net of (repayment)/ drawdown of bankers' acceptance		(300,000)	-	-	-
Net of (repayment)/ drawdown of revolving credit		(2,000,000)	(2,000,000)	-	-
Purchase of treasury shares		-	(2,313,335)	-	(2,313,335)
Repayment of lease liabilities		(3,317,057)	-	-	-
NET CASH FOR FINANCING ACTIVITIES		(10,196,826)	(8,929,103)	(4,579,769)	(6,929,103)

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

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
NET INCREASE IN CASH AND CASH EQUIVALENTS		29,380,192	15,431,636	15,217,974	474,163
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		72,954	95,532	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		6,380,764	(9,146,404)	564,437	90,274
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	35,833,910	6,380,764	15,782,411	564,437

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office, which is also the principal place of business, is 4th Floor, Wisma Pansar, 23 – 27, Jalan Bengkel, 96000 Sibul, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is Pan Sarawak Holdings Sdn. Bhd., a company incorporated in Malaysia.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

4.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

4. BASIS OF PREPARATION (CONT'D)

- 4.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) (Cont'd):-

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. MFRS 16 requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months whereby the right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. For a lessor, MFRS 16 continues to allow the lessor to classify its leases as either operating leases or finance leases and to account them differently. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 48 to the financial statements.

- 4.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment- Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(c) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Company develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Notes 15 to the financial statements.

(d) Income Taxes

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:- (cont'd)

(e) Revenue Recognition for Contract Projects

The Company recognises contract revenue by reference to the contract progress using the input method, determined based on the proportion of contract costs incurred for work performed to date over the estimated total contract costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 17 to the financial statements.

(f) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(g) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

(h) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currencies

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that relates to non-controlling interests is derecognised but is not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations (Cont'd)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes only part of its investment in associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

5.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15- Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost at fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

Financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability (where appropriate).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

(f) 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 specific 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 liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(g) Hedge Activities

The Group enters into a variety of derivative financial instruments (i.e. forward foreign currency contracts) to manage its exposure to foreign currency risk.

(i) Hedge Accounting

The Group designates certain hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as a cash flow hedge. Hedges of foreign currency risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

(ii) Fair Value Hedges

Changes in the fair value of qualifying hedging instruments are recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income in which case, it is recognised in other comprehensive income.

The carrying amount of a hedged item not measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at fair value through other comprehensive income, the hedged gain or loss is recognised in profit or loss. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain or loss remains in other comprehensive income. All hedging gains or losses are recognised in profit or loss in the same line item relating to the hedged item.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate. The discontinuation is accounted for prospectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(g) Hedge Activities (Cont'd)

(iii) Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity under the cash flow hedge reserve, limited to the lower of cumulative gain or loss on the hedging instrument and cumulative change in fair value of the hedged item, from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income on the non-financial asset or liability is reclassified from equity into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

5.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 March 2020. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Computer hardware	20%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%
Plant and machinery	20%
Warehouse	10%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 INVESTMENT PROPERTIES

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

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

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

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 39 years to 91 years. Capital work-in-progress are not depreciated as these assets are not yet available for use.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

5.10 INTANGIBLE ASSETS

(a) Computer Software

Computer software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Capitalised computer software is subsequently carried at cost less accumulated amortisation and impairment losses, if any. These costs are amortised on a straight-line basis over their estimated useful lives of 3 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 INTANGIBLE ASSETS (CONT'D)

(b) Club Memberships

Club memberships recognised by the Group have an indefinite useful life. They are initially recognised at cost and subsequently, measured at cost less accumulated impairment losses, if any. At the end of each reporting period, the useful lives of the club memberships are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the assets. Such assets are tested for impairment annually and whenever there is an indication of that they may be impaired.

5.11 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 IMPAIRMENT (CONT'D)

(b) Impairment of Financial Assets (Cont'd)

The carrying values of assets, other than those to which MFRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately

5.12 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 LEASES (CONT'D)

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 uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

Accounting Policies Applied until 31 March 2019

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

5.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the moving weighted average basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 CASH AND CASH EQUIVALENTS

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

5.15 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

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

5.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

5.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.18 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5.20 OPERATING SEGMENTS

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

5.21 EARNINGS PER ORDINARY SHARES

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

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

5.22 BORROWING COSTS

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

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

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

5.24 REVENUE FROM CONTRACT WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.24 REVENUE FROM CONTRACT WITH CUSTOMERS (CONT'D)

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Services

Revenue from providing service is recognised over time in the period in which the services are rendered. As a practical expedient, the Group recognises on a straight-line method over the period of service.

(c) Contract Projects Income

Revenue from contract projects is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the contract services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

5.25 OTHER INCOME

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Dividend Income

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

(c) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020 RM	2019 RM
Unquoted shares, at cost	119,025,003	119,025,003

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Pansar Company Sdn. Bhd.	Malaysia	100	100	Sale and distribution of building materials, marine and industrial products, agro-engineering equipment and supplies, electrical products and office automation supplies, and installation of air-conditioning and ventilation, plumbing and fire protection systems
Pansar Engineering Services Sdn. Bhd.	Malaysia	100	100	General trading and installation of air-conditioning and ventilation, plumbing and fire protection systems
Pansar Heavy Equipment Sdn. Bhd.	Malaysia	100	100	Sale and distribution of construction equipment
Pansar Singapore Pte Ltd [^]	Singapore	100	100	Sale and distribution of building materials, marine and industrial products, agro-engineering equipment and supplies, electrical products and office automation supplies

[^] This subsidiary was audited by other firms of chartered accountants.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

7. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unquoted shares, at cost	12,800,000	12,800,000	12,829,260	12,829,260
Share of post-acquisition profits	3,799,921	1,799,010	-	-
Share of post-acquisition other comprehensive income	180,829	180,452	-	-
	<u>16,780,750</u>	<u>14,779,462</u>	<u>12,829,260</u>	<u>12,829,260</u>

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activities
		2020 %	2019 %	
Reservoir Link Sdn Bhd	Malaysia	-	20	Provision of perforating solutions and services and ancillary equipment for the oil and gas field services industry
Reservoir Link Energy Berhad #	Malaysia	20	-	Investment holding

(a) The statutory financial year-end of the associate is 31 December. The share of results in the associate was based on the unaudited financial statements for the 12-month period ended 31 March 2020 (2019: 31 March 2019).

Reservoir Link Sdn. Bhd. ("RLSB") had proposed to be listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") via a special purpose vehicle, Reservoir Link Energy Bhd ("RLEB"). The restructuring was completed on 16 March 2020. Hence RLEB became an associate of the Group on 16 March 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

- (b) The summarised unaudited financial information (after any fair value adjustment at acquisition date) for the associate is as follows:-

	Reservoir Link Energy Bhd 2020 RM	Reservoir Link Sdn Bhd 2019 RM
<u>At 31 March</u>		
Non-current assets	30,442,284	13,897,296
Current assets	58,147,680	28,988,048
Non-current liabilities	(11,045,908)	(3,580,439)
Current liabilities	(43,796,915)	(15,760,757)
Net assets	<u>33,747,141</u>	<u>23,544,148</u>
<u>12-month Period Ended 31 March</u>		
Revenue	85,699,802	51,467,932
Profit for the period	10,004,557	3,482,860
Other comprehensive income	1,885	(246,000)
Total comprehensive income	<u>10,006,442</u>	<u>3,236,860</u>
Group's share of profit for the period	2,000,911	696,572
Group's share of other comprehensive income	377	(49,200)
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets	6,685,257	4,683,969
Goodwill	10,095,493	10,095,493
Carrying amount of the Group's interests in the associate	<u>16,780,750</u>	<u>14,779,462</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

8. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.4.2019 RM	Exchange differences RM	Additions RM	Disposals RM	Reclassification RM	Depreciation charge RM	At 31.3.2020 RM
<i>Carrying Amount</i>							
Computer hardware	19,176	6	81,737	(119)	-	(20,853)	79,947
Furniture, fittings and equipment	2,574,230	259	524,494	(13,364)	57,537	(423,171)	2,719,985
Motor vehicles	3,056,786	2,182	277,800	(57,500)	-	(1,190,400)	2,088,868
Plant and machinery	51,467	-	-	-	-	(32,247)	19,220
Capital work-in-progress	57,537	-	-	-	(57,537)	-	-
	5,759,196	2,447	884,031	(70,983)	-	(1,666,671)	4,908,020
The Group	At 1.4.2018 RM	Exchange differences RM	Additions RM	Disposals RM	Depreciation charge RM	At 31.3.2019 RM	
<i>Carrying Amount</i>							
Computer hardware		34,581	181	9,479	(23)	(25,042)	19,176
Furniture, fittings and equipment		1,788,752	503	1,201,370	(59,501)	(356,894)	2,574,230
Motor vehicles		2,592,637	3,102	1,781,367	(118,804)	(1,201,516)	3,056,786
Plant and machinery		86,264	-	28,500	-	(63,297)	51,467
Capital work-in-progress		-	-	57,537	-	-	57,537
		4,502,234	3,786	3,078,253	(178,328)	(1,646,749)	5,759,196

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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

The Group	At cost RM	Accumulated depreciation RM	Carrying amount RM
2020			
Computer hardware	522,830	(442,883)	79,947
Furniture, fittings and equipment	7,184,968	(4,464,983)	2,719,985
Motor vehicles	13,179,724	(11,090,856)	2,088,868
Plant and machinery	1,843,557	(1,824,337)	19,220
Warehouse	98,569	(98,569)	-
	22,829,648	(17,921,628)	4,908,020

The Group	At cost RM	Accumulated depreciation RM	Carrying amount RM
2019			
Computer hardware	659,009	(639,833)	19,176
Furniture, fittings and equipment	6,648,707	(4,074,477)	2,574,230
Motor vehicles	13,189,478	(10,132,692)	3,056,786
Plant and machinery	1,843,557	(1,792,090)	51,467
Warehouse	98,569	(98,569)	-
Capital work-in-progress	57,537	-	57,537
	22,496,857	(16,737,661)	5,759,196

The Company	At cost RM	Accumulated depreciation RM	Carrying amount RM
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2020

Computer hardware	-	-	-
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The Company	At cost RM	Accumulated depreciation RM	Carrying amount RM
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2019

Computer hardware	2,599	(2,599)	-
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The carrying amount of property, plant and equipment of the Group that are subject to a floating charge as security for banking facilities granted to a subsidiary amounted to RM3,261,356 (2019: RM4,065,129).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

9. INVESTMENT PROPERTIES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cost:-				
At 1 April	9,567,364	7,799,084	-	-
Addition during the financial year	6,450,161	1,768,280	6,239,762	-
At 31 March	16,017,525	9,567,364	6,239,762	-
Accumulated depreciation:-				
At 1 April	(522,514)	(368,945)	-	-
Depreciation during the financial year	(348,803)	(153,569)	(189,084)	-
At 31 March	(871,317)	(522,514)	(189,084)	-
Accumulated impairment losses:-				
At 1 April	(185,382)	-	-	-
Allowance during the financial year	-	(185,382)	-	-
At 31 March	(185,382)	(185,382)	-	-
Carrying amount	14,960,826	8,859,468	6,050,678	-
Represented by:-				
Leasehold land	8,342,555	3,779,757	4,604,092	-
Buildings	5,865,383	4,537,223	1,446,586	-
Capital work-in-progress	752,888	542,488	-	-
At 31 March	14,960,826	8,859,468	6,050,678	-
Fair value	16,746,716	10,696,038	6,050,678	-

- (a) The carrying amount of investment properties of the Group that are subject to a floating charge as security for banking facilities granted to a subsidiary amounted to RM1,005,408 (2019: RM1,024,296).
- (b) The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by register valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

10. INTANGIBLE ASSETS

	At 1.4.2019	Exchange differences	Additions	Amortisation charge	At 31.3.2020
The Group	RM	RM	RM	RM	RM
2020					
<i>Carrying Amount</i>					
Computer software	420	-	29,404	(6,232)	23,592
Club memberships:-					
- in Malaysia	84,060	-	-	-	84,060
- outside Malaysia	184,067	2,111	-	-	186,178
	268,547	2,111	29,404	(6,232)	293,830

	At 1.4.2018	Exchange differences	Amortisation charge	At 31.3.2019	
The Group	RM	RM	RM	RM	
2019					
<i>Carrying Amount</i>					
Computer software		6,604	-	(6,184)	420
Club memberships:-					
- in Malaysia	84,060	-	-	-	84,060
- outside Malaysia	179,934	4,133	-	-	184,067
	270,598	4,133	(6,184)	268,547	

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

10. INTANGIBLE ASSETS (CONT'D)

	At cost	Accumulated amortisation	Carrying amount
The Group	RM	RM	RM
2020			
Computer software	475,056	(451,464)	23,592
Club memberships:-			
- in Malaysia	84,060	-	84,060
- outside Malaysia	186,178	-	186,178
	745,294	(451,464)	293,830

	At cost	Accumulated amortisation	Carrying amount
The Group	RM	RM	RM
2019			
Computer software	490,007	(489,587)	420
Club memberships:-			
- in Malaysia	84,060	-	84,060
- outside Malaysia	184,067	-	184,067
	758,134	(489,587)	268,547

- (a) The carrying amount of intangible assets of the Group that are subject to a floating charge as security for banking facilities granted to a subsidiary amounted to RM270,718 (2019: RM268,127).
- (b) The club memberships in Malaysia are registered in the name of a director of the Group.
- (c) The Group has assessed the recoverable amounts of club memberships and determined that no impairment is required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

11. RIGHT-OF-USE ASSETS

	<----- 1.4.2019 -----> Initial Application of MFRS 16 RM	As Restated RM	Exchange differences RM	Depreciation charge RM	At 31.3.2020 RM
2020					
<i>Carrying amount</i>					
Leasehold land	-	114,173	-	(22,200)	91,973
Office premises	-	13,691,358	2,811	(2,806,856)	10,887,313
	-	13,805,531	2,811	(2,829,056)	10,979,286
		RM			
Analysed by:					
Cost		13,808,342			
Accumulated depreciation		(2,829,056)			
		10,979,286			

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

- a) The Group leases a piece of leasehold land and various retail stores of which the leasing activities are summarised below:-

- (i) Leasehold land
- The Group has entered into 1 non-cancellable operating lease agreements for the use of land. The lease is for a period of 2 years with 1 year renewal option included in the agreement. The lease does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
- (ii) Office premises
- The Group has leased a number of office premises that run between 1 year and 5 years, with an option to renew after that date. The Company is not allowed to sublease the office premises.

The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Company has applied 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

12. GOODWILL

	The Group	
	2020 RM	2019 RM
Cost:-		
At 31 March	53,580	53,580

13. DEFERRED TAX ASSETS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 April	3,079,574	565,247	-	62
Effect of adoption of MFRS 9 and 15	-	2,716,184	-	-
	3,079,574	3,281,431	-	62
Exchange differences	2,386	5,366	-	-
Recognised in profit or loss (Note 34)	1,442,872	(166,280)	18,908	(62)
Recognised in other comprehensive income	12,207	(40,943)	-	-
At 31 March	4,537,039	3,079,574	18,908	-

The deferred tax is attributable to the following:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Property, plant and equipment, and intangible assets	(354,126)	(424,787)	-	-
Inventories	849,416	378,627	-	-
Investment properties	105,670	70,789	18,908	-
Receivables	3,246,420	2,530,586	-	-
Right-of-use assets	674,006	-	-	-
Contract liabilities	180	12,360	-	-
Lease liabilities	(589,269)	-	-	-
Derivatives	(4,362)	(11,654)	-	-
Provision for employee benefits	547,139	560,756	-	-
Cash flow hedge	(33,093)	(45,300)	-	-
Unrealised loss/(gain) on foreign exchange	60,804	(2,064)	-	-
Unused tax losses	18,639	10,261	-	-
Unabsorbed capital allowances	15,615	-	-	-
At 31 March	4,537,039	3,079,574	18,908	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

13. DEFERRED TAX ASSETS (CONT'D)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same taxable entity and the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax assets	4,537,039	3,079,574	18,908	-

14. INVENTORIES

	The Group	
	2020 RM	2019 RM
At cost:-		
Trading goods	45,049,709	48,733,992
Consumable stores	1,795,215	3,360,480
	<u>46,844,924</u>	<u>52,094,472</u>
Less: Allowance for slow-moving inventories	(3,539,234)	(1,577,614)
	<u>43,305,690</u>	<u>50,516,858</u>
Allowance for slow-moving inventories:-		
At 1 April	1,577,614	1,528,784
Addition during the financial year	2,150,910	194,300
Reversal during the financial year	(189,290)	(145,470)
At 31 March	<u>3,539,234</u>	<u>1,577,614</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	<u>253,186,018</u>	<u>272,009,365</u>

The carrying amount of inventories of the Group that are subject to a floating charge as security for banking facilities granted to a subsidiary amounted to RM35,652,339 (2019 - RM38,368,839).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

15. TRADE RECEIVABLES

	The Group	
	2020 RM	2019 RM
Trade receivables:-		
- third parties	122,728,056	128,390,172
- related parties	5,890,939	7,176,489
	128,618,995	135,566,661
Less: Allowance for impairment losses	(23,084,441)	(20,936,846)
	105,534,554	114,629,815
Allowance for impairment losses:-		
At 1 April		
- As previously reported	20,936,846	12,480,287
- Effects on adoption of MFRS 9	-	11,096,865
	20,936,846	23,577,152
Amount reported under MFRS 9		
Exchange differences	11,762	30,272
Addition during the financial year (Note 33)	9,217,047	3,000,678
Reversal during the financial year (Note 33)	(6,946,214)	(5,671,256)
Written-off during the financial year	(135,000)	-
	23,084,441	20,936,846

- (a) The Group's normal trade credit terms range from 30 to 90 (2019 - 30 to 90) days.
- (b) Included in trade receivables are retention sums totalling RM10,046,938 (2019 - RM11,914,246). The retention sums are unsecured, interest-free and are expected to be collected in cash.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables:-				
- third parties	150,691	289,594	-	52,631
- goods and services tax recoverable	873,025	759,835	-	-
	1,023,716	1,049,429	-	52,631
Deposits	768,296	526,334	954	40,000
Prepayments	5,579,924	3,529,805	-	30,900
	7,371,936	5,105,568	954	123,531

- (a) The amount owing by related parties is unsecured, interest-free and are to be settled in cash.
- (b) Included in the prepayments of the Group are amount of RM4,416,884 (2019: RM2,697,493) represent advance payments made to suppliers for the purchase of inventories.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

17. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2020 RM	2019 RM
Contract Assets		
Contract assets relating to contract works	7,083,799	5,242,708
Contract Liabilities		
Contract liabilities relating to contract works	(10,367,564)	(12,157,648)
Contract liabilities relating to extended warranty works	-	(59,500)
At 31 March	(10,367,564)	(12,217,148)

- (a) The contract assets and liabilities represent the timing differences in revenue recognition and the milestone billings in respect of the contract projects.
- (b) Included in the contract assets are retention sum receivables totalling RM3,010,977 (2019 – RM1,475,586). The retention sum are expected to be collected within the periods ranging from 12 to 24 (2019 – 12 to 24) months.
- (c) The contract liabilities related to extended warranty works primarily relates to advance considerations received from few customers for extended warranty services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 7 to 12 months.
- (d) The significant changes to contract assets and liabilities during the financial year:-

	The Group	
	2020 RM	2019 RM
At 1 April		
- As previously reported	(6,974,440)	3,038,632
- Effects on adoption of MFRS 15	-	(556,195)
Amount reported under MFRS 15	(6,974,440)	2,482,437
Revenue recognised in profit or loss during the financial year	55,169,519	64,389,804
Billings to customers during the financial year	(51,478,844)	(73,846,681)
At 31 March	(3,283,765)	(6,974,440)

18. AMOUNT OWING TO RELATED COMPANIES

	The Group	
	2020 RM	2019 RM
Amount owing to:-		
<u>Current</u>		
Trade balances	-	19,835

- (a) The amounts owing are subject to the normal trade credit terms ranging from 30 to 90 (2019: 30 to 90) days. The amounts owing are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

19. SHORT-TERM INVESTMENTS

	The Group			
	2020		2019	
	Carrying Amount RM	Market Value RM	Carrying Amount RM	Market Value RM
Money market fund, at fair value	5,017,657	5,017,657	-	-

20. DERIVATIVE ASSETS/(LIABILITIES)

	Contract/ Notional Amount RM	The Group	
		Assets RM	Liabilities RM
2020			
Derivatives not designated as hedging instruments:-			
- forward foreign currency contracts	1,511,384	18,176	-
Derivatives designated as hedging instruments:-			
- forward foreign currency contracts	4,240,427	137,889	-
		156,065	-
2019			
Derivatives not designated as hedging instruments:-			
- forward foreign currency contracts	4,747,574	48,558	-
Derivatives designated as hedging instruments:-			
- forward foreign currency contracts	16,069,794	202,372	(13,622)
		250,930	(13,622)

- (a) Forward foreign currency contracts are used to hedge the Group's purchases denominated in various currencies, including Japanese Yen ("JPY"), United States Dollar ("USD") and Euro ("EUR") for which firm commitments existed at the end of the reporting period. The settlement dates on forward foreign currency contracts range between 1 to 6 (2019: 1 to 5) months after the end of the reporting period.
- (b) At 31 March 2020, the Group held certain forward foreign currency contracts designated as hedges of expected future purchases denominated in JPY for which the Group has firm commitments. The terms of the forward foreign currency contracts have been negotiated to match the terms of the commitments.

The cash flow hedges of the expected future purchases between April 2020 to September 2020 were assessed to be highly effective and as of 31 March 2020, a net unrealised gain of RM137,889, with related deferred tax of RM12,207, was included in other comprehensive income in respect of these contracts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

21. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest at rates of 2.60% (2019: 3.35% to 3.90%) per annum and Nil (2019: 3.35%) per annum respectively. The fixed deposits have maturity periods of 3 (2019: 3 to 12) months and Nil (2019: 12) months for the Group and the Company respectively.

22. SHARE CAPITAL

	The Group/The Company			
	2020	2019	2020	2019
	Number of Shares		RM	
Issued and Fully Paid-up				
Ordinary shares				
At 1 April	308,000,000	308,000,000	151,956,000	151,956,000
Issuance of shares for cash	154,000,000	-	-	-
At 31 March	<u>462,000,000</u>	<u>308,000,000</u>	<u>151,956,000</u>	<u>151,956,000</u>

- (a) During the current financial year, the number of ordinary shares of the Company increased from 308,000,000 to 462,000,000 by way of the issuance of 154,000,000 new ordinary shares via a bonus issue, on the basis of 1 bonus share for every 2 existing ordinary shares held.
- (b) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary shares at meetings of the Company. The ordinary shares have no par value.

23. TREASURY SHARES

During the financial year, the Company has purchased Nil (2019 - 2,682,100) of its issued ordinary shares from the open market at a price of Nil (2019 - RM0.86) per share in Nil (2019 - August and September 2018). The total consideration paid for the purchase was Nil (2019 - RM2,313,335) including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127 (6) of the Companies Act 2016.

Of the total 462,000,000 (2019 - 308,000,000) issued and fully paid up ordinary shares at the end of the reporting period, 4,023,150 (2019 - 2,682,100) ordinary shares are held as treasury shares by the Company. None (2019- Nil) of the treasury shares were resold during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

24. RESERVES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable reserves:-				
- reverse acquisition reserve	(116,731,744)	(116,731,744)	-	-
- foreign exchange translation reserve	4,686,221	4,496,133	-	-
- cash flow hedge reserve	161,916	92,719	-	-
	<u>(111,883,607)</u>	<u>(112,142,892)</u>	<u>-</u>	<u>-</u>
Distributable reserves:-				
- retained profits	140,000,882	137,232,144	3,768,951	2,901,031
	<u>28,117,275</u>	<u>25,089,252</u>	<u>3,768,951</u>	<u>2,901,031</u>

- (a) In accordance with the principles of reverse acquisition accounting in MFRS 3, the amount recognised as issued equity instruments in the consolidated financial statements is determined by adding the cost of business combination to the issued equity instruments of the subsidiary being acquired immediately before the business combination. However, the equity structure appearing in the consolidated financial statements is that of the Company.

The reverse acquisition reserve represents the difference between the required Group's equity structure and the reported equity structure of the Company.

- (b) The foreign exchange translation reserve arose from the translation of the financial statements of foreign operations and subsidiaries, and the Group's share of an associate's foreign currency translation differences.
- (c) The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

25. LEASE LIABILITIES

	The Group	
	2020 RM	2019 RM
At 1 April		
- As previously reported	-	-
- Initial application of MFRS 16	13,805,531	-
	<hr/>	<hr/>
As restated	13,805,531	-
Exchange difference	2,845	
Interest expense recognised in profit or loss (Note 33)	842,803	-
Repayment of principal	(2,474,254)	-
Repayment of interest expenses	(842,803)	-
	<hr/>	<hr/>
At 31 March	11,334,122	-
	<hr/>	<hr/>
Analysed by:-		
Current liabilities	2,726,936	-
Non-current liabilities	8,607,186	-
	<hr/>	<hr/>
	11,334,122	-
	<hr/>	<hr/>

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

26. TRADE PAYABLES

	The Group	
	2020 RM	2019 RM
Trade payables:-		
- third parties	39,566,965	35,063,739
- related parties	375	2,822
	<hr/>	<hr/>
	39,567,340	35,066,561
	<hr/>	<hr/>

The normal trade credit terms granted to the Group range from 60 to 90 (2019 - 60 to 90) days.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

27. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables:-				
- third parties	195,249	243,908	8,561	69,239
- goods and services tax payable	-	633	-	-
	195,249	244,541	8,561	69,239
Deposits	4,962,220	5,449,154	-	-
Accruals	1,802,046	1,325,371	328,300	323,777
	6,959,515	7,019,066	336,861	393,016

28. AMOUNT OWING TO SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

29. BANK BORROWINGS

	The Group	
	2020 RM	2019 RM
Bank overdrafts, secured	346	3,097,093
Bank overdrafts, unsecured	6,155,828	10,967,784
Bankers' acceptance, unsecured	4,700,000	5,000,000
Revolving credit, secured	2,000,000	4,000,000
Revolving credit, unsecured	1,000,000	1,000,000
	13,856,174	24,064,877

The bank borrowings are secured by the following:-

- debentures incorporating floating charges over all the undertakings and assets of a subsidiary;
- legal charges over certain land and buildings belonging to the holding company;
- secured by fixed deposits of a subsidiary;
- corporate guarantees provided by the holding company; and
- the bank borrowings of the Group at the end of the reporting period bore floating interest rates floating from 3.16% to 6.95% (2019 - 3.92% to 7.89% per annum).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

30. PROVISION FOR EMPLOYEE BENEFITS

	The Group	
	2020 RM	2019 RM
At 1 April	2,366,386	1,599,692
Exchange differences	1,049	1,892
Addition during the financial year	2,303,048	2,365,235
Utilisation during the financial year	(891,893)	(1,421,046)
Reversal during the financial year	(1,475,080)	(179,387)
At 31 March	<u>2,303,510</u>	<u>2,366,386</u>

The provision for employee benefits is the expected cost of bonus payments, which will be payable within one year.

31. REVENUE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Dividend income	-	-	6,250,000	5,780,000
Sales and service income	283,574,708	303,623,659	-	-
Contract income	55,106,018	64,358,853	-	-
	<u>338,680,726</u>	<u>367,982,512</u>	<u>6,250,000</u>	<u>5,780,000</u>

32. COST OF SALES

	The Group	
	2020 RM	2019 RM
Cost of inventories sold	244,446,436	263,640,669
Contract costs	44,325,424	57,846,084
	<u>288,771,860</u>	<u>321,486,753</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

33. PROFIT BEFORE TAXATION

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on investment in an associate no longer required	-	(1,000,000)	-	-
Allowance for impairment loss on investment properties	-	185,382	-	-
Allowance for impairment losses				
- receivables	9,217,047	3,000,678	-	-
Allowance for impairment losses no longer required				
- receivables	(6,946,214)	(5,671,256)	-	-
- related companies	-	(762,419)	-	-
Allowance for slow-moving inventories	2,150,910	194,300	-	-
Allowance for slow-moving inventories no longer required	(189,290)	(145,470)	-	-
Amortisation of intangible assets	6,232	6,184	-	-
Auditors' remuneration:-				
- current financial year	209,206	182,050	35,000	30,000
- overprovision in the previous financial year	(3,466)	(15,000)	(5,000)	(5,000)
- non-audit fees	12,000	-	12,000	-
Bad debts written off	12,238	50,456	-	-
Depreciation of investment properties	348,803	153,569	189,084	-
Depreciation of property, plant and equipment	1,666,671	1,646,749	-	-
Depreciation of right-of-use assets	2,829,056	-	-	-
Directors' remuneration (Note 39)	2,022,038	2,191,397	319,800	424,700
Dividend income from subsidiaries	-	-	(6,250,000)	(5,780,000)
Fair value loss:				
- derivatives	30,382	30,275	-	-
- short-term investments	7,841	-	-	-
Loss/(gain) on disposal of property, plant and equipment	54,984	(126,206)	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

33. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation is arrived at after charging/(crediting):-				
(Gain)/loss on foreign exchange:-				
- realised	(992,532)	(602,150)	-	-
- unrealised	302,780	(5,292)	-	-
Interest expense on lease liabilities	842,803	-	-	-
Interest expense on financial liabilities not at fair value through profit or loss:-				
- bank overdrafts	425,908	818,020	40	4
- bankers' acceptance	147,709	195,313	-	-
- revolving credit	269,166	338,057	-	-
Interest income on financial assets not at fair value through profit or loss:-				
- fixed deposits with licensed banks	(686,764)	(985,396)	(380,358)	(756,777)
- others	(1,368,575)	(200,057)	(22,004)	-
(Gain)/loss on forward foreign currency contracts	(58,394)	13,786	-	-
Provision for employee benefits no longer required	(1,475,080)	(179,387)	-	-
Rental expense on:-				
- equipment	180,364	168,330	-	-
- premises	125,650	3,531,919	-	-
Rental income	(177,098)	(236,398)	-	-
Share of profit in an equity-accounted associate	(2,000,911)	(696,572)	-	-
Staff costs (including other key management personnel as disclosed in Note 39):-				
- short-term employee benefits	24,487,899	24,638,293	-	-
- defined contribution plans	2,715,284	2,852,921	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

34. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax:-				
- Malaysian tax	4,045,700	2,272,985	88,000	168,748
- foreign tax	7,364	7,419	-	-
	<u>4,053,064</u>	<u>2,280,404</u>	<u>88,000</u>	<u>168,748</u>
Under/(over) provision in the previous financial year:-				
- Malaysian tax	8,327	(13,000)	-	(188)
- foreign tax	(1,109)	(7,076)	-	-
	<u>4,060,282</u>	<u>2,260,328</u>	<u>88,000</u>	<u>168,560</u>
Deferred tax (Note 13):-				
- origination and reversal of temporary differences	(1,442,834)	378,299	(18,908)	62
- over provision in the previous financial year	(38)	(212,019)	-	-
	<u>(1,442,872)</u>	<u>166,280</u>	<u>(18,908)</u>	<u>62</u>
	<u>2,617,410</u>	<u>2,426,608</u>	<u>69,092</u>	<u>168,622</u>

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

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation	<u>9,965,917</u>	<u>10,355,590</u>	<u>5,516,781</u>	<u>5,516,665</u>
Tax at the statutory tax rate of 24% (2019 – 24%)	2,391,820	2,485,342	1,324,027	1,324,000
Tax effects of:-				
Different tax rates for foreign operations	(26,991)	(4,203)	-	-
Non-taxable income	(486,339)	(437,960)	(1,500,000)	(1,387,200)
Non-deductible expenses	734,746	638,564	248,294	232,010
Control transfers	-	(10,960)	-	-
Under/(over) provision in the previous financial year:-				
- current tax	7,218	(20,076)	-	(188)
- deferred tax	(38)	(212,019)	-	-
Others	(3,006)	(12,080)	(3,229)	-
Income tax expense for the financial year	<u>2,617,410</u>	<u>2,426,608</u>	<u>69,092</u>	<u>168,622</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

35. OTHER COMPREHENSIVE INCOME

	The Group	
	2020 RM	2019 RM
<u>Items that may be reclassified subsequently to profit or loss</u>		
Foreign currency translation:-		
- changes during the financial year	189,711	367,305
Share of an associate's foreign currency translation reserve	377	(49,200)
Cash flow hedge:-		
- changes during the financial year	161,916	92,719
- reclassification adjustment to profit or loss on sale	(92,719)	(13,799)
	69,197	78,920
	259,285	397,025

36. EARNINGS PER SHARE

	The Group	
	2020	2019
Profit after taxation (RM)	7,348,507	7,928,982
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 April	308,000,000	308,000,000
Effect of treasury shares held	-	(1,559,333)
Effect of bonus issue*	149,976,850	153,220,333
Weighted average number of ordinary shares at 31 March	457,976,850	459,661,000
Basic earnings per share (sen)	1.60	1.72

* Comparative figures for the weighted average number of ordinary shares in issue for the basic earnings per ordinary share computations have been restated to reflect the adjustments arising from the bonus issue, which was completed on 8 May 2019.

No disclosure on diluted earnings per share as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

37. DIVIDENDS

	The Group/The Company			
	2020		2019	
	Dividend per Share Sen	Amount of Dividend RM	Dividend per Share Sen	Amount of Dividend RM
Dividend paid in respect of the financial year ended 31 March 2019:-				
- first and final single-tier dividend	1.00	4,579,769	-	-
Dividend paid in respect of the financial year ended 31 March 2018:-				
- first and final single-tier dividend	-	-	1.50	4,615,768
	<u>1.00</u>	<u>4,579,769</u>	<u>1.50</u>	<u>4,615,768</u>

On 27 July 2020, the Company declared an interim dividend of 1.5 sen per ordinary share in respect of the current financial year, payable on 28 August 2020, to shareholders whose names appeared in the record of depositors on 12 August 2020. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2021.

38. CASH FLOW INFORMATION

(a) The reconciliation of liabilities arising from financing activities are as follows:-

	Bankers' acceptance RM	Revolving credit RM	Total RM
The Group			
2020			
At 1 April	5,000,000	5,000,000	10,000,000
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	14,600,000	21,000,000	35,600,000
Repayment of borrowing principal	(14,900,000)	(23,000,000)	(37,900,000)
Repayment of borrowing interests	(147,709)	(269,166)	(416,875)
	<u>4,552,291</u>	<u>2,730,834</u>	<u>7,283,125</u>
<u>Non-cash Changes</u>			
Finance charges recognised in profit or loss	147,709	269,166	416,875
At 31 March	<u>4,700,000</u>	<u>3,000,000</u>	<u>7,700,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

38. CASH FLOW INFORMATION (CONT'D)

(a) The reconciliation of liabilities arising from financing activities are as follows:-

The Group	Bankers' acceptance RM	Revolving credit RM	Total RM
2019			
At 1 April	5,000,000	7,000,000	12,000,000
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	16,900,000	26,000,000	42,900,000
Repayment of borrowing principal	(16,900,000)	(28,000,000)	(44,900,000)
Repayment of borrowing interests	(195,313)	(338,057)	(533,370)
	4,804,687	4,661,943	9,466,630
<u>Non-cash Changes</u>			
Finance charges recognised in profit or loss	195,313	338,057	533,370
At 31 March	5,000,000	5,000,000	10,000,000

(b) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed deposits with licensed banks	260,309	28,288,153	-	19,141,656
Cash and bank balances	41,729,775	14,417,285	15,782,411	564,437
Bank overdrafts	(6,156,174)	(14,064,877)	-	-
	35,833,910	28,640,561	15,782,411	19,706,093
Less: Fixed deposits with tenure more than 3 months	-	(22,259,797)	-	(19,141,656)
	35,833,910	6,380,764	15,782,411	564,437

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

39. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:-				
- fees	318,000	432,000	288,000	402,000
- salaries, bonuses and other benefits	1,403,424	1,460,804	31,800	22,700
	1,721,424	1,892,804	319,800	424,700
Defined contribution plans	145,764	152,022	-	-
	1,867,188	2,044,826	319,800	424,700
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:-				
- fees	36,000	36,000	-	-
- salaries, bonuses and other benefits	105,208	101,310	-	-
	141,208	137,310	-	-
Defined contribution plans	13,642	9,261	-	-
	154,850	146,571	-	-
Total directors' remuneration (Note 33)	2,022,038	2,191,397	319,800	424,700

The estimate monetary value of benefit-in-kind provided by the Group and the Company to the directors of the Company were RM24,875 and Nil (2019 - RM25,633 and Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

39. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial year are as follows (Cont'd):-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(b) Other Key Management Personnel				
Short-term employee benefits	3,932,943	6,075,633	-	-
Defined contribution plans	462,675	715,486	-	-
	<u>4,395,618</u>	<u>6,791,119</u>	<u>-</u>	<u>-</u>

40. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, holding company, associate, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Holding company:-				
Rental of premises	2,307,000	2,391,000	-	-
Sale of products and services	2,419	128,863	-	-
Subsidiaries:-				
Dividend income	-	-	6,250,000	5,780,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

40. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:- (cont'd)

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Fellow subsidiaries:-				
Purchase of products and services	10,372,779	13,702,254	7,960	616
Purchase of property, plant and equipment	169,661	118,374	-	-
Rental income	35,520	85,470	-	-
Rental of equipment	26,375	74,165	-	-
Repairs and maintenance	42,431	45,591	-	-
Sale of products and services	1,382,999	7,470,591	-	-
Stationery and printing	58,706	62,725	-	-
Other related parties:-				
Purchase of products and services	35,750	28,613	-	-
Rental income	2,400	2,400	-	-
Rental of premises	72,000	72,000	-	-
Sale of products and services	14,995,328	33,460,120	-	-
Stationery and printing	4,129	5,782	-	-
Travelling and training	12,642	15,486	-	-

The significant outstanding balances of the related parties (including the allowance for impairment losses made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

41. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 6 main reportable segments as follows:-

- Building Products Segment – involved in the sale and distribution of steel bars, cement, roofing materials, construction chemicals and industrial materials.
 - Marine and Industrial Segment – involved in the supply and distribution of power generating and water pressure systems, welding and pump sets, and air compressor for industrial sector; road compactors and mini excavators for construction sector; tractors, combine harvesters and brush cutters for agriculture sector; and marine propulsion diesel engines, outboard motors and marinised generators for marine sector.
 - Agro Engineering Segment – involved in the supply of steel wire ropes, packaging systems, precision measuring instruments and wood treatment chemicals for timber industry, as well as saw doctoring equipment, electric motors, grinders, cutters and other upstream equipment and machinery.
 - Electrical and Office Automation Segment – involved in the sale and distribution of lighting and air-conditioning systems, and the provision of office automation solutions for workplace, from photocopier, fax machines and key phones, computers to networking, software and work flow solutions.
 - Heavy Equipment Segment – involved in the sale and distribution of construction equipment which includes backhoe loaders, heavy excavators, compact excavators, telehandlers and the associated spare parts.
 - Mechanical and Electrical Segment – involved in the design, supply and installation of air-conditioning and ventilation, plumbing and fire protection systems.
- (a) The Group Managing Director assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.
- (b) Each reportable segment assets (including goodwill) is measured based on all assets of the segment other than investment in an associate and tax-related assets.
- (c) Segment liabilities information is not regularly provided to the Group Managing Directors. Hence, no disclosure is made on segment liabilities.
- (d) Assets and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.
- (e) Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

41. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

2020	Building Products RM	Marine & Industrial RM	Agro Engineering RM	Electrical & Office Automation RM	Heavy Equipment RM	Mechanical & Electrical RM	Group RM
Revenue							
External revenue	115,775,915	107,792,770	24,947,236	20,863,339	13,108,764	56,192,702	338,680,726
Inter-segment revenue	183,693	94,283	165	203,755	9,398,259	4,001	9,884,156
	<u>115,959,608</u>	<u>107,887,053</u>	<u>24,947,401</u>	<u>21,067,094</u>	<u>22,507,023</u>	<u>56,196,703</u>	<u>348,564,882</u>
Consolidation adjustments							(9,884,156)
Consolidated revenue							<u>338,680,726</u>
Results							
Segment profit before interest and taxation	7,689,483	20,550,878	1,292,112	960,780	316,757	357,262	31,167,272
Finance costs							(1,685,585)
Share of profit in an equity-accounted associate							2,000,911
Unallocated income							1,765,459
Unallocated expenses							(25,224,017)
Consolidation adjustments							1,941,877
Consolidated profit before taxation							<u>9,965,917</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

41. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2020	Building Products RM	Marine & Industrial RM	Agro Engineering RM	Electrical & Office Automation RM	Heavy Equipment RM	Mechanical & Electrical RM	Group RM
Results (Cont'd)							
Segment profit before interest and taxation includes the following:-							
Allowance for impairment losses on receivables	(3,574,803)	(1,037,402)	(487,912)	(277,690)	(306,072)	(3,533,168)	(9,217,047)
Allowance for impairment losses on receivables no longer required	2,269,903	3,638,598	135,242	582,232	-	320,239	6,946,214
Allowance for slow-moving inventories	(15,756)	(398,524)	(34,694)	(1,936)	-	(1,700,000)	(2,150,910)
Allowance for slow-moving inventories no longer required	57,503	72,911	14,137	44,739	-	-	189,290
Bad debts written off	-	-	-	-	-	(12,238)	(12,238)
Fair value (loss)/gain on derivatives	-	(39,502)	-	-	-	9,120	(30,382)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

41. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Building Products	Marine & Industrial	Agro Engineering	Electrical & Office Automation	Heavy Equipment	Mechanical & Electrical	Group
2020	RM	RM	RM	RM	RM	RM	RM
Assets							
Segment assets	46,194,821	48,124,907	15,373,387	9,880,496	13,084,386	54,713,099	187,371,096
Investment in an associate							16,780,750
Deferred tax assets							4,537,039
Unallocated assets							54,327,119
Goodwill							53,580
Consolidated total assets							<u>263,069,584</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

41. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Building Products RM	Marine & Industrial RM	Agro Engineering RM	Electrical & Office Automation RM	Heavy Equipment RM	Mechanical & Electrical RM	Group RM
2019							
Revenue							
External revenue	145,511,408	81,540,439	29,992,289	25,325,261	16,338,181	69,274,934	367,982,512
Inter-segment revenue	199,295	73,585	484	705,454	21,444,164	4,451	22,427,433
	145,710,703	81,614,024	29,992,773	26,030,715	37,782,345	69,279,385	390,409,945
Consolidation adjustments							(22,427,433)
Consolidated revenue							367,982,512
Results							
Segment profit before interest and taxation	9,490,854	14,154,585	2,415,891	789,002	2,295,854	4,661,327	33,807,513
Finance costs							(1,351,390)
Share of profit in an equity-accounted associate							696,572
Unallocated income							1,415,281
Unallocated expenses							(27,600,494)
Consolidation adjustments							3,388,108
Consolidated profit before taxation							10,355,590

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

41. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Building Products	Marine & Industrial	Agro Engineering	Electrical & Office Automation	Heavy Equipment	Mechanical & Electrical	Group
2019	RM	RM	RM	RM	RM	RM	RM
Results (Cont'd)							
Segment profit before interest and taxation includes the following:-							
Allowance for impairment losses on receivables	(1,482,006)	(620,901)	(221,755)	(649,548)	(26,031)	(437)	(3,000,678)
Allowance for impairment losses on receivables no longer required	1,482,636	1,655,614	33,864	342,943	-	2,918,618	6,433,675
Allowance for slow-moving inventories	(14,664)	(149,306)	(7,412)	(22,918)	-	-	(194,300)
Allowance for slow-moving inventories no longer required	26,290	110,884	6,364	1,932	-	-	145,470
Bad debts written off	-	(1,484)	(2,517)	(46,455)	-	-	(50,456)
Fair value gain/(loss) on derivatives	-	12,558	(4,017)	-	(38,816)	-	(30,275)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

41. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Building Products	Marine & Industrial	Agro Engineering	Electrical & Office Automation	Heavy Equipment	Mechanical & Electrical	Group
2019	RM	RM	RM	RM	RM	RM	RM
Assets							
Segment assets	50,834,158	39,497,876	18,753,910	11,065,247	14,307,128	61,133,936	195,592,255
Investment in an associate							14,779,462
Deferred tax assets							3,079,574
Unallocated assets							42,006,333
Goodwill							53,580
Consolidated total assets							<u>255,511,204</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

41. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments (but including investment in an associate) and deferred tax assets.

Group	Revenue		Non-current Assets	
	2020 RM	2019 RM	2020 RM	2019 RM
Singapore	13,456,540	11,957,410	178,873	249,996
Malaysia	325,224,186	356,025,102	36,524,303	29,201,710
	<u>338,680,726</u>	<u>367,982,512</u>	<u>36,703,176</u>	<u>29,451,706</u>

MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

42. CAPITAL COMMITMENTS

	The Group	
	2020 RM	2019 RM
Purchase of investment properties	<u>430,040</u>	<u>640,440</u>

43. CONTINGENT LIABILITIES

(a) Performance and other guarantees

No provision is recognised on the following matter as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group	
	2020 RM	2019 RM
Secured:-		
Performance and other guarantees extended by subsidiaries to third parties	<u>11,612,191</u>	<u>7,272,963</u>

The performance and other guarantees were supported by debentures incorporating floating charges over all undertakings and assets of a subsidiary, and a corporate guarantee from the holding company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

44. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	2020 RM	2019 RM
Japanese Yen	0.0407	0.0375
United States Dollar	4.3920	4.1370
Euro	4.8610	4.6460
Singapore Dollar	3.0860	3.0510
Brunei Dollar	3.0860	3.0510
Sterling Pound	5.4500	5.3910

45. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

45.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Japanese Yen ("JPY"), United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD"), Brunei Dollar ("BND") and Sterling Pound ("GBP"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	Japanese Yen RM	United States Dollar RM	Euro RM	Singapore Dollar RM	Brunei Dollar RM	Sterling Pound RM	Ringgit Malaysia RM	Total RM
2020								
<u>Financial Assets</u>								
Trade receivables	750,591	21,945	-	591,542	-	-	104,170,476	105,534,554
Other receivables	-	-	-	200	-	-	150,491	150,691
Fixed deposits with licensed banks	-	-	-	-	-	-	260,309	260,309
Derivative assets	-	-	-	-	-	-	156,065	156,065
Short term investments	-	-	-	-	-	-	5,017,657	5,017,657
Cash and bank balances	1,090,907	10,848	-	5,577,821	-	-	35,050,199	41,729,775
	1,841,498	32,793	-	6,169,563	-	-	144,805,197	152,849,051

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Japanese Yen RM	United States Dollar RM	Euro RM	Singapore Dollar RM	Brunei Dollar RM	Sterling Pound RM	Ringgit Malaysia RM	Total RM
2020								
<u>Financial Liabilities</u>								
Lease liabilities	-	-	-	501,696	-	-	10,832,426	11,334,122
Trade payables	4,966,029	1,490,378	381,758	97,923	2,549	34,128	32,594,575	39,567,340
Other payables and accruals	-	-	-	20,368	-	-	1,976,927	1,997,295
Bank borrowings:-								
- bank overdrafts	-	-	-	-	-	-	6,156,174	6,156,174
- other borrowings	-	-	-	-	-	-	7,700,000	7,700,000
	4,966,029	1,490,378	381,758	619,987	2,549	34,128	59,260,102	66,754,931

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Japanese Yen RM	United States Dollar RM	Euro RM	Singapore Dollar RM	Brunei Dollar RM	Sterling Pound RM	Ringgit Malaysia RM	Total RM
2020								
Net financial (liabilities)/assets	(3,124,531)	(1,457,585)	(381,758)	5,549,576	(2,549)	(34,128)	85,545,095	86,094,120
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	-	(6,582,796)	-	-	(85,545,095)	(92,127,891)
Currency Exposure	(3,124,531)	(1,457,585)	(381,758)	(1,033,220)	(2,549)	(34,128)	-	(6,033,771)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Japanese Yen RM	United States Dollar RM	Euro RM	Singapore Dollar RM	Brunei Dollar RM	Sterling Pound RM	Ringgit Malaysia RM	Total RM
2019								
<u>Financial Assets</u>								
Trade receivables	870,667	127,519	884	1,845,216	-	40,108	111,745,421	114,629,815
Other receivables	-	-	-	-	-	-	289,594	289,594
Fixed deposits with licensed banks	-	-	-	-	-	-	28,288,153	28,288,153
Derivative assets	-	-	-	-	-	-	250,930	250,930
Cash and bank balances	873,511	359	-	4,653,743	-	-	8,889,672	14,417,285
	1,744,178	127,878	884	6,498,959	-	40,108	149,463,770	157,875,777

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Japanese Yen RM	United States Dollar RM	Euro RM	Singapore Dollar RM	Brunei Dollar RM	Sterling Pound RM	Ringgit Malaysia RM	Total RM
2019								
<u>Financial Liabilities</u>								
Trade payables	2,183,308	209,706	280,416	3,173,936	955	12,168	29,206,072	35,066,561
Other payables and accruals	-	-	-	10,714	-	-	1,558,565	1,569,279
Amount owing to related companies	-	-	-	-	-	-	19,835	19,835
Bank borrowings:-								
- bank overdrafts	-	-	-	-	-	-	14,064,877	14,064,877
- other borrowings	-	-	-	-	-	-	10,000,000	10,000,000
Derivative liabilities	-	-	-	-	-	-	13,622	13,622
	2,183,308	209,706	280,416	3,184,650	955	12,168	54,862,971	60,734,174

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Japanese Yen RM	United States Dollar RM	Euro RM	Singapore Dollar RM	Brunei Dollar RM	Sterling Pound RM	Ringgit Malaysia RM	Total RM
2019								
Net financial (liabilities)/assets	(439,130)	(81,828)	(279,532)	3,314,309	(955)	27,940	94,600,799	97,141,603
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	-	(3,271,444)	-	-	(94,600,799)	(97,872,243)
Currency Exposure	(439,130)	(81,828)	(279,532)	42,865	(955)	27,940	-	(730,640)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

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

	The Group	
	2020 RM	2019 RM
Effects on Profit After Taxation		
JPY/RM – strengthened by 10%	-187,000	+275,000
– weakened by 10%	+187,000	-275,000
USD/RM – strengthened by 10%	-102,000	-6,200
– weakened by 10%	+102,000	+6,200
EUR/RM – strengthened by 10%	-29,000	+35,000
– weakened by 10%	+29,000	-35,000
SGD/RM – strengthened by 10%	-60	+3,200
– weakened by 10%	+60	-3,200
BND/RM – strengthened by 10%	-200	-70
– weakened by 10%	+200	+70
GBP/RM – strengthened by 10%	-2,600	+2,100
– weakened by 10%	+2,600	-2,100

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis (Cont'd)

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant (cont'd):-

	The Group	
	2020 RM	2019 RM
Effects on Equity		
JPY/RM – strengthened by 10%	+145,000	+1,504,000
– weakened by 10%	-148,000	-1,510,000
USD/RM – strengthened by 10%	-102,000	-6,200
– weakened by 10%	+102,000	+6,200
EUR/RM – strengthened by 10%	-30,000	+35,000
– weakened by 10%	+30,000	-35,000
SGD/RM – strengthened by 10%	+1,662,000	+1,640,000
– weakened by 10%	-1,662,000	-1,640,000
BND/RM – strengthened by 10%	-200	-70
– weakened by 10%	+200	+70
GBP/RM – strengthened by 10%	-2,600	+2,100
– weakened by 10%	+2,600	-2,100

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest Rate Risk Sensitivity Analysis

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

	The Group	
	2020 RM	2019 RM
Effects on Profit After Taxation		
Increase of 25 basis points	-12,000	-17,000
Decrease of 25 basis points	+12,000	+17,000
Effects on Equity		
Increase of 25 basis points	-12,000	+41,000
Decrease of 25 basis points	+6,000	-40,000
	<hr/>	<hr/>

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from its trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 90 days are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 3 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

	Gross amount RM	Loss allowance RM	Carrying amount RM
The Group			
2020			
Current (not past due)	53,597,076	(2,623)	53,594,453
1 to 90 days past due	23,681,999	(7,247)	23,674,752
91 to 270 days past due	16,569,199	(104,540)	16,464,659
Over 270 days past due	11,844,454	(43,764)	11,800,690
	105,692,728	(158,174)	105,534,554
Credit impaired:			
- individually impaired	22,926,266	(22,926,266)	-
	128,618,994	(23,084,440)	105,534,554

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

	Gross amount RM	Loss allowance RM	Carrying amount RM
The Group			
2019			
Current (Not past due)	58,528,408	(7,468)	58,520,940
1 to 90 days past due	27,071,841	(24,417)	27,047,424
91 to 270 days past due	23,769,936	(14,264)	23,755,672
Over 270 days past due	5,324,841	(19,062)	5,305,779
	114,695,026	(65,211)	114,629,815
Credit impaired:			
- individually impaired	20,871,635	(20,871,635)	-
	115,566,661	(20,936,846)	114,629,815

The movements in the loss allowance in respect of trade receivables are disclosed in Notes 15 to the financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Related Companies

The Group applies the 3-stage general approach to measuring expected credit losses for all intercompany balances. Generally, the Group considers loans and advances to subsidiaries have low credit risks. The Group assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Group is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Group considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Group considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Group determines the probability of default for these loans and advances individually using internal information available.

The identified impairment loss was immaterial and hence, it is not provided for.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows:-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	1 – 5 years RM
2020					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	6.90	11,334,122	12,995,482	3,407,157	9,588,325
Trade payables	-	39,567,340	39,567,340	39,567,340	-
Other payables and accruals	-	1,997,295	1,997,295	1,997,295	-
Amount owing to related companies	-	-	-	-	-
Bank overdrafts	6.90-6.95	6,156,174	6,582,143	6,582,143	-
Bankers' acceptance	3.16-3.60	4,700,000	4,857,050	4,857,050	-
Revolving credit	4.70-4.75	3,000,000	3,141,538	3,141,538	-
		66,754,931	69,140,848	59,552,523	9,588,325
<u>Derivative Financial Liabilities</u>					
Forward foreign currency contracts (gross settled):-					
- gross payments	-	-	5,751,811	5,751,811	-
- gross receipts	-	(156,065)	(5,907,876)	(5,907,876)	-
		(156,065)	(156,065)	(156,065)	-
		66,598,866	68,984,783	59,396,458	9,588,325

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (cont'd):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	1-5 Years RM
2019					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	-	35,066,561	35,066,561	35,066,561	-
Other payables and accruals	-	1,569,279	1,569,279	1,569,279	-
Amount owing to related companies	-	19,835	19,835	19,835	-
Bank overdrafts	7.65-7.89	14,064,877	15,151,287	15,151,287	-
Bankers' acceptance	3.92-4.06	5,000,000	6,238,900	6,238,900	-
Revolving credit	4.87-5.06	5,000,000	5,245,400	5,245,400	-
		60,720,552	63,291,262	63,291,262	-
<u>Derivative Financial Liabilities</u>					
Forward foreign currency contracts (gross settled):-					
- gross payments	-	-	20,817,368	20,817,368	-
- gross receipts	-	(237,308)	(21,054,676)	(21,054,676)	-
		(237,308)	(237,308)	(237,308)	-
		60,483,244	63,053,954	63,053,954	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (cont'd):-

	Weighted Average Effective Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	On Demand or Within 1 Year RM	1-5 Years RM
The Company	%	RM	RM		
2020					
<u>Non-derivative Financial Liabilities</u>					
Other payables and accruals	-	336,861	336,861	336,861	-
2019					
<u>Non-derivative Financial Liabilities</u>					
Other payables and accruals	-	393,016	393,016	393,016	-
Amount owing to subsidiaries	-	1,223,092	1,223,092	1,223,092	-
		1,616,108	1,616,108	1,616,108	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial Assets				
<u>Amortised cost</u>				
Trade receivables (Note 15)	105,534,554	114,629,815	-	-
Other receivables (Note 16)	150,691	289,594	-	52,631
Fixed deposits with licensed banks (Note 21)	260,309	28,288,153	-	19,141,656
Cash and bank balances (Note 38)	41,729,775	14,417,285	15,782,411	564,437
	<u>147,675,329</u>	<u>157,624,847</u>	<u>15,782,411</u>	<u>19,758,724</u>
<u>Fair value through profit or loss</u>				
Short-term investments (Note 19)	5,017,657	-	-	-
Derivative assets (Note 20)	18,176	48,558	-	-
	<u>5,035,833</u>	<u>48,558</u>	<u>-</u>	<u>-</u>
<u>Designated as hedging instruments</u>				
Derivative assets (Note 20)	137,889	202,372	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial Liabilities				
<u>Amortised cost</u>				
Lease liabilities (Note 25)	11,334,122	-	-	-
Trade payables (Note 26)	39,567,340	35,066,561	-	-
Other payables and accruals (Note 27)	1,997,295	1,569,279	336,861	393,016
Amount owing to subsidiaries (Note 28)	-	-	-	1,223,092
Amount owing to related companies (Note 18)	-	19,835	-	-
Bank borrowings (Note 29):-				
- bank overdrafts	6,156,174	14,064,877	-	-
- other borrowings	7,700,000	10,000,000	-	-
	66,754,931	60,720,552	336,861	1,616,108
<u>Designated as hedging instruments</u>				
Derivative liabilities (Note 20)	-	13,622	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
2020					
<u>Financial Assets</u>					
Derivative assets:-					
- forward foreign currency contracts	-	5,017,657	-	5,017,657	5,017,657
- forward foreign currency contracts	-	156,065	-	156,065	156,065
2019					
<u>Financial Assets</u>					
Derivative assets:-					
- forward foreign currency contracts	-	250,930	-	250,930	250,930
<u>Financial Liabilities</u>					
Derivative liabilities:-					
- forward foreign currency contracts	-	13,622	-	13,622	13,622

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

45. FINANCIAL INSTRUMENTS (CONT'D)

45.4 FAIR VALUE INFORMATION (CONT'D)

The fair values above have been determined using the following basis:-

- (a) The fair values of forward foreign currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contract using a risk-free interest rate (government bonds).

There were no transfers between level 1 and level 2 during the financial year.

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group. The governments and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirements which impacted consumers' spending pattern and the Group's operations directly or indirectly. As a result, the COVID-19 outbreak impacted the Group's financial statements on the recoverability of Group's trade receivables, other receivables and other financial assets that are subject to the expected credit loss assessment, carrying amounts of the Group's property, plant and equipment, right-of-use assets and inventories in the future.

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND OCCURRING AFTER THE REPORTING PERIOD

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group. Different measures taken by the governments and various private corporations to prevent the spread of the virus such as travel bans, closures of non-essential services, social distancing and home quarantine requirements may impact consumers' spending pattern and the Group's operations directly or indirectly. In addition, the outbreak of COVID-19 may also affect the recoverability of Group's trade receivables, other receivables and other financial assets that are subject to the expected credit loss assessment, carrying amounts of the Company's property, plant and equipment, right-of-use assets and inventories in the future. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, the Group is unable to quantify the potential financial impact of the COVID-19 outbreak on the Group's 2021 financial statements reliably at this juncture.

Letters of Appointment From Hart Builders Sdn Bhd and Dermaga Makmur Sdn Bhd

On 25 June 2020 the wholly owned subsidiary, Pansar Company Sdn Bhd, accepted the Letters of Appointment issued by Hart Builders Sdn Bhd and Dermaga Makmur Sdn Bhd for two guardrail projects with a total contract value of Ringgit Malaysia Seventy Two Million Fifty Five Thousand Five Hundred Thirty Five and Cents Nine Only (RM72,055,535.09).

These two contracts involve the supply and delivery of traffic barriers (guardrails).

1. Development and Upgrading of the Proposed Pan Borneo Highway in the state of Sarawak, Malaysia – Sg. Kua Bridge to Sg. Arip Bridge (Appointed by Dermaga Makmur Sdn Bhd)
The value of the contract is RM33,296,639.27 with contract duration of 21 months. The delivery work is expected to commence in July 2020.
2. Development and Upgrading of the Proposed Pan Borneo Highway in the State of Sarawak, Malaysia – Pantu Junction to Btg Skrang (Appointed by Hart Builders Sdn Bhd)

The value of the contract is RM38,758,895.82 with contract duration of 18 months. The delivery work is expected to commence in September 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

These contracts are expected to contribute positively to the earnings and net assets of the Group as the projects progress during the contract period.

Disposal of Investment in Associate - Reservoir Link Sdn. Bhd.

As announced on 28 June 2019, our 20%-owned associated company, Reservoir Link Sdn. Bhd. ("RLSB") had proposed to be listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") via a special purpose vehicle, Reservoir Link Energy Bhd ("RLEB"). RLEB had completed its Initial Public Offering ("IPO") exercise and was successfully listed on Bursa Securities on 15 July 2020. During the IPO exercise, the Company had undertaken an offer for sale ("OFS") of 15,951,000 ordinary shares held in RLEB at an offer price of RM0.41 per share. Following the completion of RLEB's IPO exercise, RLEB has ceased to be an associated company of the Group and of the Company.

48. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 April 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

(a) Lessee Accounting

At 1 April 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's borrowing rate at that date of 6.90%. The right-of-use assets were measured at their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at 1 April 2019.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 April 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

There was no difference between the operating lease commitments disclosed in the last financial year (determined under MFRS 117) and the lease liabilities recognised at 1 April 2019.

There were no financial impacts to the Group's financial statements upon the transition to MFRS 16 at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

48. INITIAL APPLICATION OF MFRS 16(CONT'D)

(b) Financial Impacts

The main impacts resulting from the adoption of MFRS 16 at 1 April 2019 are summarised below: -

	<----- 1 April 2019 ----->		
	As Previously Reported	MFRS 16 Adjustments	As Restated
	RM	RM	RM
<i>Statement of Financial Position</i>			
Right-of-use assets (Note 11)	-	13,805,531	13,805,531
Lease Liabilities	-	13,805,531	13,805,531

ANALYSIS OF SHAREHOLDINGS AS AT 15 JULY 2020

Issued share capital	:	RM151,956,000 consisting of 462,000,000 ordinary shares
Class of shares	:	Ordinary Shares
Voting rights	:	One (1) vote per ordinary share
No of Treasury Shares held	:	4,023,150 ordinary shares

Distribution of Shareholdings

Holdings	No. of Holders	Total Holdings	% of issued Capital
Less than 100 shares	68	4,585	0.00 *
100 – 1,000 shares	230	111,730	0.02
1,001 – 10,000 shares	1,785	6,190,182	1.34
10,001 – 100,000 shares	398	10,171,150	2.20
100,001 – less than 5% of issue shares	102	445,522,353	96.43
Total	2,583	462,000,000	100.00

* less than 0.01 %

Thirty Largest Shareholders (Based on Record of Depositors)

No.	Account Holders	Shareholdings	% of Issued Capital
1.	Pan Sarawak Holdings Sdn Bhd	301,500,003	65.26
2.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Billion Power Sdn Bhd	12,258,250	2.65
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ling Li Kuang (7000306)	9,918,750	2.15
4.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Royston Ling Ing Ding (7000334)	9,117,500	1.97
5.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ling Li Kuang	8,010,200	1.73
6.	HSBC Nominees (Asing) Sdn Bhd - Exempt An For Credit Suisse (SG BR-TST-Asing)	7,622,100	1.65
7.	Amanahraya Trustees Berhad - PMB Shariah Aggressive Fund	7,500,000	1.62
8.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Royston Ling Ing Ding	7,016,600	1.52
9.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kong Leh Ping	6,885,000	1.49
10.	Cartaban Nominees (Asing) Sdn Bhd - Exempt An For Barclays Capital Securities Ltd (SBL/PB)	6,851,900	1.48
11.	Lim Hong Thong	4,884,000	1.06
12.	HSBC Nominees (Asing) Sdn Bhd - J.P. Morgan Securities PLC	4,569,800	0.99
13.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Royston Ling Ing Ding	4,335,000	0.94
14.	SJ Sec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pau Chiong Ching	4,065,450	0.88
15.	Abd Rahim Bin Jaafar	4,000,000	0.86
16.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Bernard Ling Ing Tah	3,785,000	0.82
17.	CIMB Group Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Sri Dato' Paduka (Dr) Ting Pek Khiing	2,520,000	0.54
18.	Citigroup Nominees (Asing) Sdn Bhd	2,382,300	0.52

ANALYSIS OF SHAREHOLDINGS AS AT 15 JULY 2020

No.	Account Holders	Shareholdings	% of Issued Capital
	- UBS AG		
19.	Royston Ling Ing Ding	2,000,000	0.43
20.	Tan Su Lin	1,312,500	0.28
21.	CIMB Islamic Nominees (Tempatan) Sdn Bhd - CIMB Islamic Trustee Berhad for PMB Shariah Small-Cap Fund	1,200,000	0.26
22.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ting Kie Hing	1,145,600	0.25
23.	Kuok Khooon Ping @ Kuek Koon Ping	1,098,000	0.24
24.	HSBC Nominees (Asing) Sdn Bhd - Societe Generale Paris	1,071,900	0.23
25.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kong Leh Ping (6000461)	1,000,000	0.22
26.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ting Lian Siew @ Ting Lian Bo	960,000	0.21
27.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kong Nga Ing	900,000	0.19
28.	Tan Kee Choon	900,000	0.19
29.	Lye Loi Keng	855,350	0.18
30.	Silverdew Sdn Bhd	803,600	0.17
	Total	420,468,803	90.98

Substantial Shareholders (Based on Register of Substantial Shareholders)

		NO. OF ORDINARY SHARES		Indirect	% of Issued Capital
		Direct	% of Issued Capital		
1.	Pan Sarawak Holdings Sdn Bhd	301,500,003	65.26%	-	-
2.	Tai Sing Chii & Sons Sdn Bhd	-	-	301,500,003 ^(a)	65.26%
3.	Inplaced Capital Sdn Bhd	-	-	301,500,003 ^(a)	65.26%
4.	Puan Sri Datin Sri Ling Lah Kiong	-	-	301,500,003 ^(b)	65.26%
5.	Dato' James Tai Cheong @ Tai Chiong	-	-	302,007,253 ^(c)	65.37%
6.	Datuk Tai Hee	-	-	301,768,303 ^(d)	65.32%
7.	David Tai Wei	-	-	301,500,003 ^(e)	65.26%

Notes:

- (a) Deemed interested by virtue of its substantial interests in Pan Sarawak Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- (b) Deemed interested by virtue of her substantial interests in Tai Sing Chii & Sons Sdn Bhd pursuant to Section 8 of the Companies Act 2016
- (c) Deemed interested by virtue of his substantial interests in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016 and his spouse's and children's shareholding in the Company.
- (d) Deemed interested by virtue of his substantial interests in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016 and his spouse's shareholding in the Company.
- (e) Deemed interested by virtue of his substantial shareholding in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS AS AT 15 JULY 2020

Directors' Interest In Shares (Based on Register of Directors' Shareholdings)

		NO. OF ORDINARY SHARES			
		Direct	% of Issued Capital	Indirect	% of Issued Capital
1.	Dato' James Tai Cheong @ Tai Chiong	-	-	302,007,253 ⁽ⁱ⁾	65.37%
2.	Datuk Tai Hee	-	-	301,768,303 ⁽ⁱⁱ⁾	65.32%
3.	Ting Ing Horh @ Ting Ing Ho	-	-	-	-
4.	Ling Lee Chuon @ James Ling Chung	-	-	1,904,550 ⁽ⁱⁱⁱ⁾	0.41%
5.	Fong Yoo Kaw @ Fong Yee Kow	-	-	-	-
6.	Azman Bin Bujang	-	-	-	-

Notes:

- (i) Deemed interested by virtue of his substantial interests in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016 and his spouse's and children's shareholding in the Company
- (ii) Deemed interested by virtue of his substantial interests in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016 and his spouse's shareholding in the Company
- (iii) Deemed interested by virtue of his spouse and children's shareholdings in the Company

ANALYSIS OF WARRANT HOLDINGS AS AT 15 JULY 2020

Number of warrants issued	:	231,000,000
Exercise price of warrants	:	RM0.63
Expiry date	:	6 June 2023

Distribution of Warrant Holders

Size of Warrant Holdings	No. of Warrant Holders	No. of Warrants	%
Less than 100 shares	157	9,917	0.00*
100 – 1,000 shares	776	559,769	0.24
1,001 – 10,000 shares	897	3,074,176	1.33
10,001 – 100,000 shares	205	6,808,600	2.95
100,001 – less than 5% of issue shares	61	51,871,325	22.46
5% and above of issued shares	2	168,676,213	73.02
Total	2,098	231,000,000	100.00

* less than 0.01 %

Thirty Largest Shareholders (Based on Record of Depositors)

No.	Account Holders	Shareholdings	% of Issued Capital
1.	Pan Sarawak Holdings Sdn Bhd	150,750,013	65.26
2.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Royston Ling Ing Ding	17,926,200	7.76
3.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ling Li Kuang	9,899,550	4.29
4.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Royston Ling Ing Ding	7,555,450	3.27
5.	HSBC Nominees (Asing) Sdn Bhd - Exempt An For Credit Suisse (SG BR-TST-Asing)	3,496,050	1.51
6.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kong Leh Ping	2,490,000	1.08
7.	Lim Hong Thong	2,442,000	1.06
8.	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Focus Return Sdn Bhd (M05)	1,986,550	0.86
9.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pau Chiong Ching (021)	1,725,000	0.75
10.	CIMB Group Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Sri Dato' Paduka (Dr) Ting Pek Khiing	1,260,000	0.55
11.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ting Pin Sew	1,125,000	0.49
12.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Billion Power Sdn Bhd	1,000,000	0.43
13.	Trillion Mall Sdn Bhd	927,750	0.40
14.	Bong Chin Ping	900,000	0.39
15.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Bernard Ling Ing Tah	825,000	0.36
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kong Leh Ping (6000461)	795,000	0.35
17.	Wong Teck Foo	791,000	0.34

ANALYSIS OF WARRANT HOLDINGS AS AT 15 JULY 2020

Thirty Largest Shareholders (Based on Record of Depositors) (Cont'd)

No.	Account Holders	Shareholdings	% of Issued Capital
18.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ting Lick Fuat (E-JCL)	782,500	0.34
19.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kong Nga Ing	744,500	0.32
20.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - AmBank (M) Berhad for Ting Lian Siew @ Ting Lian Bo (Smart)	702,250	0.30
21.	Nee Choong Sing	700,100	0.30
22.	Maybank Nominees (Tempatan) Sdn Bhd - Ling Uong Chong	650,000	0.28
23.	Ling Li Kuang	620,000	0.27
24.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ting Lian Siew @ Ting Lian Bo	565,500	0.24
25.	Kuok Khoo Ping @ Kuek Koon Ping	549,000	0.24
26.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ting Kuok Ley @ David Kuok Leh Ting (Kuching)	480,500	0.21
27.	Tan Kee Choon	450,000	0.19
28.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ting Wee Hua	409,850	0.18
29.	Maybank Nominees (Tempatan) Sdn Bhd - Wong Sap Moi	379,000	0.16
30.	Talhah @ Talha Bin Affendi	375,000	0.16
	Total	213,302,763	94.34

ANALYSIS OF WARRANT HOLDINGS AS AT 15 JULY 2020

Directors' Warrant Holdings

	Name	No. of Warrants held			
		Direct	%	Indirect	%
1.	Dato' James Tai Cheong @ Tai Chiong	-	-	150,912,013 ⁽ⁱ⁾	65.33%
2.	Datuk Tai Hee	-	-	150,795,013 ⁽ⁱⁱ⁾	65.28%
3.	Ting Ing Horh @ Ting Ing Ho	-	-	-	-
4.	Ling Lee Chuon @ James Ling Chung	-	-	947,700 ⁽ⁱⁱⁱ⁾	0.41%
5.	Fong Yoo Kaw @ Fong Yee Kow	-	-	-	-
6.	Azman Bin Bujang	-	-	-	-

Notes:

(i) Deemed interested by virtue of his substantial interests in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016 and his spouse's and daughter's shareholding in the Company

(ii) Deemed interested by virtue of his substantial interests in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016 and his spouse's shareholding in the Company

(iii) Deemed interested by virtue of his spouse and children's shareholdings in the Company

LIST OF PROPERTIES As at 31 MARCH 2020

Location	Description	Existing Use	Tenure	Date of Acquisition Approximate Age of Building (Years)	Carrying Amount As at 31.03.2020 (RM)
Shoplot 199 (Type A) Sublot 7F (1 st Floor) of Parent Lot 9291, Blk 11, Muara Tebas Land District	Shoplot approx. 1,044.1 sq. ft	Vacant	Leasehold 60 years	30.08.2006 13 years	120,988
Lot 9, 1 st Floor, Blk I Taman Permata (Apartment) Sandakan, Sabah	Apartment approx. 750 sq. ft	Vacant	Leasehold 99 years	04.10.2013 5 years	126,169
Lot 10, 1 st Floor, Blk A Taman Permata (Apartment) Sandakan, Sabah	Apartment approx. 850 sq. ft	Vacant	Leasehold 99 years	03.10.2013 5 years	145,637
Lot 10, 1 st Floor, Blk B Taman Permata (Apartment) Sandakan, Sabah	Apartment approx. 850 sq. ft	Vacant	Leasehold 99 years	03.10.2013 5 years	145,637
Lot 11, 1 st Floor, Blk A Taman Permata (Apartment) Sandakan, Sabah	Apartment approx. 850 sq. ft	Vacant	Leasehold 99 years	03.10.2013 5 years	145,637
Lot 11, 1 st Floor, Blk H Taman Permata (Apartment) Sandakan, Sabah	Apartment approx. 750 sq. ft	Vacant	Leasehold 99 years	04.10.2013 5 years	126,725
Lot 13, 1 st Floor, Blk J Taman Permata (Apartment) Sandakan, Sabah	Apartment approx. 750 sq. ft	Vacant	Leasehold 99 years	16.10.2013 5 years	124,871
Lot 1183 Block 10 Seduan Land District	Land approx. 3,914.8 sq. ft	Vacant	Leasehold 60 years	12.09.2002 -	69,744
Sublot 20 of Lot 4871 Blk 18 Salak Land District, Jalan Demak, Petra Jaya, Kuching	Four-Storey Shophouse approx. 6,070.8 sq. ft	Vacant	Leasehold 60 years	31.03.2015 4 years	1,410,061
B-76 Basement Level Suria Sabah	Retail lot approx. 2,336 sq. ft	On rent to a third party	Leasehold 99 years	07.01.2013 10 years	3,663,529
Unit 8, Level 11 Sublot 12 of Lot 1347, Blk 9 Miri Concession Land District (Parent Lot)	Commercial and Services Apartment approx. 1,531.9 sq. ft	Vacant	Leasehold 99 years	26.02.2014 4 years	891,312
Unit 1-73 Ground Floor, 1 st Floor, and 2 nd Floor Phase 1 First Palm City Centre Kg. Bakau, Lahad Datu, Sabah	Shop Office approx. 5,592.6 sq. ft	Vacant	Leasehold 99 years	06.03.2018 3 years	1,186,950
Lot 2501 Section 66 Kuching Town Land District	Land with building approx. 48,631.4 sq. ft	Warehouse	Leasehold 60 years	09.08.2019 1 year	6,050,678

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46TH

**NOTICE OF
ANNUAL GENERAL MEETING**

10.00 a.m.

Wednesday

9 September 2020

Tanahmas
Hotel

Jalan Kampung Nyabor

Sibu, Sarawak

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NOTICE OF 46TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Sixth (46th) Annual General Meeting of the Company shall be held at Tanahmas Hotel, Jalan Kampung Nyabor, Sibul, Sarawak, on Wednesday, 9 September 2020 at 10.00 a.m. to transact the following business: -

AGENDA

ORDINARY BUSINESS

- | | | |
|----|---|--|
| 1. | To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Note (A) |
| 2. | To approve the payment of Directors' Fees payable to the Directors for the financial year ended 31 March 2020. | Ordinary Resolution 1 |
| 3. | To approve the payment of Directors' Meeting attendance allowance and any other benefits from the date of the passing of this Ordinary Resolution until the next Annual General Meeting. | Ordinary Resolution 2 |
| 4. | To re-elect the following Directors who retire by rotation pursuant to Clause 91 of the Company's Constitution, and being eligible offer themselves for re-election :-
a) Datuk Tai Hee
b) Encik Azman Bin Bujang | Ordinary Resolution 3
Ordinary Resolution 4 |
| 5. | To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. | Ordinary Resolution 5 |

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

- | | | |
|----|---|------------------------------|
| 6. | Continuation in Office as Independent Non-Executive Director :
"THAT approval be and is hereby given to Mr Fong Yoo Kaw @ Fong Yee Kow who has served as an Independent Non-Executive Director for a cumulative term of 9 years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM." | Ordinary Resolution 6 |
| 7. | Continuation in Office as Independent Non-Executive Director :
"THAT approval be and is hereby given to Encik Azman Bin Bujang who has served as an Independent Non-Executive Director for a cumulative term of more than 9 years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM." | Ordinary Resolution 7 |

8. Authority to Issue and Allot Shares**Ordinary Resolution 8**

“THAT pursuant to Section 76 of the Companies Act, 2016 and subject always to the Constitution of the Company and approvals of the relevant regulatory authorities, the Directors of the Company be hereby empowered to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being; and that the Directors be hereby empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

9. Proposed Renewal of Authority to Purchase its Own Shares by the Company (“Proposed Share Buy-Back”)**Ordinary Resolution 9**

“THAT subject always to the Companies Act, 2016 (“the Act”), the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and any other relevant regulatory authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares through Bursa Malaysia and to do all acts and to take all such steps as they may deem necessary, to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time, subject further to the following:-

- (i) the aggregate number of shares to be purchased shall not exceed ten percent (10%) of the issued share capital of the Company provided that the Company continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the retained profits of the Company for the time being;
- (iii) the Directors of the Company may decide in their discretion to retain the shares purchased as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends; and
- (iv) the authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting.”

10. Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)**Ordinary Resolution 10**

“THAT approval be and is hereby given to the Company and its subsidiaries (“Pansar Group”) to enter into any of the categories of RRPT of a revenue or trading nature as set out in the Circular to Shareholders dated 11 August 2020 (“the Circular”), with the specific related parties mentioned therein which are necessary for Pansar Group’s day to day operations subject further to the following:-

- (a) the RRPT are in the ordinary course of business and are entered on normal commercial terms which are not more favourable to the related parties than those available to the public and not to the detriment of the minority shareholders; and
- (b) A disclosure of the aggregate value of RRPT conducted pursuant to the Shareholders’ Mandate shall be made in the Annual Report, including a breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:
 - i. the type of recurrent transactions made; and
 - ii. the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company

AND THAT, such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company; at which time it shall lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (the “Act”) but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate and that the estimated values given for the recurrent related party transactions as specified in the Circular being provisional in nature, the Directors of the Company be hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in the Circular.”

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

By order of the Board

PAULINE KON SUK KHIM

(MAICSA 7014905)

Company Secretary

Date: 11 August 2020

Notes:-

1. *For the purpose of determining a member who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 65 of the Company’s Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 2 September 2020. Only a depositor whose name appears on the General Meeting Record of Depositors as at 2 September 2020 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
2. *A member entitled to attend and vote at this Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy.*
3. *Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the 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.*
5. *The Form of Proxy, in the case of an individual shall be signed by the appointer or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

6. *The Form of Proxy must be deposited at the registered office of the Company at 4th Floor, Wisma Pansar, 23-27, Jalan Bengkel, 96000 Sibu, Sarawak, not less than forty-eight (48) hours before the time appointed for this Forty-Sixth (46th) Annual General Meeting or any adjournment thereof.*

EXPLANATORY NOTES:

(A) AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements are laid before the shareholders for discussion only as they do not require shareholders' approval pursuant to Section 340(1) of the Companies Act, 2016. Hence, this matter will not be put for voting.

(B) ORDINARY RESOLUTION 2

Payment of Meeting Allowance and any other benefits to Directors

Section 230(1) of the Companies Act 2016 requires that the benefits payable to Directors of the Company must be approved at a general meeting. Accordingly, shareholders' approval is sought for the payment of annual meeting attendance allowance and any other benefits which shall take effect from the date of passing of this Ordinary Resolution until the next Annual General Meeting.

(C) ORDINARY RESOLUTION 6 & 7

Continuation in Office as Independent Non-Executive Directors

The Board through its Nomination Committee had assessed the independence of Mr Fong Yoo Kaw @ Fong Yee Kow and Encik Azman Bin Bujang, who have served as Independent Non-Executive Director for a cumulative term of more than 9 years and recommends that they continue to act as Independent Non-Executive Directors for the following reasons:

- They fulfill the criteria of "Independent Director" as defined under the Listing Requirements;
- They are able to provide proper check and balance, bringing an element of objectivity to the Board; and
- Over the years, they have become familiar with Pansar's business and is able to give insight into the business.

The proposed Resolutions, if passed, will enable Mr Fong Yoo Kaw @ Fong Yee Kow and Encik Azman Bin Bujang to continue to act as independent Directors of the Company until the conclusion of the next Annual General Meeting of the Company.

(D) ORDINARY RESOLUTION 8

Authority to Issue and Allot Shares

This ordinary resolution, if passed, is a renewal of the general mandate to empower the Directors of the Company from the date of this Annual General Meeting, authority to issue and allot ordinary shares in the Company up to an aggregate of ten percent (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider in their absolute discretion to be in the best interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. With this authority, the Company will be able to raise capital from the equity market in a shorter period of time and the cost to be incurred will also be lower as the need to convene an extraordinary general meeting will be dispensed with.

As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the Forty-Fifth (45th) Annual General Meeting held on 16 August 2019 and which will lapse at the conclusion of the Forty-Six (46th) Annual General Meeting to be held on 9 September 2020.

The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

(E) ORDINARY RESOLUTION 9

Proposed Renewal of Authority to Purchase its Own Shares by the Company (“Proposed Share Buy-Back”)

This ordinary resolution, if passed, will empower the Directors of the Company from the date of this Annual General Meeting, authority to purchase up to ten percent (10%) of the total issued share capital of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General meeting of the Company.

Please refer to the Statement to Shareholders dated 11 August 2020 for further details.

(F) ORDINARY RESOLUTION 10

Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)

This ordinary resolution, if passed, will authorise the Company and each of its subsidiaries to enter into recurrent transactions with the mandated related parties as identified in the Circular to Shareholders dated 11 August 2020, which are of a revenue or trading nature and necessary for its day-to-day operations and are in the ordinary course of business on normal commercial terms not more favourable to the related parties than those available to the public and are not detrimental to the minority shareholders of the Company. By obtaining the shareholders’ approval for the Proposed Shareholders’ Mandate, the need for the Company to convene separate general meetings each time the recurrent related party transactions occur will not arise, thereby substantially reducing administrative time and expenses associated with convening such meetings. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

There is no person seeking election as a Director of the Company at this Forty-Sixth (46th) Annual General Meeting.

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FORM OF PROXY



Registration No.
197401002551 (18904-M)
(Incorporated in Malaysia)

No. of Shares held	
CDS Account No.	

I/We, (FULL NAME IN BLOCK LETTERS)
 NRIC/Co. No. of
 (FULL ADDRESS) , being a member/members of
PANSAR BERHAD hereby appoint (FULL NAME IN BLOCK LETTERS AS PER NRIC)
 NRIC No. of
 (FULL ADDRESS) or failing him/her, (FULL NAME IN BLOCK LETTERS AS PER NRIC)
 NRIC No. of (FULL ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the FORTY-SIXTH (46th) Annual General Meeting of the Company to be held at Tanahmas Hotel, Jalan Kampung Nyabor, Sibul, Sarawak on Wednesday, 9 September 2020 at 10.00 a.m. or at any adjournment thereof, on the proposed resolutions as indicated with an 'X' in the appropriate spaces below. If there is no specific indication given as to the voting, the proxy will vote or abstain from voting at his/her discretion.

RESOLUTION NO	ORDINARY BUSINESS	FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' Fees	<input type="radio"/>	<input type="radio"/>
Ordinary Resolution 2	To approve the payment of Meeting Attendance Allowances and other benefits to the Directors	<input type="radio"/>	<input type="radio"/>
Ordinary Resolution 3	To re-elect Datuk Tai Hee as Director	<input type="radio"/>	<input type="radio"/>
Ordinary Resolution 4	To re-elect Encik Azman Bin Bujang as Director	<input type="radio"/>	<input type="radio"/>
Ordinary Resolution 5	To re-appoint Messrs Crowe Malaysia PLT as Auditors for the ensuing year	<input type="radio"/>	<input type="radio"/>
SPECIAL BUSINESS			
Ordinary Resolution 6	Continuation as Independent Non-Executive Director – Mr Fong Yoo Kaw@Fong Yee Kow	<input type="radio"/>	<input type="radio"/>
Ordinary Resolution 7	Continuation as Independent Non-Executive Director – Encik Azman Bin Bujang	<input type="radio"/>	<input type="radio"/>
Ordinary Resolution 8	To approve the authority to issue and allot shares	<input type="radio"/>	<input type="radio"/>
Ordinary Resolution 9	To approve the proposed renewal of authority to purchase its own shares by the Company	<input type="radio"/>	<input type="radio"/>
Ordinary Resolution 10	To approve the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature	<input type="radio"/>	<input type="radio"/>

Dated this day of 2020

Where two (2) proxies are appointed, please indicate below the proportion of your shareholdings to be represented by each proxy.

	No. of shares	Percentage
First Named Proxy	<input type="text"/>	<input type="text"/>
Second Named Proxy	<input type="text"/>	<input type="text"/>
TOTAL	<input type="text"/>	100%

Signature of Member(s)/Common Seal

In case of a vote taken by a show of hands, the First Named Proxy shall vote on my/our behalf.

Notes:

- For the purpose of determining a member who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 65 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 2 September 2020. Only a depositor whose name appears on the General Meeting Record of Depositors as at 2 September 2020 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- A member entitled to attend and vote at this Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any persons to be his/her proxy.
- Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the 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.
- The Form of Proxy, in the case of an individual shall be signed by the appointer or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- The Form of Proxy must be deposited at the registered office of the Company at 4th Floor, Wisma Pansar, 23-27, Jalan Bengkel, 96000 Sibul, Sarawak, not less than forty-eight (48) hours before the time appointed for this Forty-Sixth (46th) Annual General Meeting or any adjournment thereof.

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THE COMPANY SECRETARY

PANSAR BERHAD

Registration No. 197401002551 (18904-M)

4th Floor, Wisma Pansar,
23-27, Jalan Bengkel,
96000 Sibul,
Sarawak.

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PANSAR BERHAD

Registration No. 197401002551 (18904-M)
(Incorporated in Malaysia)

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23-27 Jalan Bengkel
96000 Sibu
Sarawak
Malaysia

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MALAYSIA

Bintulu Ipoh Johor Bahru Kota Kinabalu Kuching Kuala Lumpur Lahad Datu Miri Muar Penang Sandakan
Sibu Tawau

SINGAPORE