SKP RESOURCES BHD

Registration No. 200001021690 (524297-T)

AN INTEGRATED EMS PROVIDER

ANNUAL REPORT 2020

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth (**20th"**) Annual General Meeting (**"AGM"**) of **SKP RESOURCES BHD** (**"the Company"**) will be held at Melati Room, Level 2, Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Friday, 25 September 2020 at 11:00 a.m or at any adjournment thereof 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 Notes***

2. To re-elect the following Directors who retire by rotation in accordance with Clause 119 of the Company's Constitution and being eligible, offer themselves for re-election:-

   (a) Gan Poh San; and **Ordinary Resolution 1**

   (b) Koh Song Heng **Ordinary Resolution 2**

3. To approve the payment of Directors' fees of RM174,000/- for the financial year ended 31 March 2020. **Ordinary Resolution 3**

4. To approve the payment of benefits payable to the Directors up to an amount of RM25,000/- from 1 October 2020 until 30 September 2021. **Ordinary Resolution 4**

5. To re-appoint Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration. **Ordinary Resolution 5**

SPECIAL BUSINESS

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

6. **RETENTION OF MR. KOH CHIN KOON AS AN INDEPENDENT DIRECTOR OF THE COMPANY** **Ordinary Resolution 6**

   "THAT Mr. Koh Chin Koon, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be and is hereby retained his office as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance."

7. **RETENTION OF MR. CHEW TECK CHENG AS AN INDEPENDENT DIRECTOR OF THE COMPANY** **Ordinary Resolution 7**

   "THAT Mr. Chew Teck Cheng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be and is hereby retained his office as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance."

NOTICE OF ANNUAL GENERAL MEETING
cont'd

8. **RETENTION OF MR. KOH SONG HENG AS AN INDEPENDENT DIRECTOR OF THE COMPANY** — **Ordinary Resolution 8**

"THAT subject to the passing of Ordinary Resolution 2, Mr. Koh Song Heng, an Independent Non-Executive Director of the Company who will reach the nine (9) year term limit on 25 July 2021 be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance."

9. **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** — **Ordinary Resolution 9**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

10. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** — **Ordinary Resolution 10**

"THAT subject to Section 127 of the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

(i) the aggregate number of ordinary shares to be purchased and/or held by the Company does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

NOTICE OF ANNUAL GENERAL MEETING
cont'd

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

(i) cancel all the shares so purchased; and/or

(ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or

(iii) retain part thereof as treasury shares and cancel the remainder; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until: -

(a) the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

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

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the best interest of the Company."

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

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC NO. 201908002648)
Company Secretary

Kuala Lumpur
28 August 2020

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Notes:

(a) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 17 September 2020 (General Meeting Record of Depositors) shall be eligible to attend, participant, speak and vote at this meeting.

(b) A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend participant, speak and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(c) A proxy may but does not need to be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participant, speak and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

(d) In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(f) The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

(g) Any alteration in the instrument appointing a proxy must be initialed.

Explanatory Notes on Ordinary and Special Businesses: -

Audited Financial Statements
This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act, does not require a formal approval of the shareholders for the audited financial statements. As such, this agenda item will not be put forward for voting.

Ordinary Resolution 3 – Directors' Fees
This proposed resolution is in accordance with Clause 132 of the Company's Constitution. This resolution, if passed, will authorise the payment of Directors' fees to Directors of the Company for their services as Directors for the financial year ended 31 March 2020.

Ordinary Resolution 4 – Directors' Benefits Payable
The proposed benefits payable to the Directors pursuant to Section 230(1)(b) of the Act has earlier been reviewed by the Remuneration Committee and the Board of Directors of the Company.

The proposed Directors' benefits payable comprises meeting allowances. The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board and Board Committees' meetings from 1 October 2020 until the Twenty-First AGM of the Company. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the Twenty-First AGM of the Company.

Ordinary Resolutions 6 and 7 – Retention as an Independent Directors
Mr. Koh Chin Koon ("Mr. Koh") and Mr. Chew Teck Cheng ("Mr. Chew") were appointed as Independent Non-Executive Directors of the Company on 4 March 2005 and 30 November 2007 respectively and have served the Board for a cumulative term of more than twelve (12) years. The Board through the Nomination Committee of the Company, after having assessed the collective skills, experience and independence of Mr. Koh and Mr. Chew, regarded them to be independent based amongst others, the following justifications and recommends that Mr. Koh and Mr. Chew be retained as an Independent Non-Executive Director of the Company, subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance: -

(i) Mr. Koh and Mr. Chew have fulfilled the criteria under the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and had expressed their willingness to continue in office as Independent Non-Executive Directors of the Company;

(ii) Mr. Koh and Mr. Chew do not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;

NOTICE OF ANNUAL GENERAL MEETING
cont'd

(iii) Their vast experience and incumbent knowledge of the Company's business would enable them to provide the Board with a diverse set of experience, expertise and independent judgement as well as to provide constructive opinion in Board's deliberations; and

(iv) The Board of Directors is of the opinion that Mr. Koh and Mr. Chew have proven to be reliable Independent Non-Executive Directors with their professionalism aptitude and outlook of business perspective, devoted sufficient time, provides independent views to the deliberations and attention to their professional obligations for informed and balance decision making and had also exercised due care during their tenure in the best interest of the Company and the shareholders.

Ordinary Resolution 8 – Retention as an Independent Director

Mr. Koh Song Heng was re-designated as Independent Non-Executive Director of the Company on 25 July 2012 and will reach the nine (9) years term limit on 25 July 2021. The Board through the Nomination Committee of the Company, after having assessed the collective skills, experience and independence of Mr. Koh Song Heng, regarded him to be independent based amongst others, the following justifications and recommends that Mr. Koh Song Heng be retained as an Independent Non-Executive Director of the Company, subject to the approval from the shareholders of the Company: -

(i) He has fulfilled the criteria under the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and had expressed his willingness to continue in office as an Independent Non-Executive Director of the Company;

(ii) He does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;

(iii) His vast experience and incumbent knowledge of the Company's business would enable him to provide the Board with a diverse set of experience, expertise and independent judgement without the influence of the Management; and

(iv) The Board of Directors is of the opinion that Mr. Koh Song Heng has proven to be a reliable Independent Non-Executive Director with his professionalism aptitude and outlook of business perspective, devoted sufficient time, provides independent views to the deliberations and attention to his professional obligations for informed and balance decision making and had also exercised due care during his tenure in the best interest of the Company and the shareholders.

Ordinary Resolution 9 – Authority to Issue Shares

This proposed resolution, if passed, will give a renewal mandate to the Directors of the Company the authority to issue and allot new ordinary shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the aggregate number of shares to be issued pursuant to this General Mandate, during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

The Company had been granted a mandate by its shareholders at the Nineteenth Annual General Meeting held on 27 September 2019 ("Previous Mandate"). As at the date of this Notice, no new shares were issued pursuant to the Previous Mandate and hence, no proceeds were raised therefrom.

Ordinary Resolution 10 – Proposed Renewal of Share Buy-Back Authority

This proposed resolution, if passed, would empower the Directors of the Company to purchase the Company's ordinary shares of up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities by utilising the funds allocated which shall not exceed the Company's retained profits based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

Please refer to the Statement to Shareholders dated 28 August 2020 for further information.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' GAN KIM HUAT
Executive Chairman cum Managing Director

GAN POH SAN
Executive Director

KOH CHIN KOON
Senior Independent Non-Executive Director

KOH SONG HENG
Independent Non-Executive Director

CHEW TECK CHENG
Independent Non-Executive Director

AUDIT COMMITTEE

Koh Chin Koon (Chairman)
Koh Song Heng
Chew Teck Cheng

REMUNERATION COMMITTEE

Chew Teck Cheng (Chairman)
Koh Chin Koon

NOMINATION COMMITTEE

Koh Song Heng (Chairman)
Chew Teck Cheng
Koh Chin Koon

RISK MANAGEMENT COMMITTEE

Koh Song Heng (Chairman)
Chew Teck Cheng
Koh Chin Koon

COMPANY SECRETARY

Chua Siew Chuan (MAICSA 0777689)
(SSM PC No. 201908002648)

AUDITORS

Ernst & Young PLT
Level 16-1, Jaya 99
Tower B, 99, Jalan Tun Sri Lanang
75100 Melaka, Malaysia
Telephone : 606-852 5300
Facsimile : 606-283 2899

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Telephone : 603-2084 9000
Facsimile : 603-2094 9940

HEAD OFFICE

No.421, 4th Miles
Jalan Kluang
83000 Batu Pahat
Johor Darul Takzim
Telephone : 607-432 5707
Facsimile : 607-434 0213

PRINCIPAL BANKERS

Hong Leong Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
[199601006647 (378993-D)]
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Telephone : 603-7890 4700
Facsimile : 603-7890 4670

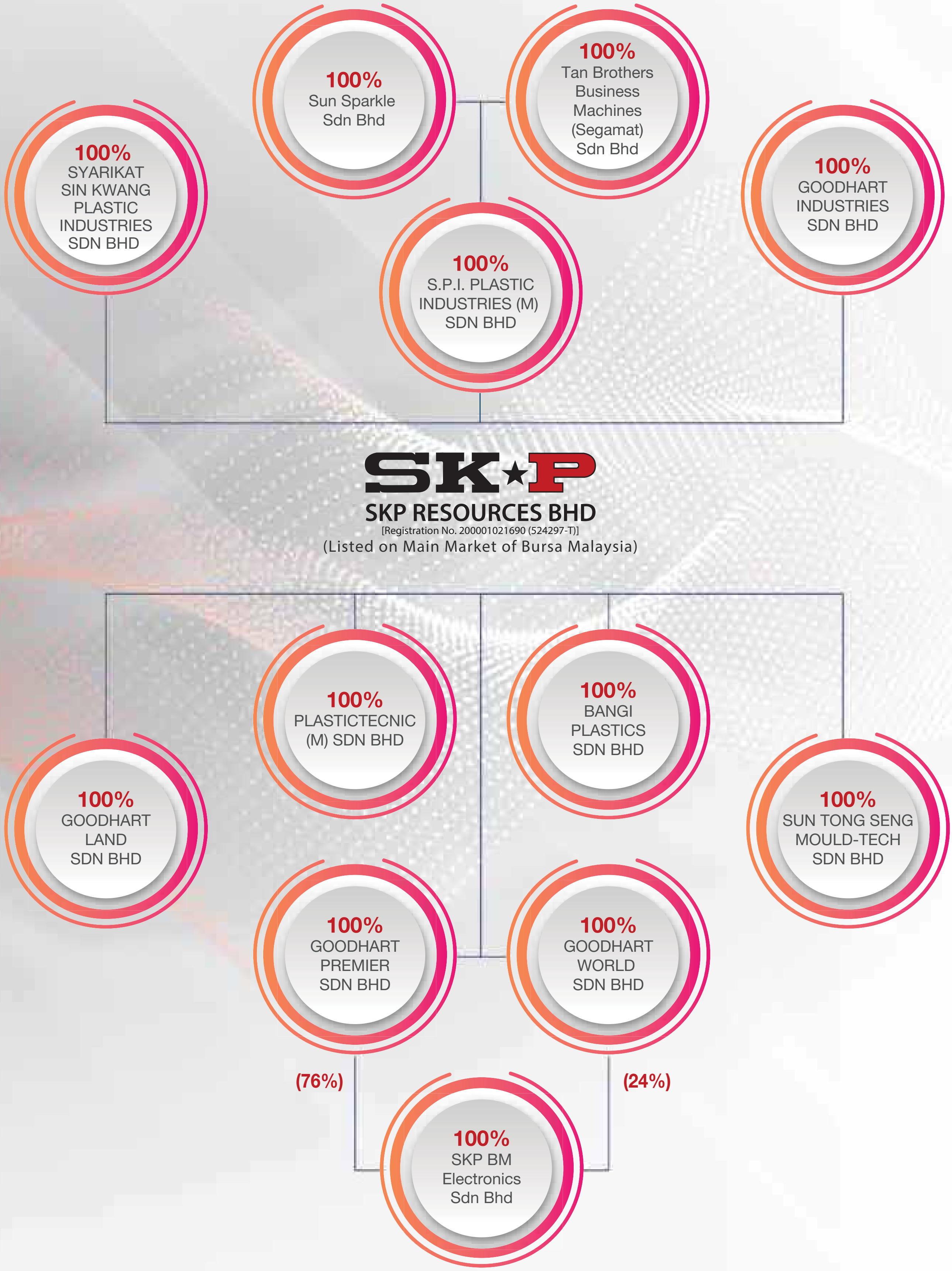
STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Sector : Industrial Products
Stock Code : 7155
Stock Name : SKPRES

WEBSITE

www.skpres.com

CORPORATE STRUCTURE



DIRECTORS' PROFILE

DATO' GAN KIM HUAT
Age 72, Malaysian, Male | Executive Chairman cum Managing Director

Date of Appointment	3 December 2002
Membership of Board Committees	Nil
Qualification and Working Experience	Dato' Gan has over 30 years of experience in plastics injection moulding and is a well-known entrepreneur in the local plastics industry due to his wide knowledge of plastics manufacturing and network of contacts in the industry. Dato' Gan has also cultivated excellent relationships with the customers of the Group.
Directorships of other public companies	Nil
Family relationship with any director and/ or major shareholder of SKP	Dato' Gan is the father of Mr. Gan Poh San, the Executive Director of SKP and a major shareholder of the Company. Dato' Gan is also a major shareholder of the Company.
Conflict of interest with SKP, if any	Dato' Gan has no any conflict of interest with SKP except as disclosed in the financial statement.
Convictions for offences within the past five (5) years and any particulars of public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Dato' Gan was publicly reprimanded by Bursa Malaysia Securities Berhad ("Bursa Securities") on 29 November 2016, with a total fine of RM75,000/- for breaching paragraph 9.03(1) and 9.08(2) of the Main Market Listing Requirements ("MMLR") of Bursa Securities by SKP Resources Berhad. On 3 April 2017, Dato' Gan was publicly reprimanded by Bursa Securities with a fine of RM50,000/- for breaching paragraph 16.13(b) of the MMLR of Bursa Securities in relation to his former directorship in Rohas Tecnic Berhad.
Number of board meetings attended in the financial year	5/5

GAN POH SAN
Age 44, Malaysian, Male | Executive Director

Date of Appointment	3 December 2002
Membership of Board Committees	Nil
Qualification and Working Experience	Mr. Gan received his Bachelor of Arts (Honours) majoring in Accounting and Finance from Staffordshire University and further obtained his MSc. in Finance from Imperial College (Management School), United Kingdom in 1998. In 1998, he joined Syarikat Sin Kwang Plastic Industries Sdn. Bhd., a wholly-owned subsidiary of SKP, as a management trainee and was subsequently sent to Kai Japanese School and Nissei Plastics School in Japan to study Japanese language and plastic engineering respectively. His proficiency in speaking Japanese language enables him to communicate easily with the Group's Japanese customers.
Directorships of other public companies	Nil
Family relationship with any director and/or major shareholder of SKP	Mr. Gan is the son of Dato' Gan Kim Huat, the Executive Chairman cum Managing Director of SKP as well as a major shareholder. Mr. Gan is also a major shareholder of the Company.
Conflict of interest with SKP, if any	Mr. Gan has no any conflict of interest with SKP except as disclosed in the financial statement.
Convictions for offences within the past five (5) years and any particulars of public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Mr. Gan was publicly reprimanded by Bursa Securities on 29 November 2016, with a total fine of RM75,000/- for breaching paragraph 9.03(1) and 9.08(2) of the MMLR of Bursa Securities by SKP Resources Berhad. On 3 April 2017, Mr. Gan was publicly reprimanded by Bursa Securities with a fine of RM50,000/- for breaching paragraph 16.13(b) of the MMLR of Bursa Securities in relation to his former directorship in Rohas Tecnic Berhad.
Number of board meetings attended in the financial year	5/5

DIRECTORS' PROFILE
cont'd

KOH CHIN KOON
Age 50, Malaysian, Male | Senior Independent Non-Executive Director

Date of Appointment	4 March 2005 *Re-designated as the Senior Independent Non-Executive Director on 27 July 2014*
Membership of Board Committees	Chairman of Audit Committee Member of Nomination Committee Member of Remuneration Committee Member of Risk Management Committee
Qualification and Working Experience	Mr. Koh Chin Koon completed his Bachelor Degree in University of Malaya in year 1995 and joined Malaysian Institute of Accountants (MIA) and Chartered Tax Institute of Malaysia (CTIM) in July 1999 and September 2000 respectively. He became an approved tax agent under Section 153(3)(b) of the Income Tax Act, 1967. He was employed by Arthur Andersen & Co as a Tax Assistant after he completed his Bachelor Degree and promoted as a Tax Experience Senior during the employment. He left Arthur Andersen & Co and joined Chin & Co as a Tax Manager in February 2001. After having obtained a wide range of experience from his past employment involved in advising clients including private companies, public listed companies and quasi government organisations, he set up Koh & Siow Management Services in May 2001.
Directorships of other public companies	Nil
Family relationship with any director and/or major shareholder of SKP	Nil
Conflict of interest with SKP, if any	Nil
Convictions for offences within the past five (5) years and any particulars of public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil
Number of board meetings attended in the financial year	5/5

CHEW TECK CHENG
Age 64, Malaysian, Male | Independent Non-Executive Director

Date of Appointment	30 November 2007
Membership of Board Committees	Chairman of Remuneration Committee Member of Audit Committee Member of Nomination Committee Member of Risk Management Committee
Qualification and Working Experience	Mr. Chew graduated with a Diploma in Commerce (Financial Studies) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University College). He is an associate member of the Association of Chartered Certified Accountants in 1983 and a member of the Malaysian Institute of Accountants (Chartered Accountant) in 1984. He is also a fellow member of the Association of Chartered Certified Accountants since 1988. He has been practising as a Chartered Accountant and approved company auditor since 1986 under Messrs. T. C. Chew & Co.
Directorships of other public companies	Nil
Family relationship with any director and/or major shareholder of SKP	Nil
Conflict of interest with SKP, if any	Nil
Convictions for offences within the past five (5) years and any particulars of public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil
Number of board meetings attended in the financial year	5/5

DIRECTORS' PROFILE
cont'd

KOH SONG HENG
Age 63, Malaysian, Male | Independent Non-Executive Director

Date of Appointment	29 February 2008 Appointed as Non-Independent Non-Executive Director on 29 February 2008 and was re-designated as Independent Non-Executive Director on 25 July 2012
Membership of Board Committees	Chairman of Nomination Committee Chairman of Risk Management Committee Member of Audit Committee
Qualification and Working Experience	Mr. Koh Song Heng graduated with a Bachelor of Arts Degree with Honours, majoring in Law & Economic disciplines in Modern Studies in 1982. He has over 23 years of experience in management and administration of Local and Export Products development.
Directorships of other public companies	Polymer Link Holdings Berhad
Family relationship with any director and/or major shareholder of SKP	Nil
Conflict of interest with SKP, if any	Nil
Convictions for offences within the past five (5) years and any particulars of public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil
Number of board meetings attended in the financial year	4/5

PROFILE OF KEY SENIOR MANAGEMENT

KAU WAI FAUN
Group Financial Controller

Aged 52, male, a Malaysian, joined the Group in 1994 as an Accountant, and was subsequently promoted to Group Financial Controller.

Mr. Kau is an Associate member of the Chartered Institute of Management Accountants (CIMA) in the United Kingdom, a member of the Chartered Global Management Accountants (CGMA) and also a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

He has more than 21 years of work experience in financial and management accounting.

He has no family relationship with other Directors nor major shareholders of SKP, no conflict of interest with SKP and no conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Unprecedented Financial Year 2020. This financial year marked one of the most challenging if not the toughest year which the SKP Group has encountered over the course of our history.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS
cont'd

The Group has embarked on its business venture well for this year and so far this positive momentum has sailed through into the 3rd quarter of the Financial Year ("FY") 2020, despite the outbreak of the pandemic COVID-19 which spread rapidly across China in December 2019 and subsequently affecting Malaysia tremendously. Malaysia has also recorded triple digit of positive cases of COVID-19 which led to an exponential rise in cases.

Ultimately, in order to control the further wide spread of the COVID-19 in Malaysia, the Prime Minister of Malaysia had on the 16th of March 2020 announced the imposition of the Movement Control Order ("MCO") across Malaysia. Following the imposition of the MCO, all Government and private premises were ordered to suspend operations except for essential services. Accordingly, our Group of companies were not spared from the impact of the imposition of the MCO and we had to suspend most of our operations except for 2 of our plants which were classified under essential services, involving mainly in the Food & Beverage Industries as well as the Medical segment.

Notwithstanding all the aforesaid challenges, I am pleased to share with you that SKP Group continues to achieve a higher turnover of RM 1.82 billion in FY 2020 as compared to RM1.65 billion in FY 2019 and maintain to stay profitable even throughout the final quarter of FY 2020.

Cash flow generation from operating activities remains strong at RM67.9 million. The Group continue to retain a solid and healthy Balance Sheet this year.

BUSINESS OVERVIEW

Throughout FY 2020, I am pleased to report that both our Electronics Manufacturing Services ("EMS") segment and non EMS segment continue to perform well compared to the previous year. If not for the lockdown, we could have managed to secure close to RM 2.0 billion in revenue like we did in FY 2018.

One key decision which the group made in FY 2020 was to invest and install new capacities for the future. In total, the Group invested RM 100 million in FY 2020 including plants, machineries, Surface-mount Technology ("SMT"), robotic spray facilities to cater for both EMS and non EMS sector.

Last year, we reported that we had purchased a new factory adjacent to our current Johor Bahru operation plant. In this regard, we have successfully commenced operation in this new factory and we have achieved a vigorous record setting time of 3 months from the handover in May till August when we first started mass production.

We have thus far invested approximately RM 50 million in this set up which houses one of the most advance injection moulding facilities coupled with energy savings machineries and full fledge robotic automation. This new factory is currently operating at 80% capacities and we are reaping the benefits in terms of high yield efficiency, reduce energy consumption and reduction in manpower usage. This has always been our ethos and I am glad that these strategies have materialised and serve the group well which ultimately help us achieves a higher margins.

On top of these developments, SKP BM Electronics Sdn Bhd ("SKP BM") which provides PCBA solutions to our clientele have also started its maiden business delivery to our own in-house floor care products. This is a major milestone in our SKP Group history as this marks our official foray into Electronics PCBA business. This is a very important integral part of our EMS business and I strongly believe that with this added capability; it will serve well for SKP in our pursue of new products full turn key assembly in the future.

Notwithstanding this, this new division is also expected to contribute positively to our group revenue and earnings in the coming years. SKP BM are currently working on several new products to cater for our own in-house consumption and one key area of focus is the assembly of battery pack which is targeted to launch in FY 2021. These developments are progressing steadily.

Over at our non EMS segment, we continue to see a strong take up of our product offerings from both our existing and new customers. This segment comprises the Food & Beverage, Industrials, Automotive, Consumables and Medical industries. To recap, it has always been our strategy to grow our non EMS segment which compliments our EMS business. This healthy diversification in the plastics realm serves as a good partner to our EMS division. Interestingly, during the MCO lockdown period, 2 of our manufacturing plants are allowed to operate (subject to MCO criteria) as they fall under essential services. In a small but meaningful way, this provided some revenues for the Group during this lockdown period and serves as a timely reminder of the importance of diversifications.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS
cont'd

In the past few years, we have consistently invested in this non EMS segment and will continue to pursue this strategy. During the year, we added more advanced manufacturing machineries to cater to our rigid plastics packaging products. These investment provided the much needed innovative fast cycle, light weight and in mould labelling manufacturing solutions for our clientele. These initiatives also cement our commitment to our customers in product innovations, sustainability and corporate social responsibilities. In a nutshell, we see a strong pent up demand for the non EMS sector; in particular for manufacturers which possess the full spectrum of specialised series in this industry. I believe that we are well positioned to tap on this demand and well poised for more businesses in the future.

FINANCIAL REVIEW

	FY 2020 RM'000	FY 2019 RM'000	Variance %
Revenue	1,826,733	1,654,215	+10.4
EBITDA	124,763	146,681	-14.9
PBT	96,128	124,596	-22.8
PAT	72,136	96,004	-24.9
Inventories	164,138	93,589	+75.4
Trade and other receivables	358,680	320,682	+11.8
Other investments (highly liquid)	126,125	208,018	-39.4
Cash and bank balance	55,339	40,035	+38.2
Trade and other payables	349,474	254,945	+37.1
Total borrowings	175	275	-36.4

The Group recorded an increase of 10.4% in revenue as compared to the previous year. The higher revenue was mainly attributed to increase orders for Box Build Assembly from existing key customers.

The Group achieved a lower profit after tax ("PAT") of RM72.1 million, representing a decrease of 24.9% as compared to RM96.0 million in FY 2019, mainly due to higher startup costs of new assembly lines during the year.

In line with the new assembly lines that came on stream, inventories holdings had increased by 75.4%. The Group's property, plant and equipment rose to RM248.5 million for FY 2020 compared to RM186.8 million as at FY 2019. As at FY 2020, total shareholders' equity fund of the Group amounted to RM611.2 million. The Group recorded earnings per share of 5.85 sen and the net asset value per share improved further to RM0.49.

In the financial year under review, net cash inflow of RM67.9 million was generated from operating activities (FY 2019: RM151.9 million). The net cash used in investing activities was RM1.7 million (FY 2019: RM111.8 million). During the year, a withdrawal of RM81.9 million was made from our investment in cash management fund to finance part of the capital expenditure amounting to RM91.6 million. Net cash used in financing activities amounting to RM51.4 million (FY 2019: RM63.4 million) was mainly due to dividend payment.

OUTLOOK

Moving forward, it is undoubtedly that it will be a challenging time for the market as long as COVID-19 continues to encircle our community and the impact of the on going trade diversion resulting from the US-China trade wars.

Although it must be said that the world is now moving into a "new normal" in almost every sector; I firmly believe that there will be a steady recovery of consumer spending power on domestic electronic products.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Although we do foresee some headwinds ahead of us, we believe that there are still many opportunities across the EMS sector due to the effect of diversion of trade and the increase in replacement cycle for household products. As the number of people working from home has increased substantially now, it is likely that they will invest in premium quality household products to create a more efficient and cleaner working environment at home.

While the year ahead will be a challenging one for the Group, we endeavour to stay focused on growing our core values and continue to further develop our manufacturing capabilities. With our solid track records, we will definitely continue to enhance, improve and innovate value propositions for our shareholders in the long term.

DIVIDEND

Despite the challenging times, the Group will continue to adhere to its dividend payout policy of a minimum of 50% of the after tax profits annually.

For FY 2020, the Board of Directors have recommended a final single-tier dividend of 2.93 sen per share.

APPRECIATION

On behalf of the Board of Directors, I wish to share my appreciation and gratitude to our fellow Directors for their invaluable advice and guidance.

We also extend our sincere gratitude to our stakeholders who consist of shareholders, customers, bankers and business partners for their confidence and continued support for the Group.

Finally, I would like to commend and acknowledge the commitment and dedication of our Senior Management and staff for their tireless contributions to deliver yet another year of good results.

Thank you.

Dato' Gan Kim Huat
Executive Chairman cum Managing Director

FIVE YEARS GROUP FINANCIAL SUMMARY

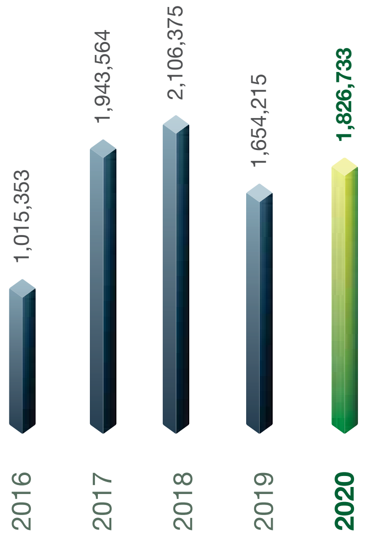
		2020	2019	2018	2017	2016
OPERATING RESULTS						
Revenue	RM'000	**1,826,733**	1,654,215	2,106,375	1,943,564	1,015,353
EBITDA	RM'000	**124,763**	146,681	178,805	162,274	123,308
EBIT	RM'000	**96,355**	124,609	158,003	141,718	104,175
Profit Before Taxation	RM'000	**96,128**	124,596	156,243	138,513	101,366
Profit After Taxation	RM'000	**72,136**	96,004	126,670	103,316	81,482
Profit Attributable to equity holders	RM'000	**73,161**	96,658	126,754	103,316	81,551
KEY BALANCE SHEET DATA						
Total Assets	RM'000	**1,002,609**	873,108	905,834	1,053,102	555,587
Total Borrowings	RM'000	**175**	275	375	73,466	53,483
Paid-up Capital	RM'000	**296,126**	296,126	296,126	271,335	111,950
Equity Attributable to Owners of the Company	RM'000	**611,210**	587,652	555,305	455,643	338,242
VALUATION						
Basic Earnings/Net Earnings Per Share	sen	**5.85**	7.73	10.32	8.83	7.47
Gross Dividend (sen)	sen	**2.93**	3.84	5.067	4.15	3.50
Net Asset Per Share	RM	**0.49**	0.47	0.44	0.38	0.30
PROFITABILITY RATIOS						
Return on Total Assets	%	**10**	14	17	13	19
Return on Capital Employed	%	**15**	21	28	29	28
Return on Equity (ROE)	%	**11.8**	16.3	22.8	22.7	24.1
GEARING RATIO						
Net Debt to Equity Attributable to Owners of the Company	times	**0.00**	0.00	0.00	0.16	0.16

FINANCIAL HIGHLIGHT

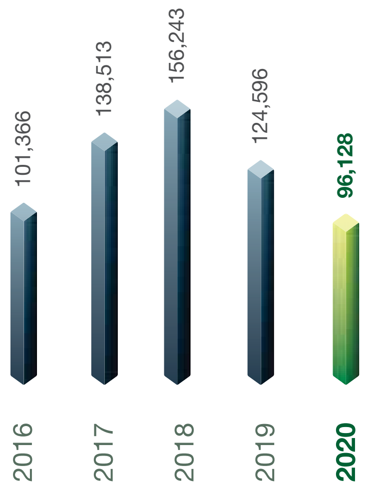
FIVE YEARS GROUP FINANCIAL SUMMARY

cont'd

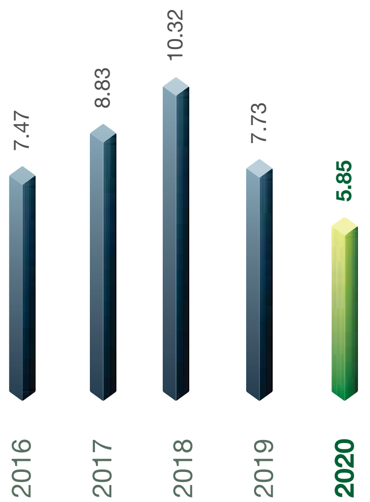
REVENUE (RM'000)



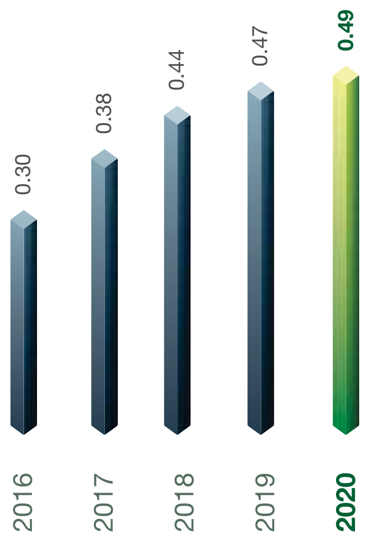
PROFIT BEFORE TAXATION (RM'000)



BASIC EARNINGS/NET EARNINGS PER SHARE (SEN)



NET ASSET PER SHARE (RM)



SUSTAINABILITY STATEMENT

SKP Resources Bhd ("SKP" or "the Group") continues on its effort to be is dedicated part of the Bursa Malaysia's initiative to implement sustainability into the business operations of the Group. The Board of Directors ("Board") will undertake the responsibility to ensure the embedding of sustainable principles into the fibre of the Company's DNA. As such, the Managing Director with the support from the key senior management, will lead the charge in supervising the implementation of sustainability practices and initiatives.

The Bursa Malaysia sustainability framework relates to three major pillars of sustainable development, i.e. economic, environmental and social ("EES"). Based on their classification, the Group falls under Industrial Products and Services. Its sub-sector is Industrial Materials, Components and Equipment. Based on the platform of these classifications, the Group is of the opinion that the materiality matters that is the most relevant and suitable to the Group are as follows:

Economic

- Procurement practices
- Community Investment

Environment

- Compliance
- Management of manufacturing waste
- Conservation of energy
- Emission of potentially hazardous substances
- Material consumption and management

Social

- Human Resources
- Occupational Health and Safety Management

As such, the Material Sustainability Matters currently undertaken by the Group are as follows:

ECONOMIC

1) Procurement Practices

The Group has taken cue from the growth and expansion of their clients and throughout the years and have expanded their production lines. This includes the establishment of SKP BM Electronics Sdn Bhd to bolster its production arm on circuitry. This creates the platform for the Group to take on more local vendors, hire more employees and bring in more business to enrich the community.

One of the important projects adopted by the Group is the Six-Sigma programme. Under this programme, the Group finds way for the continuous improvement of the operations. There are several levels to this process. It starts from the Executive Leadership to the champions, then black-belts, green belts and finally to the team members. The process commences with the Executive Leadership, with the help from the champions, identify new ideas for improvement and implementation. The black belt will then lead the charge and is supported by both green belt and team members.

2) Community Investment

In 2020, one of the three pillars of sustainability is to reduce the poverty level. The Group believe that apart from receiving, we should also be giving back to the community. The Group is interested in providing community services on a case-by-case basis. Currently, the Group has not put in place a long term strategy to address this issue. The Group recognises that it is an important part of the operations, but due to the uncertainty in the business climate, it is difficult to plan for the long term.

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (cont'd)

2) Community Investment (cont'd)

The Group has, without any expectation and terms attached, made a contribution to a tune of RM54,418 to the local community in its pledge to assist under-privileged. The Group hopes that this will ease the strain of poverty and improve living conditions.

Besides that, the Group also plays other role in providing for the community. The Group adopts the 3R approach, i.e. reduce, recycle and reuse. It is a kind act of sharing and caring for the community. Employees are encouraged to donate items that are of good quality to someone that needs it more than them. Secondly, under the 3R initiatives, items that are in a less than good condition are taken in and converted into something more meaningful for the less fortunate. The benefit from this 3R initiatives are that when we reduce the use of print, we help in the conservation of office by avoiding printing unless necessary, which in turn conserve energy. Secondly, we take pride in recycling out materials when appropriate, which can then be shaped into a new item. These recycling of waste materials are categorised and handed over to related parties for use. Thirdly, item like boxes that are normally thrown away are repurpose. They are redecorated for other usage.

3) Indirect Economic Benefits

Back in 29 February 2012, the Group announced that it has adopted a dividend policy. The accumulative dividend payout will be at least 50% of the annual profit after tax to its shareholders. This is to reward the shareholders for their support and trust towards the company.

ENVIRONMENT

The Group is very concerned with the impact it has on the environment. When we move on, we hope to leave behind a better world to future generations. Therefore, the Group has taken the following steps to preserving the environment:

1) Compliance

The Group is always positive to comply with stringent legal and regulatory requirements of the relevant authorities such as Malaysian Department of Environment ("DOE") which govern plant and factory operations and maintenance in areas in relation to environment and emission standards, fuel usage, noise level and treatment of plant discharge, effluents and waste water.

Among the activities that the Group does is the accreditation and maintenance of certificates. The Group holds very strongly to the accreditation that has been achieved and given to them.

They are the ISO 9000 and the 14000 given to their subsidiaries like Syarikat Sin Kwang Plastic Industries Sdn Bhd, SPI Plastic Industries (M) Sdn Bhd, Bangi Plastics Sdn Bhd, Plastictecnic (M) Sdn Bhd, Sun Tong Seng Mould-Tech Sdn Bhd and SKP BM Electronics Sdn Bhd for practicing total management systems. Below are the certificates that were received by the subsidiaries.

SUSTAINABILITY STATEMENT
cont'd

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT (cont'd)

2) Management of Manufacturing Waste

Waste is an unavoidable part of manufacturing plastic components. The most common waste items from the production are the runners and the rejected items. Rejected items makes up of a larger quantity of waste due to the size of the individual item.

Some of these items eventually end up as trash which litters the coastlines. As part of our conservation effort towards the environment, volunteers, i.e. members of the family from our company actually participated in a beach clean-up at Blue Lagoon Beach, Port Dickson. Organised by Trash Hero and Reef Check, we took part in a nationwide beach clean-up that was conducted on the 21 September 2019. At the same time, it gave us the opportunity to release 50 baby green turtles to the sea. This event was strongly supported by the Department of Fisheries of Port Dickson, Negeri Sembilan. We spent about 4 hours cleaning the beach and managed to collect about 337.39 pound of trash using a system called Clean Swell app.

Among waste of the production line, solid waste i.e. garbage is considered the second most common.

Back in September of 2015, the company mandated that separation of solid waste according to the 3 categories of trash separation i.e. plastic waste, paper waste and metal waste in all of the Group's location. The Group is continuing in its effort to separate trash into 3 different categories.

As the Group employs over 6,600 people who, of course, generate waste. The Group recognises that it is the Group's job to manage this wastage. It is due to this, the Group has again adopted the Six-Sigma programme to reduce the wastage produced. The Group champions the increase of efficiency and effectiveness of the production process via the Six-Sigma programme. One of Group's business sites are currently aiming to achieve 95% overall productivity.

3) Conservation of Energy

The Group has taken the initiative to use better, more efficient machineries to reduce wastage of time, resources and energy, in tandem with the implementation of proper scheduling to run this machinery. The lighting bulbs, air conditioners installed to replace old units are all more energy efficient because they consume lower energy levels. During rest time, the lighting bulbs and air conditioners are powered down. Air conditioning systems temperatures are maintained at 25 celcius.

The Group is further exploring technology that could potentially reduce the consumption of energy. This initiative is in line with Tenaga Nasional Berhad's allocation of power consumption. By saving energy, the Group also contributes to the conservation of the environment's resources by decreasing the power plant's consumption of fossil fuels. The Group has also taken into consideration the use of Servo Motor System that has the potential to conserve energy by 40%.

4) Emission of potentially hazardous substances

With the recent introduction of Euro5 grade diesel, the combustion of the engine will be more environmental friendly. On average, the consumption of 1 litre of diesel is equivalent to the emission of 2.70kg of CO_2. The Group is exploring ways to reduce the emission of CO_2. New strategies are being introduced to streamline transportation systems, which include lesser time on the road and thus, less carbon emissions.

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT (cont'd)

5) Material consumption and management

The Group offers Electronic Manufacturing Services ("EMS"). As such, the Group is bounded by strict supply chain requirements by certain customers. For the purpose of meeting customer requirements, the supply chain needs to meet multiple EES requirements, for instance, streamlining of the supply chain, producing less wastages and conserving energy. In additional, the Group adopts the Six-Sigma programme at one of the business locations. The programme and its tools are use for the process environment. The production department has set eight (8) goals. The project goals amount to reducing waste and rejection rates, thus increasing productivity and accurate reporting.

Project Goal	Issue	Target
No. 1	Improve accuracy	99%
No. 2	Improve productivity	90%
No. 3	Improve productivity	99.5%
No. 4	Reduce defect	0.5%
No. 5	Improve productivity	95%
No. 6	Rejection rate	0.2%
No. 7	Improve productivity	95%
No. 8	Improve productivity	95%

It is envisage that the programme will then be rolled out to other business locations, upon the completion of the pioneer site.

SOCIAL

The Board strongly believes that the Group has an important role to play in the society.

1) Human Resources

The Group's success in its operations is a result of the employees' collective contribution and hard work. The Group believes that employees are key assets of the Company and one of the primary reasons for prosperity. The Group seeks to find a balance of responsibility, performance and reward in the workplace for the employees.

The Group has complied with local labour laws and regulations with regard to the minimum wage policy in order to contribute to the overall well-being of the employees. The Company strongly believes in eschewing any forms of discrimination in terms and conditions due to an unwavering commitment to providing an equal opportunity environment.

The Group seeks to be proactive in the development of human capital by developing continuous training programmes for employee development. The provision of external and in-house, training programmes will result in increased opportunities for employee contribution, increased performance and engagement of various fronts.

The Group aims to inculcate the value of GPT Programme into the heart and soul of the employees. GPT focus on 3 key areas which are Teach, Green and Volunteer. The GPT programme is to let the staff to have a better understanding of the company and comprehend more about plastics, address the issue of human behaviour, and not demonise any particular industry and educate how plastics are made, importance of plastic, and the importance of 3R and its consequences.

The Group also provides medical benefits and insurance coverage for employee in addition to a competitive remuneration package. There are also dinners and trip organised time to time for increased employee engagement.

2) Occupational Health and Safety Management

The Group is committed to do everything in power in order to ensure the health and safety at the workplace for employees. As such, all relevant laws and regulations laid down by Department of Occupational Health and Safety ("DOSH") are strictly complied with. The Group has a Safety and Health Committee to oversee this integral matter. Factory and production staff is supplied with protective gear for better safety measures. Preventative measures, such as safety briefing and fire drills, are conducted routinely to enable the employees to understand safety issues and to reach promptly in times of an emergency.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (**"the Board"**) of SKP Resources Bhd (**"SKP"** or the **"Company"**) recognises the importance of practising good corporate governance within the Company and strives to achieve this objective by enhancing shareholders' value as well as strengthening corporate culture anchored on corporate accountability and transparency.

The Malaysian Code on Corporate Governance (**"MCCG"**) sets out broad principles and specify practices including its intended outcomes which companies may adopt in promoting good compliance and corporate governance culture as an integral part of business dealings. Management has been, on an ongoing basis, reviewing, evaluating and implementing the practices in substance to achieve the intended outcomes of building and supporting a strong corporate governance culture throughout the Company.

In its application of corporate governance practices as required under paragraph 15.25 of the Main Market Listing Requirements (**"MMLR"**) of Bursa Malaysia Securities Berhad (**"Bursa Securities"**), the Board is pleased to report hereunder an overview of the manner in which the Company has applied with the three (3) principles and the extent of compliance with the best practices as advocated by the MCCG, throughout the financial year ended 31 March 2020 (**"FYE 2020"**). The detailed explanation on the application of the corporate governance practices are reported under the Corporate Governance Report as published on the Company's website at www.skpres.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is responsible for the overall governance, management and strategic direction of the Company and for delivering accountable corporate performance in accordance with the Company's goals and objectives.

To ensure the effective discharge of its function and responsibilities, the Board has also delegated certain authorities and discretion to the Executive Directors and Senior Management. The Board Committees are also entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective Terms of Reference (**"TOR"**). At each Board meeting, minutes of the Board Committee meetings are presented to the Board. The respective Chairmen of the Board Committees will also report to the Board on key issues deliberated by the Board Committees in order to develop effective communication.

The Board provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of long-term shareholders' value. The Board is primarily responsible for:

a) Together with senior management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;

b) Ensuring that the Group's goals are clearly established and that a strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability, is in place to achieve them;

c) Overseeing and evaluating the conduct and performance of the Group's business to evaluate whether the business is being properly managed;

d) Reviewing, challenge and decide on management's proposals for the Company, and monitor its implementation by management;

e) Ensuring that the statutory accounts of the Company and the Group are fairly stated and conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

f) Identifying and managing the principal risks affecting the Group and ensuring the implementation of appropriate internal controls and mitigation measures;

g) Determining the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

I. Board Responsibilities (cont'd)

h) Ensuring that Senior Management has the necessary skills and experience, and there are appropriate plans in place in respect of the succession plan for Board members and Senior Management of the Group;

i) Reviewing the adequacy and the integrity of the management information and internal controls systems of the Group, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines; and

j) Overseeing the development and implementation of investor relations and communication policy for the Group which promotes effective communication with shareholders and other stakeholders.

The Board has delegated certain of its functions to the Board Committees which comprising the Audit Committee (**"AC"**), Nomination Committee (**"NC"**), Remuneration Committee (**"RC"**) and Risk Management Committee (**"RMC"**) which operate within their clearly defined TOR.

The Board reserves certain powers for itself and delegates certain matters, such as the day-to-day management of the Company to the Executive Directors and the Senior Management. Such delegations are subject to approved authority limits. These are matters pertaining to:-

- recurring and non-recurring revenue expenditures (within the ordinary course of business);
- capital expenditures; and
- sourcing of business deals/investments.

Chairman and Managing Director

Dato' Gan Kim Huat is the Executive Chairman cum Managing Director of the Company. This is perceived as appropriate and of benefit to the Group due to his extensive knowledge and experience in the Group's business, products, policies and administration matters. He is primarily responsible for the orderly conduct and effectiveness of the Board.

The Board is mindful of the dual roles but is comfortable that there is no undue risk involved as the Executive Directors will be informed and consulted before the Executive Chairman cum Managing Director makes any decision and all major matters and issues are to be referred to the Board for consideration and approval. Notwithstanding that, the Board is currently comprising five (5) members, three (3) of whom are Independent Non-Executive Directors, comprising a majority of Independent Directors and play a distinctive role to provide an element of objectivity, independent judgement and check and balance to the Board. The current size and board composition are adequately to enable the Chairman to marshal the board's priorities whilst the Independent Directors are to ensure balance of power as well as authority on the Board.

The Board regards independence as an important element for ensuring objectivity and fairness in Board's decision-making. In order to uphold independence, Mr. Koh Chin Koon is currently the Senior Independent Non-Executive Director ("SID") to assist the Board to deal with any actual or perceived conflicts of interest that arise in these or future circumstances.

The main function of a SID is to provide leadership and advice to the Board, without detracting from the authority of the Chairman, when the Chairman has a conflict of interest. Such assistance may be provided are as follows:-

- to act as a conduit for any material issues that the Independent Directors may wish to raise with the Executive Directors or Senior Management;

- to act as an alternative point of contact for Non-Executive Directors and shareholders with concerns which are not being addressed by the Chairman or Executive Directors; and

- to ensure that the interest of the Company and its stakeholders are taken into account and given priority in case of any conflicts of interest.

The role of the Chairman cum Managing Director would be counterbalanced by the SID, who was given special responsibility for governance issues.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

I. Board Responsibilities (cont'd)

Qualified and Competent Company Secretary

The Board is supported by a suitably qualified, experienced and competent Company Secretary. The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. Apart from playing an active role in advising the Board on governance and regulatory matters, Company Secretary also attend all the Board and Board Committees meetings and ensure that all meetings are properly convened, the proceedings and deliberations at the meetings are properly recorded in the minutes of meetings.

Access to information and advice

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board is supplied with adequate and timely information in the form and quality as appropriate to enable them to discharge their duties.

Prior to Board meetings, an agenda of meeting together with the relevant documents are distributed to all Directors for them to review. Apart from the ad-hoc meetings, notices of meetings are sent to the Directors at least seven (7) days in advance and the meeting papers are made available to the Directors prior to the meetings to allow reasonable time for review and to facilitate full discussion at the meetings. The Board strive to circulate the meeting papers at least five (5) business days in advance of the meeting day, if possible.

The Executive Directors and/or other relevant Board members and/or Senior Management of the Group will provide comprehensive explanation of pertinent issues and recommendations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making. Proceedings of Board meetings are recorded in the minutes.

All Directors have access to the advice and services of the Company Secretary, Senior Management as well as independent professional advisers including the internal and external auditors. The Directors may whether as a full board or in their individual capacity, whenever necessary, at the expense of the Group, to access all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities. The Directors are encouraged to have free and open contact with the Management at all levels and full access to all relevant information.

Apart from Board meetings, the Directors are also provided with updates via emails as and when there are any new changes to the existing laws, requirements, rules and regulations.

Board Charter

In compliance with Practice 2.1 of the MCCG, the Board has adopted a Board Charter outlining the roles, functions, composition and responsibilities of the Board of Directors of SKP and is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board members. The Board Charter is established to provide guidance and clarity for the Board's roles and responsibilities as well as the powers between the Board and the Senior Management, the Board Committees established by the Board, between the Executive Chairman cum Managing Director and Executive Directors.

The Board Charter of the Company is in place and available on the Company's website. This Board Charter is a source reference and primary induction literature to provide insights to prospective Board members and Senior Management. In addition, it assists the Board in the assessment of its own performance and of its individual Directors.

A copy of the Board Charter is available at the Company's website at www.skpres.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

I. Board Responsibilities (cont'd)

Code of Ethics and Conduct

The Company's Code of Ethics and Conduct sets forth the standards of conduct required for all Directors, officers, managers and employees of SKP and its Group of Companies with the objective of ensuring their proper behavior and ethical conduct.

The Code of Ethics and Conduct covers all aspects of the Company's business operations, such as customer relationships, personal benefits, conflict of interest, confidentiality, dealing in securities of the Company, protection of assets and funds, accuracy of public communication, quality management & environment management, health and safety, fair and courteous behaviors and etc.

Each Director is routinely reminded of his obligations as stated in the Company's Board Charter. The Directors have the duty to declare immediately to the Board of their interests in any transactions to be entered into directly or indirectly within the Company/Group, in order to uphold good corporate integrity. A review of those interests has undertaken by the Board at the Board meetings quarterly to ensure impartiality of the decisions made by the Board.

Integrity Policy

The Group conducts all its business in an honest and ethical manner and takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. The Group is also committed in upholding all laws relevant to countering bribery and corruption in Malaysia and all other jurisdictions in which it operates. The Integrity Policy is accessible to the employees or other stakeholders at the Company's website at www.skpres.com.

Whistleblowing Policy

In addition, the Company's Whistleblowing Policy seeks to foster an environment where integrity and ethical behavior are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed. The Whistleblowing Policy provides an avenue for any person including all employees of SKP and its Group of Companies to report concerns about any suspected and/or known improper conduct that they may observe in SKP.

The AC is responsible for the supervision of the enforcement of Whistleblowing Policy. The AC shall receive information on each report of concern and ensure that follow-up actions be taken accordingly. The Chairman of AC, may, direct the complaint to the division/department best placed to address it, or lead the investigation to ensure prompt and appropriate investigation and resolution.

All disclosures can be made in strict confidential manner, marked "Confidential" to:

The Chairman of AC
SKP Resources Bhd
No. 421, 4th Miles, Jalan Kluang,
83000 Batu Pahat,
Johor Darul Takzim
auditcom@skpres.com

The Code of Ethics and Conduct and Whistleblowing Policy are available for viewing at the Company's website at www.skpres.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

II. Board Composition

As at the date of this statement, the Board of SKP consists of five (5) members, comprising the Executive Chairman cum Managing Director, one (1) Executive Director and three (3) Independent Non-Executive Directors, therefore, the current Board composition comprises a majority of Independent Directors. The profiles of the members of the Board are set out in this Annual Report. The Board is responsible for overseeing the conduct and performance of the Group's businesses and provides oversight for the Group's internal controls.

The Board is of the opinion that the interests of shareholders of the Company are fairly represented through the current composition and its size constitutes an effective Board to the Company with competent individuals with the wide spectrum of background, knowledge, skills and experience.

The Executive Directors are responsible for the overall daily operations, implementation of Board policies and decisions and making operational decisions. Apart from the above, the Company practices a clear demarcation of responsibilities and a balance of power and authority.

The three (3) Independent Directors of the Company provide the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity are maintained by the Group. If the need arises, the Company will consider increasing the number of Independent Directors to ensure the balance of power and authority on the Board.

Tenure of Independent Directors

The Board takes cognisant that Practice 4.2 of MCCG recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director. If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the independent director after twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process.

Presently, Mr. Koh Chin Koon and Mr. Chew Teck Cheng are the Independent Non-Executive Directors of the Company who have served the Board for more than twelve (12) years. Whereas Mr. Koh Song Heng, an Independent Non-Executive Director who will reach the (9) year term limit on 25 July 2021.

The Board through the NC, have assessed the independence of Mr. Koh Chin Koon and Mr. Chew Teck Cheng, who have served the Board for more than twelve (12) years, and Mr. Koh Song Heng, who will reach the nine year term limit on 25 July 2021, and recommended that they be retained as Independent Non-Executive Directors as they remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement or their ability to act in the best interest of the Company.

The Board is of the view that there are significant advantages to be gained from retaining Mr. Koh Chin Koon, Mr. Chew Teck Cheng and Mr. Koh Song Heng as the Independent Non-Executive Directors in view of their many years on the Board with incumbent knowledge of the Company, the Group's activities, corporate history and their requisite business acumen would enable them to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group.

Mr. Koh Chin Koon, is a member of the Malaysian Institute of Accountants (**"MIA"**) and Chartered Tax Institute of Malaysia, has vast experience in the fields of accounting and taxation which enable him to lead the AC and serve the Board effectively by providing invaluable insight into the Company's business.

Mr. Chew Teck Cheng, is a fellow member of the Association of Chartered Certified Accountants and a member of the MIA, has vast experience in the field of accounting and auditing which enable him to serve the AC and the Board effectively by providing invaluable contribution into the Company's business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

II. Board Composition (cont'd)

Tenure of Independent Directors (cont'd)

Mr. Koh Song Heng has over 23 years of experience in management and admistration of local and export products development and enable him to serve the Board effectively by providing invaluable contribution into the Company's business.

Notwithstanding the length of tenure of Mr. Koh Chin Koon, Mr. Chew Teck Cheng and Mr. Koh Song Heng as Independent Directors, the Board, with the assessment of the NC, is satisfied with the credibility, skills and experience of both Mr. Koh Chin Koon, Mr. Chew Teck Cheng and Mr. Koh Song Heng who could bring independent judgement on issues of strategy, performance and resources, including standards of conduct. In view thereof, the Board has recommended their retention as Independent Non-Executive Directors of the Company which are subject to shareholders' approval at the forthcoming Annual General Meeting (**"AGM"**) of the Company.

Procedures for Appointment of Directors and Senior Management

The NC is responsible to identify and select potential candidate(s) and to make recommendations to the Board for the appointment of Director(s).

In respect of the appointment of Directors, the Company practices a clear and transparent nomination process which involves the following:-

(1) Identification of candidates;
(2) Evaluating suitability of candidates;
(3) Discussion with the candidates on the proposed appointment;
(4) Deliberation by the NC; and
(5) Recommendation to the Board.

In the process of selecting and evaluating candidates for the Board, the NC has adopted the following selection criteria for new appointment of Director(s) in order to ensure that the Board has the right mix of skill to meet its objectives:-

- Required skills, knowledge, expertise and experience;
- Time commitment, characteristic, professionalism and integrity;
- Ability to work cohesively with other members of the Board;
- Specialist knowledge or technical skills in line with the Group's strategy;
- Diversity in age, gender and experience/background; and
- Number of directorships in companies outside the Group.

The Group Human Resources Function is responsible for selection and appointment of candidates for Senior Management position based on selection criteria which best matches the requirements of the open position. The selection criteria include (but not limited to) diversity in skills, experience, age, cultural background and gender.

During the financial year under review, the Board, has taken into account of the assessment by the NC, is satisfied with the mix of skills and board composition level, therefore, no new candidate is sourced and appointed to the Board. There were no new Key Senior Management personnel being appointed to the Company and the Group.

Re-election of Directors

Clause 119 of the Constitution of the Company state that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election. As such, pursuant to Clause 119, the following Directors are to retire at the forthcoming Twentieth AGM of the Company (hereinafter referred to as "the Retiring Directors"):-

- Mr. Gan Poh San; and
- Mr. Koh Song Heng.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

II. Board Composition (cont'd)

Re-election of Directors (cont'd)

The NRC has conducted the following assessment based on the criteria as prescribed by the MMLR of Bursa Securities for the retiring Directors:-

- Mix of skills;
- Character;
- Experience;
- Integrity;
- Competence; and
- Time commitment to discharge their roles.

Upon review, the NC were satisfied with the performance of the Retiring Directors. The Board has then concurred the same and resolved that Mr. Gan Poh San and Mr. Koh Song Heng be recommended to the shareholders for approval at the forthcoming Twentieth AGM.

Gender Diversity

The Board has established a Board Diversity Policy which sets out the approach to diversity on the Board and Senior Management of the Company. Although the Board Diversity Policy does not set a specific target on the composition of the Board and Senior Management in terms of gender, age or ethnicity, the Board shall endeavour to achieve greater diversity as and when the opportunity arises. The Board is currently well represented by individuals drawn from distinctly diverse professional backgrounds in the fields of manufacturing, engineering, finance, taxation, law and economics. Additionally, the Group provides an equal opportunity where all appointments and employments are based strictly on merits and are not driven by any racial, age or gender bias.

Nomination Committee

A NC has been established by the Board comprising three (3) Independent Non-Executive Directors as follows:-

Mr. Koh Song Heng	*(Chairman, Independent Non-Executive Director)*
Mr. Chew Teck Cheng	*(Member, Independent Non-Executive Director)*
Mr. Koh Chin Koon	*(Member, Senior Independent Non-Executive Director)*

MCCG recommends that the NC shall be chaired by a SID. However, the Board is of the opinion that Mr. Koh Song Heng, an Independent Non-Executive Director, is ideal as the Chairman of the NC given his experience and available time commitment although he is not a SID.

The NC shall meet at least once a year or more frequently as deemed necessary.

The following activities were carried out during the financial year under review:-

- assessed the performance of the Board as the whole and Board Committees;
- assessed the performance of the individual Directors;
- considered and recommended to the Board the Directors who are due for retirement at the AGM and being eligible for re-election;
- considered and recommended the Independent Directors whose term have exceeded a cumulative period of more than twelve (12) years and to be retained as Independent Directors;
- assessed the independence of each of the Independent Director; and
- reviewed the term of office and performance of the AC and each of its members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

II. Board Composition (cont'd)

Nomination Committee (cont'd)

The individual Director's performance evaluation involves a discussion about each Director individual contribution, explores individual training and development needs, and the time commitment that is required to continue deliver the role effectively.

The TOR of the NC is available for viewing under the "Corporate Governance" section of the Company's website at www.skpres.com.

Time Commitment

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

Name of Directors	Number of Board of Directors' Meetings Attended/Held	%
Dato' Gan Kim Huat	5/5	100
Mr. Gan Poh San	5/5	100
Mr. Koh Chin Koon	5/5	100
Mr. Chew Teck Cheng	5/5	100
Mr. Koh Song Heng	4/5	80

The Directors are required to submit updates on their other directorships and shareholdings to the Company Secretary. Such information is used to monitor the number of directorships held by the Directors and to notify the Companies Commission of Malaysia, where applicable.

Under the Board Charter, the Board shall meet regularly and board meetings should be held at least four (4) times a year at approximately quarterly intervals, with additional meetings to be convened as and when necessary. The Board members shall use their best endeavors to attend the Board meetings and to devote sufficient time to properly discharge their responsibilities at those meetings. Board members who are unable to attend the Board meetings shall accordingly advise the Chairman or the Company Secretary on the same.

By leveraging on technology, the Board meetings may conduct via electronic means and for expediency, circular resolutions of the Directors will be prepared for the Directors' execution in order to facilitate efficient implementation of Board's decision. The Director who is unable to present physically at the meetings is encouraged to participate through electronic means of communication.

Continuing Education and Training of Directors

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of economy, manufacturing, technological advances in the core business, latest regulatory developments and management strategies and recognising the need to keep abreast with the fast-changing business and regulatory environment.

To identify the training needs, the Board, with the assistance of the NC will evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminar and briefings that will enhance their knowledge and enable them to discharge their duties effectively and sustain active participation in the Board deliberations.

The Company Secretary and external auditors have also regularly updated the Board on the latest relevant regulatory requirements and accounting standards to enable them to keep abreast with such developments and amendments.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

II. Board Composition (cont'd)

Continuing Education and Training of Directors (cont'd)

The details of the trainings attended by the Directors during the FYE 2020 are as below:-

Name of Directors	Trainings Programmes/Seminars/Forums Attended
Dato' Gan Kim Huat	• In-house training on Working At Height
Gan Poh San	• In-House training on Working At Height
Koh Chin Koon	• Seminar Percukaian Kebangsaan 2019 organised by Inland Revenue Board of Malaysia
Koh Song Heng	• In-house training on Anti-Corruption
Chew Teck Cheng	• National Tax Conference 2019

Annual Assessment on Effectiveness of the Board, Board Committees and Individual Directors

In compliance with Practice 5.1 of the MCCG, the Board has delegated to the NC to carry out annual assessment on effectiveness of the Board, Board Committees and each individual Director in respect of the financial year ended 31 March 2020:-

i. <u>Directors' self and peer performance evaluation</u>

The evaluation forms were circulated to each and every Director for completion. The Directors are required to assess his own performance, as well as the performance of his peer based on the questionnaire provided. The evaluation results were compiled by the Company Secretary and presented to the NC meeting for review.

The criteria for self-assessment covers areas such as contribution to matters discussed, roles and responsibilities and overall quality of input to Board effectiveness.

ii. <u>Evaluation on the effectiveness of the Board and Board Committees</u>

The evaluation on the Board and Board Committees were conducted by the NC through roundtable discussion to provide valuable insights. For Board and Board Committees assessments, the criteria include board structure and operations, their roles and responsibilities, succession planning and board governance.

In overall, the NC is satisfied with the performance of the individual Directors as well as the effectiveness of the Board and its Board Committees.

The Board, through the NC, carried out an annual assessment of the independence of the Independent Non-Executive Directors during the financial year review. The criteria used in assessing the independence of the Independent Non-Executive Directors are based on the definition in Paragraph 1.01 of the MMLR and whether the Independent Non-Executive Directors are able to provide objective and independent views on various issues dealt with at Board and Board Committee level.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of Senior Management in meeting the approved goals and objectives, and monitor risk profile of the Company's business.

The NC has received assurance from all the Independent Non-Executive Directors vide their Letters of Declaration, confirming their independence and have undertaken to inform the Company immediately should there be any change which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

II. Board Composition (cont'd)

Annual Assessment on Effectiveness of the Board, Board Committees and Individual Directors (cont'd)

Based on the outcome of the abovementioned assessment conducted by the NC, the Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company. The Board has also concluded that there are no relationships or circumstances which could interfere the judgement of the individual Independent Non-Executive Director.

III. Remuneration Committee ("RC")

A RC has been established by the Board comprising two (2) Independent Non-Executive Directors as follows:-

Mr. Chew Teck Cheng	*(Chairman, Independent Non-Executive Director)*
Mr. Koh Chin Koon	*(Member, Senior Independent Non-Executive Director)*

The Board believes that competitive remuneration is important to attract, retain and motivate Directors of the necessary caliber, expertise and experience to lead the Group. The Executive Directors are to be appropriately rewarded giving due regard to the corporate and individual performance. The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the RC.

The remuneration of the Executive Directors is performance related which are compatible if not higher to the market rate in order to attract, motivate and retain them to run the Company. The Company also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors.

The RC shall meet at least once a year or more frequently as deemed necessary. The following activities were carried out during the financial year under review:-

- Reviewed the remuneration packages of the Executive Directors and recommended the same to the Board for consideration;
- Reviewed the annual performance bonus for the Group's Executive Directors and recommended the same to the Board for consideration;
- Reviewed the Directors' Fees and recommended the same to the Board for consideration; and
- Reviewed the benefits payable to the Directors of the Company and recommended the estimated quantum to the Board for consideration.

In compliance with Practice 6.1 of the MCCG, the Board has established a Remuneration Policy which sets out the remuneration principles and guidelines for the Executive Directors and Non-Executive Directors of the Company.

The RC, when recommending the remuneration package of the Executive Directors and Senior Management, shall be guided by the main components and procedures provided in the Remuneration Policy.

It is the existing practice of the Company that all the Directors to abstain from deliberation and voting on fixing their own remuneration package or Directors' fee.

Remuneration of Directors

For the FYE 2020, the aggregate of remuneration received and receivable by the Executive Directors and Non-Executive Directors of the Company and the Group categorised into appropriate components are set out below:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

III. Remuneration Committee (cont'd)

Remuneration of Directors (cont'd)

Received from the Company					
Name of Director	*Salaries RM	Fees RM	Benefits-in-kind RM	Other Emoluments RM	Total RM
Executive Directors					
Dato' Gan Kim Huat	-	36,000	-	-	36,000
Gan Poh San	-	33,000	-	-	33,000
Total	**-**	**69,000**	**-**	**-**	**69,000**
Non-Executive Directors					
Koh Song Heng	-	35,000	-	-	35,000
Chew Teck Cheng	-	35,000	-	-	35,000
Koh Chin Koon	-	35,000	-	-	35,000
Total	**-**	**105,000**	**-**	**-**	**105,000**

Received from the Group					
Name of Director	*Salaries RM	Fees RM	Benefits-in-kind RM	Other Emoluments RM	Total RM
Executive Directors					
Dato' Gan Kim Huat	6,986,961	36,000	-	-	7,022,961
Gan Poh San	6,458,438	33,000	-	-	6,491,438
Total	**13,445,399**	**69,000**	**-**	**-**	**13,514,399**
Non-Executive Directors					
Koh Song Heng	-	35,000	-	-	35,000
Chew Teck Cheng	-	35,000	-	-	35,000
Koh Chin Koon	-	35,000	-	-	35,000
Total	**-**	**105,000**	**-**	**-**	**105,000**

Note:

* *Salary includes bonus, EPF, SOCSO and EIS*

The Directors have abstained from the deliberation and voting on the agenda item in relation to their individual remuneration.

For FYE 2020, the total Directors' fee payable to the Directors of the Company have been recommended to the shareholders for approval at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

III. Remuneration Committee (cont'd)

Remuneration of Key Senior Management

In compliance with Practice 7.2 of the MCCG, a band of remuneration for the Key Senior Management (excluding the Managing Director and Executive Director of the Company) for the financial year ended 31 March 2020 is set out below:-

Range of remuneration (RM)	Number of Key Senior Management
RM300,001 – RM350,000	1
Total	**1**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The AC is chaired by Mr. Koh Chin Koon, the SID of the Company, who is not the Chairman of the Board. The AC comprises exclusively of Independent Non-Executive Directors.

The membership, a summary of activities of the AC and Internal Audit Function in respect of FYE 2020 are stated in the ***AC Report*** of this Annual Report.

In compliance with Practice 8.2 of the MCCG, the TOR of the AC requires that a former key audit partner is to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. The TOR of the AC has been updated accordingly and is available at the Company's website at www.skpres.com.

None of the members of the AC were former key audit partners and notwithstanding that in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the AC.

Assessment on External Auditors

During the financial year under review, the AC conducted an assessment of the suitability and independence of the External Auditors. In this assessment, the AC had considered inter alia, the following factors:-

For "***suitability***" assessment:-

- The external auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with approved professional auditing standards and applicable regulatory and legal requirements;
- To the knowledge of the AC, the external auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants (**"MIA"**) which has not been reserved by the Disciplinary Board of MIA;
- The external auditors firm has the geographical coverage required to audit the Group;
- The external auditors firm advises the AC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The external auditors firm consistently meets the deadlines set by the Group;
- The level of quality control procedures in the external audit firm, including the audit review procedures; and
- The external auditors' scope is adequate to cover the key financial and operational risks of the Group.

For ***"objectivity"*** assessment:-

- The nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

I. Audit Committee (cont'd)

For ***"independence"*** assessment:-

- The engagement partner has not served for a continuous period of more than seven (7) years with the Company;
- The AC receives written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- Tenure of the current auditors.

The AC has obtained confirmation from the External Auditors, Ernst & Young PLT that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

Moreover, the AC has also formalised a Non-Audit Services Policy governing the types of non-audit services permitted to be provided by the External Auditors. The said Policy provides for safeguards which may be considered, including having an engagement team different from the External Audit team to provide non-audit services.

Upon completion of its assessment, the AC was satisfied with the performance and independence of the External Auditors and recommended the re-appointment of the External Auditors for FYE 2021. The Board approved the recommendation of the AC for the shareholders' approval to be sought at the forthcoming AGM of the Company on the re-appointment of the External Auditors.

II. Risk Management and Internal Control Framework

Risk management is an integral element in the Group's business management, strategic planning and operational goal setting. The task of risk management is to identify, manage and track major risks in the Company's business and business environment to enable the Company to achieve its strategic and financial goals in the best possible way. Identified risks are assessed and prioritised according to their likelihood and their potential impact on the Company's operations and financial performance.

During FYE 2020, both the risk management and internal control functions were assumed and overseen by the AC. The Senior Management and Heads of Department are delegated with the responsibility to monitor and manage risks covering their respective areas of responsibilities. During the management meetings, key risks and mitigating controls are assessed, reviewed and deliberated upon. Significant risks, if any, affecting the Group's strategic and business plan are then presented to the AC and onwards to the Board for deliberations.

In compliance with Practice 9.1 of the MCCG, the Board has established a framework for risk management and internal control. Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework have been disclosed in the Statement of Risk Management and Internal Control of this Annual Report.

Risk Management Committee

The Board has formed a RMC to oversee the Company's risk management framework and policies, which would subsequently take over the duties in relation to oversight of risk management function. The composition of RMC comprises a majority of Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

II. Risk Management and Internal Control Framework (cont'd)

Internal Audit Function

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively.

The internal audit function was performed by an external consultant during the financial year under review to identify and assess the principal risks and to review the adequacy and effectiveness of the internal controls of the Group. Areas for improvement were highlighted and the implementation of recommendations was monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

Details of the Company's risk management and internal control system and framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

I. Communication with Stakeholders

The Board recognises the value of transparent, consistent and coherent communications with the investing community consistent with commercial confidentiality and regulatory considerations. Accordingly, the Board has formalised the Corporate Disclosure Policy and Procedures aimed to assist the Board and relevant personnel within the Company in proper disclosure practices which is comprehensive, accurate and made on a timely basis without any bias and selective disclosure.

The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for disclosure of information. The Group has established a comprehensive website at www.skpres.com which includes a dedicated section on Investor Relations, to further enhance shareholder communication.

Investors are provided with sufficient business, operations and financial information on the Group through the website to enable them to make informed investment decisions.

The Company's website provides all relevant information on the Company and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company, annual reports as well as the corporate and governance structure of the Company.

II. Conduct of General Meetings

The Company provides information to the shareholders with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy.

All shareholders are encouraged to attend the Company's AGM and participate in the proceedings. Opportunities will be given to the shareholders to ask questions and seek clarification on the business and performance of the Group. The Board members, Senior Management and the External Auditors are present at the Company's AGM to respond to shareholders' queries.

Apart from contacts at General Meetings, the Directors and/or Senior Management have the option of calling for meetings with investors/analysts if they deem necessary.

The Notice of the Nineteenth AGM (**"19th AGM"**) held on 27 September 2019 was issued more than 28 days prior to the AGM. This is to ensure that shareholders are given sufficient time to read and consider the resolutions to be resolved.

All the Directors were present at the 19th AGM of the Company held in 2019 to engage with the shareholders personally and proactively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

II. Conduct of General Meetings (cont'd)

The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question and answer session in which the Chairperson of the AGM would invite shareholders to raise questions on the Company's financial statements and other items for adoption at the AGM, before putting a resolution to vote.

The Chairperson of the AGM ensures that sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.

The Chairmen of the Board Committees are also readily available to address the questions posted by the shareholders at the general meetings.

In addition to the above, members of the Senior Management and External Auditors of the Company have also attended and will continue to attend the AGM to respond to the shareholders' queries.

In line with the MMLR on requirement for poll voting for any resolution set out in the notice of general meetings, at the 19th AGM held last year, all the resolutions tabled at the 19th AGM were all voted by poll.

Depending on the cost effectiveness, the Board will consider and explore the suitability and feasibility of adopting electronic voting in coming years to facilitate greater shareholders participation at general meeting, and to ensure accurate and efficient outcomes of the poll voting process.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to financial year ending 2021, the Board and its respective Board Committees will:-

- Focus on major strategic issues to achieve sustainability and growth;
- Continue to monitor succession planning for the senior leadership team, to achieve a healthy pipeline of talent is emerging for future senior executive management; and
- Consider other variety of approaches and independent sources to identify suitable candidate for appointment of Directors, should the need arise.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

This statement is prepared as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare annual financial statements which are in accordance with applicable approved accounting standards; to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year; and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements of the Group and the Company for the financial year ended 31 March 2020,

- the Group and the Company have adopted appropriate accounting policies and applied them consistently;
- the statements are supported by reasonable and prudent judgements and estimates;
- all applicable approved accounting standards in Malaysia, including but not limited to Malaysian Financial Reporting Standards and International Financial Reporting Standards have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy at any time, thus enabling the financial statements to be complied with the requirements of the Companies Act 2016 and have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for taking the necessary steps as are reasonably open to them to ensure appropriate systems are in place to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of SKP Resources Bhd is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 March 2020, which has been prepared in accordance with the "Statement on Risk Management & Internal Control – Guideline for Directors of Public Listed Issuers" ("SRMICG") issued by Bursa Malaysia Securities Berhad and taking into consideration the Malaysian Code of Corporate Governance 2017 ("MCCG 2017"). The statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

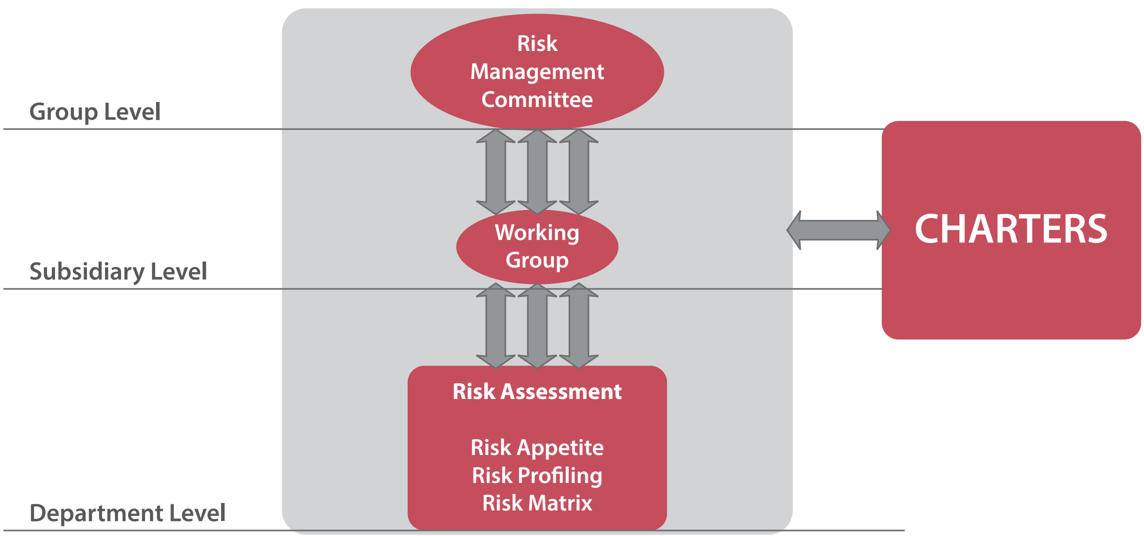
For the purposes of this statement, associate is not dealt with as part of the Group, and therefore not covered by this statement.

THE BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound system of internal control and effective risk management practices to safeguard shareholders' investments and the Group's assets as well as reviewing the adequacy and integrity of the system of internal controls.

In addition, the Board welcomed the development of a risk management framework in order to improve the corporate governance. The risk framework that the Board uses will see the integration of policies and procedures, charters and people in driving the risk framework, as depicted below:

RISK MANAGEMENT FRAMEWORK



Following the establishment of the Risk Management Committee on the 22 February 2018, a Working Group at all the subsidiaries had been established. The Working Group conducted two rounds of meeting to fine tune the risk assessment. Thereafter, a selected personnel will be entrusted to conduct an overall review of the risk assessment of the Group.

Together with the Risk Management and Audit Committee, both Committees will deliberate on the Risk assessment and the proposed annual audit plan. The proposed audit plan will be risk based. Audit will be conducted based on the priority of the risk.

Periodically the Working Group will review the risk and update the risk assessment result. This is then tabled to the Risk Management Committee for update and consideration. The audit plan may also be revised based on the result of the risk assessment.

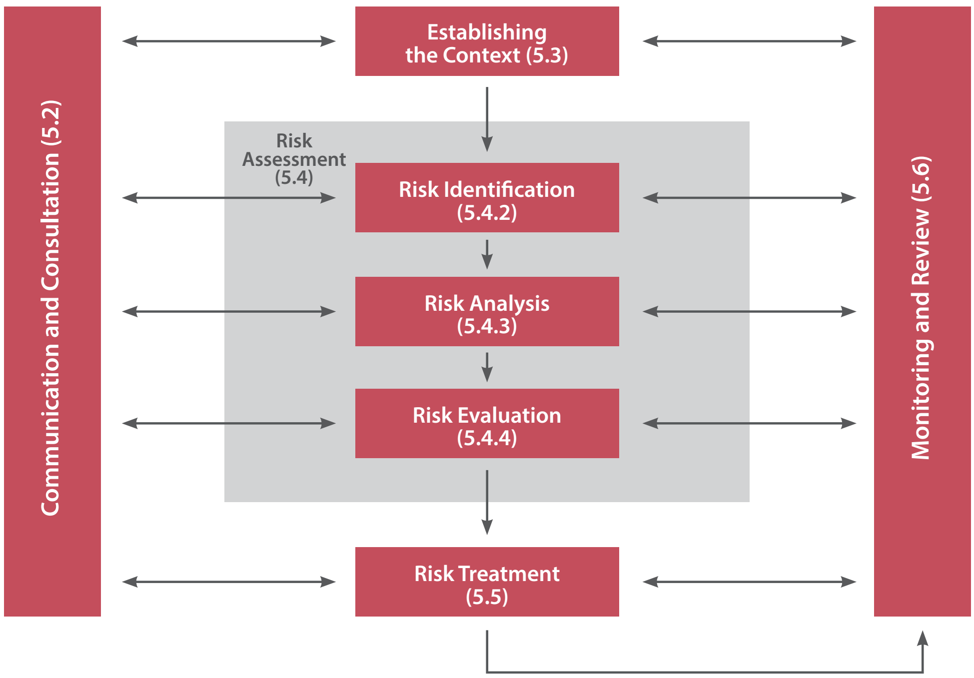
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

THE BOARD'S RESPONSIBILITY (cont'd)

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group that has been put in place for the year and up to the date of approval of this statement for inclusion in the annual report. The process is being regularly reviewed by the Board through its Audit Committee.

RISK MANAGEMENT

The Audit Committee shall assist the Board in evaluating the adequacy of the Group's risk management. On 22 February 2018, the Risk Management Committee ("RMC") has adopted its terms of reference (i.e. the Risk Management Charter). The RMC has also appointed Messrs MAC & ASSOCIATES PLT, a professional consulting firm to assist the Group in the implementation of the risk management framework. In the subsequent RMC meeting, the RMC has accepted the formation of the Risk Management Working Group ("RMWG") at all levels of the subsidiaries. In addition, the RMC has accepted and adopted the risk assessment framework to be used by the risk owners to identify and manage the risk, and determined the Board's risk appetite.



ISO 31000: Risk Management process

Process for Managing Risk

INTERNAL CONTROL

The Group has established the internal control procedures with clear lines of accountability and delegated authority to identify, evaluate and manage significant risks. The Group has an ongoing process for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's management systems. Members of Senior Management and Heads of Departments are delegated with the responsibility to monitor and manage risks covering their respective areas of responsibilities. During the monthly management meetings, key risks and mitigating controls are assessed, reviewed and deliberated upon. Significant risks, if any, affecting the Group's strategic and business plan are then presented to the Audit Committee and onwards to the Board at their scheduled meetings. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements. However, as there are inherent limitations in any system of internal controls, such systems put into effect by management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable but not absolute assurance against material misstatement or loss.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

INTERNAL CONTROL (cont'd)

The Group's management system is currently being enhanced to further strengthen the internal control system. Sub-features and new system are being identified to be included into the Information Technologies and Information Systems eco-system to enable a better work-system.

MONITORING MECHANISM AND MANAGEMENT STYLE

The Board entrusts the daily running of the business to the Executive Chairman cum Managing Director and his management team. The Executive Chairman cum Managing Director and his management team receive timely and regular information pertaining to performance and profitability of the Group and the subsidiaries through monthly and weekly reports, which include quantitative and qualitative trends, as well as analysis through a computerised system. The Executive Chairman cum Managing Director plays a pivotal role in communicating the Board's expectations of the system of internal control to management. This is achieved through his active participation in the operations of the business as well as attendance at various scheduled management committee meetings. The management committee which comprises Heads of Departments meets weekly to discuss production, operational, sales and human resource issues. The Executive Chairman cum Managing Director monitors the progress of these issues through regular interaction with management and the review of the management meeting minutes.

In addition to the internal reporting system, as a contract manufacturer, the Group also constantly has close and regular reporting with their vendors. The vendors provide unbiased and constant feeding of the business performance of the business unit. Management welcome this feedback from the vendors. This information enables the Group to actively improve operation effectiveness and efficiency.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Messrs MAC & ASSOCIATES PLT, a professional consulting firm which provides reasonable independent assurance on the effectiveness of the Group's system of internal control. The internal audit function reports directly to the Audit Committee to provide feedback regarding the adequacy and integrity of the Group's system of internal control. The internal audit function conducts risk-based audit reviews based on the annual audit plan approved by the Audit Committee.

During the financial year, the cost incurred for the internal audit function amounted to approximately RM26,000.

OTHER KEY ELEMENTS OF THE GROUP'S SYSTEM OF INTERNAL CONTROL

The other key elements of the Group's system of internal control are described below:

- Establishment of an environment in respect of the overall attitude, awareness and actions of directors, managers as well as employees regarding the internal control system and its importance to the entity.

- Specific responsibilities have been delegated to the relevant Board Committees, all of which have written terms of reference. These committees have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters however lies with the Board.

- Monitoring of performance including discussion of any significant issues at quarterly management meetings which are attended by heads of companies under the Group.

- Financial and operational reporting by subsidiaries are discussed at the Group management meetings on a monthly basis.

- The Audit Committee, on behalf of the Board, is responsible for the review of the effectiveness and adequacy of the Group's system of internal control with the Internal Auditors and External Auditors.

- Review of all proposals for material capital and investment acquisitions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

CONCLUSION

The Board has received assurance from the Executive Chairman cum Managing Director and Group Financial Controller that the Group's overall risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group. The risks are considered to be at an acceptable level within the context of the Group's business environment. The Board and management continue to take proactive measures to strengthen the control environment and internal control system of the Group. This statement is made in accordance with a resolution of the Board of Directors on 25 August 2020.

REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The external auditors have reviewed the Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 31 March 2020 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement intended to be included in the annual report of the Group, in all material aspects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the SRMICG or is factually inaccurate. The external auditors' report was made solely for, and directed solely to the Board of Directors in connection with their compliance in the listing requirements of Bursa Malaysia Securities Berhad and for no other purpose or parties. As stated in their report, the external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report to provide insight on the discharge of the Audit Committee's functions and duties during the financial year ended 31 March 2020.

COMPOSITION OF THE AUDIT COMMITTEE

The current composition of the Audit Committee is as follows:-

Mr. Koh Chin Koon	(Chairman, Senior Independent Non-Executive Director)
Mr. Chew Teck Cheng	(Member, Independent Non-Executive Director)
Mr. Koh Song Cheng	(Member, Independent Non-Executive Director)

The composition of the Audit Committee is in compliance with the Paragraph 15.09 of the Main Market Listing Requirement **("MMLR"**) of the Bursa Malaysia Securities Berhad (**"Bursa Securities"**), where the Audit Committee consists of three (3) Independent Non-Executive Directors and both Mr. Koh Chin Koon and Mr. Chew Teck Cheng are members of the Malaysian Institute of Accountants which fulfills the requirements under Paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities.

MEETINGS AND ATTENDANCES

During the financial year ended 31 March 2020, the Audit Committee held a total of five (5) meetings. The details of attendance of the Committee members are as follows:-

Audit Committee Members	Number of Audit Committee Meetings Attended	%
Mr. Koh Chin Koon	5/5	100
Mr. Chew Teck Cheng	5/5	100
Mr. Koh Song Heng	4/5	80

The lead audit engagement partner and engagement team member of the External Auditors of the Company attended three (3) Audit Committee meetings held during the financial year. The External Auditors were encouraged to raise to the Audit Committee any matters they considered important for the Audit Committee's attention. During the financial year ended 31 March 2020, there were two (2) private sessions held between the Audit Committee and the External Auditors without the presence of the Executive Directors and Management personnel.

The Chairman of the Audit Committee also sought information on the communication flow between the External Auditors and the Management which is necessary to allow unrestricted access to information for the external auditors to effectively perform their duties.

All deliberations during the Audit Committee Meetings were duly recorded in the minutes of meetings. Minutes of the Audit Committee Meetings were tabled for confirmation at every succeeding Audit Committee Meeting.

TERMS OF REFERENCE ("TOR")

A copy of the TOR of the Audit Committee is available for viewing under the "Corporate Governance" section of the Company's website at www.skpres.com.

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF WORKS UNDERTAKEN BY THE AUDIT COMMITTEE

The Audit Committee had established a policy on the provision of non-audit services to be provided by External Auditors and had carried out the following works during the financial year ended 31 March 2020 in discharging its functions and duties in accordance with its TOR:-

1. reviewed the quarterly reports of the Group to ensure adherence to legal and regulatory reporting requirements;

2. reviewed the audited annual financial statements of the Company and the Group before recommending for the Board's approval;

3. reviewed the results of the audit of the annual financial statements of the Company and the Group by the External Auditors;

4. reviewed and approved the draft Audit Committee Report and Statement on Risk Management and Internal Control to be incorporated in the Annual Report;

5. reviewed the following in respect of internal audit:-

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

    b) the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

6. reviewed the internal audit reports, audit recommendations made and management response to those recommendations and reviewed the follow-up audits to ensure that appropriate actions were taken and recommendations of the Internal Auditors were implemented;

7. reviewed with the External Auditors, their audit planning memorandum, audit approach and reporting requirements prior to the commencement of audit works;

8. met with the External Auditors, in the absence of the Executive Directors and Management, to discuss problems and reservations arising from their final audit;

9. reviewed and assessed the performance, suitability and independence of the External Auditors for the financial year ended 31 March 2020 and recommended for their re-appointment as Auditors of the Company for the ensuing years;

10. Reviewed the audit and non-audit fees payable to the External Auditors for the financial year ended 31 March 2020 to ensure the level of non-audit services rendered by the External Auditors would not impair their independence;

11. reviewed the Group's trade debtors listing on a quarterly basis and updates in relation thereto; and

12. reviewed any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises a question of management integrity.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION

The Group's internal audit function, was outsourced to Messrs. MAC & Associates PLT. The key role of the Internal Auditors is to provide the Audit Committee with independent and systematic assessments and reviews on the systems of internal control of the Group. The Internal Audit function provides an independent and objective feedback to the Audit Committee and the Board on the adequacy, effectiveness and efficiency of the internal control system within the Group.

During the financial year, the summary of works undertaken by the Internal Auditors were as follows:-

- reviewed compliance with policies, standards of procedure and relevant external rules and regulations;
- assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary;
- presentation of the internal audit findings and the corrective actions to be taken by Management; and
- ensured that those weaknesses were appropriately addressed within the stipulated timeframe.

The Audit Committee had during the financial year reviewed and adopted the internal audit plan for year 2020 to 2022 and reviewed the internal audit report in relation to the risk scorecard of Bangi Plastics Sdn. Bhd. and Plastictecnic (M) Sdn. Bhd., the subsidiaries of the Company.

During their review, there was no material internal control failure that was reported that would have resulted in any significant loss to the Group, the total fees incurred for internal audit function incurred for the financial year ended 31 March 2020 was RM26,000.00 (Financial year ended 2019: RM13,000.00).

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to the subsidiaries.

The principal activities of the subsidiaries are described in Note 20 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	72,136	49,105
Profit attributable to:		
Equity holders of the Company	73,161	49,105
Non-controlling interest	(1,025)	-
	72,136	49,105

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

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

DIVIDEND

The amount of dividend paid by the Company since 31 March 2019 was as follows:

	RM'000
In respect of the financial year ended 31 March 2019:	
Final single-tier dividend of 3.84 sen, on 1,250,188,549 ordinary shares, declared on 24 July 2019, paid on 25 October 2019	48,007

DIVIDEND

Subsequent to the financial year end, on 25 August 2020, the directors have approved a final single-tier dividend in respect of the financial year ended 31 March 2020 amounting to a dividend payable of approximately RM36,622,000 (2.93 sen per ordinary share for 1,249,888,549 shares which excluded 300,000 treasury shares) on 23 October 2020. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2021.

DIRECTORS' REPORT
cont'd

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Gan Kim Huat *
Chew Teck Cheng
Gan Poh San *
Koh Chin Koon
Koh Song Heng

* These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Gan Poh Chuan
Chua Huai Eng
Kau Wai Faun
Gan Chia Siang
Lou Swee Chen
Nobutaka Chomaru (Resigned on 19 September 2019)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Salaries and other emoluments	6,116	-
Fees	174	174
Bonus	5,184	-
Defined contribution plan	2,145	-
	13,619	174

There was no insurance effected to indemnify any directors and officers of the Company for the financial year ended 31 March 2020.

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	1.4.2019	Acquired	Sold	31.3.2020
Direct interests				
Dato' Gan Kim Huat	118,379,718	-	-	118,379,718
Indirect interests				
Dato' Gan Kim Huat	382,124,428	102,000	-	382,226,428 @
Gan Poh San	204,455,580	-	-	204,455,580 #

@ Indirect interests held through Renown Million Sdn. Bhd., Beyond Imagination Sdn. Bhd., Graceful Assessment Sdn. Bhd., Zenith Highlight Sdn. Bhd. and shareholding held by his daughter and son other than Gan Poh San.

Indirect interests held through Beyond Imagination Sdn. Bhd. and Zenith Highlight Sdn. Bhd..

Dato' Gan Kim Huat and Gan Poh San by virtue of their interests in shares in the Company, are also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares and warrants of the Company or its related corporations during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 300,000 of its issued ordinary shares from the open market at an average price of RM0.6944 per share. The total consideration paid for the repurchase was RM208,320. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 31 March 2020, the Company held as treasury shares at total of 300,000 of its 1,250,188,549 issued ordinary shares. Such treasury shares are held at a carrying amount of RM208,320 and further relevant details are disclosed in Note 34(b) to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

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

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION cont'd

(b) At the date of this report, the directors are not aware of any circumstances which would render:

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

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

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

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Statutory audit	318	55
Other services	91	9
	409	64

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 March 2020.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 August 2020

Dato' Gan Kim Huat **Gan Poh San**

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

We, Dato' Gan Kim Huat and Gan Poh San, being two of the directors of SKP Resources Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 57 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 August 2020

Dato' Gan Kim Huat **Gan Poh San**

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

I, Dato' Gan Kim Huat, being the director primarily responsible for the financial management of SKP Resources Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 57 to 124 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Dato' Gan Kim Huat
on 25 August 2020

Dato' Gan Kim Huat

Before me,

NOR AZIZAH BINTI JOHARUDDIN
Commissioner for Oaths
(No. : B248)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKP RESOURCES BHD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SKP Resources Bhd, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 124.

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 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 audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

<u>Revenue recognition</u>

(We would like to draw your attention to Note 3.20(a) and Note 7 to the financial statements.)

During the year, the sale of goods recorded by the Group amounted to RM1.793 billion representing 98% of the Group's revenue. We have identified sale of goods to be a key audit matter as we consider the voluminous sales transactions during the year to be the possible cause for higher risk of material misstatements.

Our audit procedures included, amongst others, the following procedures:

(a) we obtained an understanding on the Group's internal controls over the point when the Group recognizes the revenue upon the transfer of the promised goods to customers and the transaction price recorded as revenue;

(b) we read the terms and conditions of material sales contracts to obtain an understanding on the revenue arrangements;

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKP RESOURCES BHD
(INCORPORATED IN MALAYSIA)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS cont'd

Key audit matters cont'd

Revenue recognition cont'd

(c) on a sampling basis:

i) we traced from the sales records to the supporting acknowledged delivery orders or bills of lading in order to assess the accuracy of the revenue recognised; and

ii) we traced from the sales records several days preceding and post year end to the supporting acknowledged delivery orders or bills of lading and we reviewed the debit and credit notes issued subsequent to year end to assess whether the transactions were recorded within the correct financial year.

Impairment assessment of investment in subsidiaries

(We would like to draw your attention to Note 3.12 and Note 20 to the financial statements.)

As at 31 March 2020, the Company's carrying amount of the investment in subsidiaries is RM294.9 million, representing 92% of the Company's total assets.

The Company is required to perform impairment assessment of its investments in subsidiaries whenever there is an indication that the investments may be impaired. Investments with carrying amounts higher than the Company's share of their net assets would indicate that the carrying amount of the Company's cost of investment in these subsidiaries may be impaired.

Accordingly, the Company performed an impairment assessment on the cash generating units ("CGUs") relating to these subsidiaries. The Company estimated the recoverable amounts of the CGUs based on its value in use ("VIU"). Estimating the VIU involves discounting the estimated future cash inflows and outflows expected to be derived from the CGUs to its present value using an appropriate discount rate.

We identified this as an area of audit focus as the VIU determined using discounted cash flows is complex and involves significant management judgement and estimates, specifically the key assumptions on the revenue growth rate and discount rate.

Our audit procedures included, amongst others, the following procedures:

(a) we evaluated the methodologies used by management in estimating the VIU;

(b) we assessed the key assumptions, in particular, the revenue growth rate by comparing against past actual outcome, and by taking into consideration the current and past demands from customers and applicable external economic and market data;

(c) we involved our internal specialist in assessing the discount rate used and whether the rate used reflects the current market assessments of the time value money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the respective subsidiaries;

(d) we performed sensitivity analysis on key assumptions that will significantly affect the VIU of the investments in subsidiaries; and

(e) we evaluated the adequacy of the disclosures on the impairment of investment in subsidiaries as disclosed in the Note 3.12 and Note 20 to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKP RESOURCES BHD
(INCORPORATED IN MALAYSIA)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 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 Director's Report and other 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. We obtained Director's Report prior to the date of this auditors' report and the other information included in Annual Report is expected to be made available to us after the date of this auditors' report.

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.

When we read the remaining other information included in the Annual Report, if we conclude that there is material misstatements therein, we are required to communicate the matters to the Directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKP RESOURCES BHD
(INCORPORATED IN MALAYSIA)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS cont'd

Auditors' responsibilities for the audit of the financial statements cont'd

- 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.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

H'ng Boon Keng
03112/08/2022 J
Chartered Accountant

Melaka, Malaysia
Date: 25 August 2020

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	7	1,826,733	1,654,215	48,700	63,700
Cost of sales		(1,640,474)	(1,463,369)	-	-
Gross profit		186,259	190,846	48,700	63,700
Other items of income					
Interest income	8	6,679	7,302	941	1,031
Other income	9	9,597	9,451	-	-
Other items of expense					
Administrative expenses		(98,987)	(75,842)	(534)	(496)
Selling and marketing expenses		(7,193)	(7,148)	-	-
Finance costs	10	(227)	(13)	-	-
Profit before tax	11	96,128	124,596	49,107	64,235
Income tax expense	14	(23,992)	(28,592)	(2)	(1)
Profit net of tax, representing total comprehensive income for the year		72,136	96,004	49,105	64,234
Profit/(loss) attributable to:					
Owners of the Company		73,161	96,658	49,105	64,234
Non-controlling interest		(1,025)	(654)	-	-
		72,136	96,004	49,105	64,234

Earnings per share attributable to equity holders of the Company (sen per share)

	Note	Group 2020	Group 2019
Basic	15	5.85	7.73
Diluted	15	5.85	7.73

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	248,492	186,844	28	38
Land use rights	17	-	15,939	-	-
Investment properties	18	3,662	1,543	-	-
Right-of-use assets	19	29,916	-	-	-
Investment in subsidiaries	20	-	-	294,914	290,914
Investment in an associate	21	-	-	-	-
Other investments	22	139	139	-	-
Other non-current asset	23	74	74	-	-
Deferred tax assets	33	2,268	-	-	-
		284,551	204,539	294,942	290,952
Current assets					
Inventories	24	164,138	93,589	-	-
Trade and other receivables	25	358,680	320,682	1,396	1
Tax recoverable		5,033	3,393	14	43
Prepayments	26	8,743	2,852	-	-
Other investments	22	126,125	208,018	14,612	28,836
Cash and bank balances	27	55,339	40,035	9,845	74
		718,058	668,569	25,867	28,954
Total assets		1,002,609	873,108	320,809	319,906
Equity and liabilities					
Current liabilities					
Trade and other payables	28	349,474	254,945	260	247
Contract liabilities	29	5,257	1,513	-	-
Borrowing	30	106	101	-	-
Lease liabilities	31	1,820	-	-	-
Provisions	32	13,885	10,607	-	-
		370,542	267,166	260	247
Net current assets		347,516	401,403	25,607	28,707

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020
cont'd

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current liabilities					
Deferred tax liabilities	33	17,488	17,104	-	-
Borrowing	30	69	174	-	-
Lease liabilities	31	3,300	-	-	-
		20,857	17,278	-	-
Total liabilities		391,399	284,444	260	247
Net assets		611,210	588,664	320,549	319,659
Equity attributable to equity holders of the company					
Share capital	34	296,126	296,126	296,126	296,126
Treasury shares	34	(208)	-	(208)	-
Merger deficit	35	(95,002)	(95,002)	-	-
Retained earnings	36	411,682	386,528	24,631	23,533
Other reserves		(1,388)	-	-	-
Shareholders' equity		611,210	587,652	320,549	319,659
Non-controlling interest		-	1,012	-	-
Total equity		611,210	588,664	320,549	319,659
Total equity and liabilities		1,002,609	873,108	320,809	319,906

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Attributable to owners of the Company						
			Non-distributable				Distributable	
	Equity, total	Equity attributable to owners of the Company, total	Share capital	Treasury shares	Merger deficit	Other reserves	Retained earnings	Non-controlling interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020								
Opening balance at 1 April 2019	588,664	587,652	296,126	-	(95,002)	-	386,528	1,012
Profit/(loss) for the financial year	72,136	73,161	-	-	-	-	73,161	(1,025)
Transaction with owners								
Acquisition of non-controlling interest	13	-	-	-	-	-	-	13
Premium paid on acquisition of non-controlling interest (Note 20(b)(ii))	(1,388)	(1,388)	-	-	-	(1,388)	-	-
Share buy back (Note 34)	(208)	(208)	-	(208)	-	-	-	-
Dividend on ordinary shares (Note 37)	(48,007)	(48,007)	-	-	-	-	(48,007)	-
	611,210	611,210	296,126	(208)	(95,002)	(1,388)	411,682	-
Closing balance at 31 March 2020	611,210	611,210	296,126	(208)	(95,002)	(1,388)	411,682	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

cont'd

		Attributable to owners of the Company				
			Non-distributable		Distributable	
	Equity, total	Equity attributable to owners of the Company, total	Share capital	Merger deficit	Retained earnings	Non-controlling interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019						
Opening balance at 1 April 2018 (restated)	556,007	554,341	296,126	(95,002)	353,217	1,666
Profit/(loss) for the financial year	96,004	96,658	-	-	96,658	(654)
Transactions with owners						
Dividend on ordinary shares (Note 37)	(63,347)	(63,347)	-	-	(63,347)	-
	588,664	587,652	296,126	(95,002)	386,528	1,012
Closing balance at 31 March 2019	588,664	587,652	296,126	(95,002)	386,528	1,012

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Non-distributable		Distributable
	Equity, total	Share capital	Treasury shares	Retained earnings
	RM'000	RM'000	RM'000	RM'000
2020				
Opening balance as at 1 April 2019	319,659	296,126	-	23,533
Profit for the financial year	49,105	-	-	49,105
Transaction with owners				
Share buy back (Note 34(b))	(208)	-	(208)	-
Dividend on ordinary shares (Note 37)	(48,007)	-	-	(48,007)
Closing balance at 31 March 2020	320,549	296,126	(208)	24,631
2019				
Opening balance at 1 April 2018 (restated)	318,772	296,126	-	22,646
Profit for the financial year	64,234	-	-	64,234
Transaction with owners				
Dividend on ordinary shares (Note 37)	(63,347)	-	-	(63,347)
Closing balance at 31 March 2019	319,659	296,126	-	23,533

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

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before tax	96,128	124,596	49,107	64,235
Adjustments for:				
Amortisation of:				
- land use right	-	398	-	-
Depreciation of:				
- right-of-use assets	1,784	-	-	-
- property, plant and equipment	26,592	21,650	10	10
- investment properties	32	24	-	-
Impairment loss on trade receivables	94	400	-	-
Impairment loss on investment properties	265	-	-	-
Gain on disposal of:				
- property, plant and equipment	(787)	(209)	-	-
- other investments	-	(27)	-	-
Property, plant and equipment written off	-	110	-	-
Inventories written down	57	1,558	-	-
Reversal of impairment loss on trade receivable	(203)	(221)	-	-
Loss on unrealised foreign exchange	2,464	581	-	-
Dividend income	-	-	(48,700)	(63,700)
Interest expense	227	13	-	-
Interest income	(6,679)	(7,302)	(941)	(1,031)
Operating profit/(loss) before working capital changes	119,974	141,571	(524)	(486)
Changes in working capital				
(Increase)/decrease in inventories	(70,606)	27,159	-	-
(Increase)/decrease in receivables	(29,601)	83,886	(1,395)	(14)
Increase in prepayments	(5,891)	(1,162)	-	-
Increase/(decrease) in payables	81,772	(72,830)	13	52
Total changes in working capital	(24,326)	37,053	(1,382)	38

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash flows generated from/(used in) operations	95,648	178,624	(1,906)	(448)
Interest paid	(227)	(13)	-	-
Taxes refund	-	-	30	250
Taxes paid	(27,516)	(26,709)	(3)	(13)
Net cash flows generated from/(used in) operating activities	67,905	151,902	(1,879)	(211)
Investing activities				
Dividend received	-	-	48,700	63,700
Interest received	6,679	7,302	941	1,031
Purchase of:				
- property, plant and equipment	(79,498)	(29,108)	-	-
- investment properties	(1,600)	-	-	-
- right-of-use assets	(10,468)	-	-	-
Withdrawal/(placement) of other investments	81,893	(90,862)	14,224	(1,273)
Proceeds from disposal of:				
- property, plant and equipment	1,251	789	-	-
- other investments	-	53	-	-
Subscription of additional shares in a subsidiary (Note 20)	-	-	(4,000)	-
Net cash flows (used in)/generated from investing activities	(1,743)	(111,826)	59,865	63,458
Financing activities				
Repayment of finance lease liability	(100)	(100)	-	-
Payment of principal portion of lease liabilities	(1,703)	-	-	-
Dividend paid	(48,007)	(63,347)	(48,007)	(63,347)
Acquisition of non-controlling interest (Note 20)	(1,375)	-	-	-
Acquisition of treasury shares	(208)	-	(208)	-
Net cash flows used in financing activities	(51,393)	(63,447)	(48,215)	(63,347)
Net increase/(decrease) in cash and cash equivalents	14,769	(23,371)	9,771	(100)
Effects of foreign exchange rate changes	535	328	-	-
Cash and cash equivalents at 1 April (Note 27)	40,035	63,078	74	174
Cash and cash equivalents at 31 March (Note 27)	55,339	40,035	9,845	74

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

	Note	1 April 2019	Changes from financing cash flows	31 March 2020
		RM	RM	RM
Changes in liabilities arising from financing activities:				
Repayment of finance lease liabilities	30	275	(100)	175
Payment of principal portion of lease liabilities		-	(1,703)	-
Dividend paid	37	-	(48,007)	-
Acquisition of non-controlling interest		-	(1,375)	-
Acquisition of treasury shares		-	(208)	(208)
		275	(51,393)	(33)

	Note	1 April 2018	Changes from financing cash flows	31 March 2019
		RM	RM	RM
Changes in liabilities arising from financing activities:				
Repayment of finance lease liabilities	30	375	(100)	275
Dividend paid	37	-	(63,347)	-
		375	(63,447)	275

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

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. The principal place of business is located at No. 421, 4th Miles, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim.

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are described in Note 20.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on a historical cost basis, unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000"), except when otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively the "Group") as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if and only if the Group has all the following:

(i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Group, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.1 Basis of consolidation cont'd

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in statement of comprehensive income. Any investment retained is recognised at fair value.

3.2 Business combinations

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

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments is measured at fair value with changes in fair value recognised in the statement of profit or loss.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.2 Business combinations cont'd

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

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

3.3 Foreign currency translation

(a) Functional and presentation currency

The Group's and the Company's financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.4 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group/Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.4 Property, plant and equipment cont'd

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

Long term leasehold land	:	58 to 99 years
Factory buildings	:	50 years
Renovations	:	5 to 10 years
Plant, machinery and factory equipment	:	5 to 10 years
Motor vehicles	:	7 to 10 years
Other assets	:	5 to 10 years

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

3.5 Leases

Effective after 1 January 2019

The Group/Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group/Company as lessee

The Group/Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group/Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group/Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold lands	58 - 99 years
Hostel buildings	2 - 9 years
Forklift	2 - 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.5 Leases cont'd

Effective after 1 January 2019 cont'd

(a) Group/Company as lessee cont'd

(i) Right-of-use assets cont'd

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.12 Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group/Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group/Company and payments of penalties for terminating the lease, if the lease term reflects the Group/Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the lease payments, the Group/Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

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

The Group/Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) Group/Company as lessor

Leases in which the Group/Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Effective prior to 1 January 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.5 Leases cont'd

Effective prior to 1 January 2019 cont'd

(a) Group/Company as lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group and the Company are classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

(b) Group/Company as lessor

Leases where the Group/Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.6 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

3.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at historical cost less provisions for depreciation and impairment.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.8 Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.9 Investment in an associate

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investment in an associate is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(i) Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payment of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, such as the date that the Group and the Company commit to purchase or sell the asset.

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

<u>Financial assets at amortised cost (debt instruments)</u>

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.11 Financial instruments cont'd

(a) Financial assets cont'd

(ii) Subsequent measurement

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

The Group's and the Company's financial assets at amortised cost include trade and other receivables and deposits, cash and bank balances.

Financial assets at fair value through OCI (Debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's and the Company's debt instruments at fair value through OCI includes investments in quoted equity shares included under other non-current financial assets.

Financial assets designated at fair value through OCI (Equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Unquoted shares in Malaysia previously classified as available-for-sale financial assets is now classified and measured as fair value through OCI. The Group and the Company elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. There was no impairment losses recognised in profit or loss for these investments in prior periods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.11 Financial instruments cont'd

(a) Financial assets cont'd

(ii) Subsequent measurement cont'd

Financial assets at fair value through profit or loss

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

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

This category includes investment security under other financial asset.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (such as removed from the statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a 'pass-through' arrangement, they evaluate if and to what extent they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's and of the Company's continuing involvement in the asset. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.11 Financial instruments cont'd

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and borrowing including bank overdrafts.

(ii) Subsequent measurement

<u>Financial liabilities carried at amortised cost</u>

After initial recognition, trade and other payables, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial instruments

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

(d) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.11 Financial instruments cont'd

(d) Impairment of financial assets cont'd

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other financial assets including investment securities, short-term deposits and cash and cash equivalents are placed with reputable financial institutions. The Group and the Company consider these counterparties have a low risk of default and a strong capacity to meet contractual cash flows, and are of low credit risk. The impairment provision is determined based on the 12-month ECL.

The Group and the Company consider a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.12 Impairment of non-financial assets cont'd

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, short-term deposits with a maturity of three months or less and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.15 Share capital and share issuance expenses

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

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

3.16 Treasury shares

Treasury shares are recognised at cost and deducted from equity. No gain or loss is recognised in statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.17 Dividend distributions

The Company recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a separate line in the statement of comprehensive income.

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.19 Contingencies

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

Contingent liabilities and assets are not recognised in the statement of financial position of the Group and of the Company.

3.20 Revenue and other income

The Group and the Company recognise revenue from contracts with customers for the sales of goods and moulding and modification works based on the five-step model as set out below:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.20 Revenue and other income cont'd

The Group and the Company satisfy a performance obligation and recognise revenue over time if one of the following criteria is met;

(i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue and other income are measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The followings describes the performance obligations in contracts with customers:

(a) Sale of goods

Sales are recognised net of returns and trade discount when the services or goods are rendered at a point in time.

(b) Moulding and modification works

Revenue from moulding and modification works is recognised at a point in time.

(c) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature.

(d) Dividend income

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

(e) Interest income

Interest income recognised on an accrual basis based on effective interest rate.

3.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.21 Taxes cont'd

(b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investment in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investment in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

(c) Sales and Service Tax ("SST")

Revenues, expenses and assets are recognised net of the amount of SST except:

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

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.22 Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Additional disclosures on the reportable segments are shown in Note 43, including the factors used to identify the reportable segment and the measurement basis of segment information.

3.24 Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

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

A fair value measurement of a non-financial asset 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.

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
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4. CHANGES IN ACCOUNTING POLICIES

On 1 April 2019, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2019.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Description	Effective for annual periods beginning on or after
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019

The adoption of the above standards did not result in any material impact to the financial statements of the Group and of the Company, except as described below:

<u>MFRS 16 Leases</u>

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group and the Company are the lessor.

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption, with an initial application date of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

The Group and the Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low value assets).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

4. CHANGES IN ACCOUNTING POLICIES cont'd

MFRS 16 Leases cont'd

The effect of adopting MFRS 16 as at 1 April 2019 was as follows:

	Increase/ (Decrease) RM'000
Assets	
Property, plant and equipment	(1,022)
Land use rights	(20,063)
Right-of-use assets	26,337
Liabilities	
Lease liabilities (Current)	2,960
Lease liabilities (Non-Current)	2,292
	5,252

The Group has lease contracts for hostel building, factory buildings and motor vehicle. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of comprehensive income on a straight-line basis over the lease term.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 April 2019.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Right-of-use assets were recognised based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	RM'000
Operating lease commitments as at 31 March 2019	5,716
Weighted average incremental borrowing rate as at 1 April 2019	4.61%
Discounted operating lease commitments at 1 April 2019, representing lease liabilities as at 1 April 2019	5,252

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
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5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards, amendments to MFRSs and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 January 2020:

Amendments to MFRS 3	Business Combination - Definition of a Business
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform
Amendments to MFRS 101	Presentation of Financial Statements-Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Material

Effective for financial periods beginning on or after 1 June 2020:

Amendments to MFRS 16	Covid-19-Related Rent Concessions

Effective for financial periods beginning on or after 1 January 2021:

MFRS 17	Insurance Contracts

Effective for financial periods beginning on or after 1 January 2022:

Amendments to MFRS 1	Annual Improvements to MFRS Standards 2018–2020
Amendments to MFRS 9	Annual Improvements to MFRS Standards 2018–2020
Amendments to MFRS 3	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 116	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract
Amendments to MFRS 141	Annual Improvements to MFRS Standards 2018–2020

Effective date deferred to a date to be determined by MASB:

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

The directors are of opinion that the Standard and Amendments above would not have any material impact on the financial statements in the year of initial adoption.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
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6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

6.1 Judgements made in applying accounting policies

In the process of applying the above accounting policies, management has not made any critical judgements, apart from those involving estimations, which significantly affect the amounts recognised in these financial statements.

6.2 Estimates and assumptions

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

(a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Impairment of financial assets

The Group and the Company use general approach to calculate ECLs for trade and other receivables. The provision rates are based on individual balance loss patterns (customer repayment rate, financial and credit healthiness, and debt security).

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The carrying amount of the Group's and the Company's receivables at the reporting date is disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS cont'd

6.2 Estimates and assumptions cont'd

(c) Impairment of investment in subsidiaries

The Company is required to perform impairment assessment of its investments in subsidiaries when there is an indication that the investments may be impaired.

If any such indication exists, the Company estimate the recoverable amount of cost of investment in subsidiaries. The recoverable amount is measured at the higher of fair value less costs of disposal (FVLCD) or value in use (VIU).

Determining the VIU of investment in subsidiaries requires the estimation of future cash flows expected to be derived from continuing use of the assets and from the ultimate disposal of such assets. In estimating the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The estimation of the recoverable amounts involves significant judgement and estimation. While the Company believes that the assumptions are appropriate and reasonable, changes in the key assumptions may materially affect the assessment of recoverable amounts. The key assumptions used to determine the VIU for the investment in subsidiaries with indication of impairment, including sensitivity analysis, are disclosed in Note 20.

7. REVENUE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Dividend income from subsidiaries	-	-	48,700	63,700
Rental income	185	180	-	-
Moulding and modification works	33,104	30,191	-	-
Sale of goods	1,793,444	1,623,844	-	-
Total revenue, representing revenue recognised at point of time	1,826,733	1,654,215	48,700	63,700

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Contract balances				
Contract liabilities	5,257	1,513	-	-
Trade receivables	334,896	304,841	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
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8. INTEREST INCOME

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- financial assets at amortised cost	743	1,225	-	-
- financial assets at fair value through profit or loss	5,936	6,077	941	1,031
	6,679	7,302	941	1,031

Interest income from financial assets carried at amortised cost and financial assets at fair value through profit or loss represent interests from cash management fund with licensed financial institutions.

9. OTHER INCOME

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Compensation from suppliers	416	-	-	-
Gain on disposal of:				
- property, plant and equipment	787	209	-	-
- other investments	-	27	-	-
Realised gain on foreign exchange	2,187	3,860	-	-
Rental income	68	48	-	-
Sundry income *	5,936	5,086	-	-
Reversal of allowance for impairment loss on trade receivable (Note 25(a))	203	221	-	-
	9,597	9,451	-	-

* *Sundry income arose mainly from sales of assembly parts.*

10. FINANCE COSTS

	Group	
	2020	2019
	RM'000	RM'000
Interest expense on:		
- Bankers' acceptance	2	-
- Lease liabilities	212	-
- Obligation under finance lease	13	13
Total finance costs	227	13

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

11. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration:				
- statutory audit:				
- current year	318	286	55	55
- other services	91	119	9	4
Amortisation of land use rights (Note 17)	-	398	-	-
Direct operating expenses arising from rental generating investment properties	109	90	-	-
Depreciation of:				
- Property, plant and equipment (Note 16)	26,592	21,650	10	10
- Right-of-use assets (Note 19)	1,784	-	-	-
- Investment properties (Note 18)	32	24	-	-
Employee benefits expense (Note 12)	192,517	148,625	69	69
Impairment loss on trade receivables (Note 25(a))	94	400	-	-
Inventories written down (Note 24)	57	1,558	-	-
Loss on foreign exchange:				
- unrealised	2,464	581	-	-
Non-executive directors' remuneration (Note 13)	105	105	105	105
Property, plant and equipment written off	-	110	-	-
Impairment loss on investment properties (Note 18)	265	-	-	-

12. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages and salaries	177,431	138,548	-	-
Defined contribution plan	10,763	8,521	-	-
Other related costs	4,323	1,556	69	69
	192,517	148,625	69	69

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM13,514,000 (2019: RM13,439,000) and RM69,000 (2019: RM69,000) respectively as further disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
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13. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	6,116	6,070	-	-
Fees	69	69	69	69
Bonus	5,184	5,157	-	-
Defined contribution plan	2,145	2,143	-	-
Total directors' remuneration (Note 12)	13,514	13,439	69	69
Non executive:				
Fees (Note 11)	105	105	105	105
Total non-executive directors' remuneration	105	105	105	105
Total directors' remuneration	13,619	13,544	174	174

The number of directors of the Company whose total remuneration during the year catagories within the following bands is analysed below:

	Number of Directors	
	2020	2019
Executive directors:		
RM6,450,001 - RM6,500,000	1	1
RM6,950,001 - RM7,000,000	-	1
RM7,000,001 - RM7,050,000	1	-
Non-Executive directors:		
Below RM50,000	3	3

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
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14. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2020 and 2019 are:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Statement of comprehensive income:				
Current income tax				
- Malaysian income tax	23,586	27,554	2	1
- Under/(over)provision in respect of previous years	2,289	(1,518)	-	-
	25,875	26,036	2	1
Deferred tax (Note 33):				
- Origination and reversal of temporary difference	(1,224)	2,371	-	-
- (Over)/underprovision in respect of previous years	(659)	185	-	-
	(1,883)	2,556	-	-
Income tax expense recognised in profit or loss	23,992	28,592	2	1

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2020 and 31 March 2019 are as follows:

	2020	2019
Group	RM'000	RM'000
Accounting profit before tax	96,128	124,596
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	23,071	29,903
Adjustments:		
Expenses not deductible for tax purposes	1,459	681
Income not subject to tax	(1,528)	(1,247)
Untilisation of previously unrecognised unabsorbed capital allowances	(173)	-
Utilisation of previously unrecognised tax losses	(467)	-
(Over)/under provision of deferred tax in respect of previous years	(659)	185
Under/(over) provision of tax expense in respect of previous years	2,289	(1,518)
Deferred tax assets not recognised	-	588
Income tax expense recognised in profit or loss	23,992	28,592

14. INCOME TAX EXPENSE cont'd

Reconciliation between tax expense and accounting profit cont'd

Company	2020 RM'000	2019 RM'000
Accounting profit before tax	49,107	64,235
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	11,786	15,416
Adjustments:		
Income not subject to tax	(11,912)	(15,535)
Expenses not deductible for tax purposes	128	120
Income tax expense recognised in profit or loss	2	1

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

	Group	
	2020 RM'000	2019 RM'000
Unutilised business losses	-	1,944
Unabsorbed capital allowances	-	629
	-	2,573

Deferred tax assets have not been recognised in repsect of the above items as it is uncertain that sufficient future taxable profits will be available in these subsidiaries for the deferred tax benefits to crystalise.

The availability of unutilised tax losses for offsetting against future taxable profits of a subsidiary in Malaysia is subject to no substantial changes in the shareholding of the subsidiary under the Income Tax Act 1967 and guidelines issued by the tax authority. With effect from year of assessment (YA) 2019, unutilised business losses arising from a YA is allowed to only be carried forward from YA 2018 for utilisation up to 7 consecutive YAs from that YA. In addition, any accumulated unabsorbed business losses brought forward from YA 2018 shall be allowed to be utilised for 7 consecutive YAs (i.e. until YA 2025).

15. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

15. EARNINGS PER SHARE cont'd

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 March:

	Group	
	2020	2019
Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share (RM'000)	73,161	96,658
Weighted average number of ordinary shares in issue ('000)*	1,249,889	1,250,188
Basic earnings per share (sen)	5.85	7.73
Profit net of tax attributable to equity holders of the Company used in the computation of diluted earnings per share (RM'000)	73,161	96,658
Weighted average number of ordinary shares in issue ('000)*	1,249,889	1,250,188
Diluted earnings per share (sen)	5.85	7.73

* *The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.*

16. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM'000	Plant, machinery and factory equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	** Other assets RM'000	Total RM'000
Group						
Cost						
At 1 April 2018	101,859	228,909	30,399	-	21,676	382,843
Additions	460	15,765	4,041	-	4,183	24,449
Disposals	-	(2,930)	(1,783)	-	(26)	(4,739)
Written off	-	(2,364)	-	-	(954)	(3,318)
At 31 March 2019 and 1 April 2019	102,319	239,380	32,657	-	24,879	399,235
Additions	11,056	62,504	2,870	7,936	5,196	89,562
Disposals	-	(7,155)	(847)	-	-	(8,002)
Written off	-	-	-	-	(8)	(8)
Reclassification from land use rights	697	-	-	-	-	697
Reclassification to investment properties	(901)	-	-	-	-	(901)
Effect of adoption of MFRS 16	(1,022)	-	-	-	-	(1,022)
At 31 March 2020	112,149	294,729	34,680	7,936	30,067	479,561

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cont'd

16. PROPERTY, PLANT AND EQUIPMENT cont'd

	* Land and buildings RM'000	Plant, machinery and factory equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	** Other assets RM'000	Total RM'000
Group						
Accumulated depreciation						
At 1 April 2018	20,706	145,444	17,658	-	14,300	198,108
Depreciation charge for the year (Note 11)	2,069	15,422	2,530	-	1,629	21,650
Disposals	-	(2,903)	(1,230)	-	(26)	(4,159)
Written off	-	(2,281)	-	-	(927)	(3,208)
At 31 March 2019 and 1 April 2019	22,775	155,682	18,958	-	14,976	212,391
Depreciation charge for the year (Note 11)	2,234	19,409	2,714	-	2,235	26,592
Disposals	-	(6,952)	(586)	-	-	(7,538)
Written off	-	-	-	-	(8)	(8)
Reclassification to investment properties	(84)	-	-	-	-	(84)
Effect of adoption of MFRS 16	(284)	-	-	-	-	(284)
At 31 March 2020	24,641	168,139	21,086	-	17,203	231,069
Net carrying amount						
At 31 March 2019	79,544	83,698	13,699	-	9,903	186,844
At 31 March 2020	87,508	126,590	13,594	7,936	12,864	248,492

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

16. PROPERTY, PLANT AND EQUIPMENT cont'd

** Other assets comprise office equipment, furniture, fittings and office renovation.

* The details of the land and buildings are as follows:

	Freehold land RM'000	Long term leasehold land RM'000	Factory buildings RM'000	Total RM'000
Group				
Cost				
At 1 April 2018	1,971	1,332	98,556	101,859
Additions	-	-	460	460
At 31 March 2018 and 1 April 2019	1,971	1,332	99,016	102,319
Reclassification to investment properties (Note 18)	-	(310)	(591)	(901)
Effect of adoption of MFRS 16	-	(1,022)	-	(1,022)
Additions	-	-	11,056	11,056
Reclassification from land use rights (Note 17)	697	-	-	697
At 31 March 2020	2,668	-	109,481	112,149
Accumulated depreciation				
At 1 April 2018	-	297	20,409	20,706
Depreciation charge for the year	-	15	2,054	2,069
At 31 March 2019 and 1 April 2019	-	312	22,463	22,775
Reclassification to investment properties (Note 18)	-	(28)	(56)	(84)
Effect of adoption of MFRS 16	-	(284)	-	(284)
Depreciation charge for the year	-	-	2,234	2,234
At 31 March 2020	-	-	24,641	24,641
Net carrying amount				
At 31 March 2019	1,971	1,020	76,553	79,544
At 31 March 2020	2,668	-	84,840	87,508

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
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16. PROPERTY, PLANT AND EQUIPMENT cont'd

	Office equipment RM'000
Company	
Cost	
At 1 April 2018/31 March 2019/1 April 2019/31 March 2020	121
Accumulated depreciation	
At 1 April 2018	73
Depreciation charge for the year (Note 11)	10
At 31 March 2019 and 1 April 2019	83
Depreciation charge for the year (Note 11)	10
At 31 March 2020	93
Net carrying amount	
At 31 March 2019	38
At 31 March 2020	28

Assets held under finance leases

The carrying amount of motor vehicle held under finance lease at the reporting date was RM641,000 (2019: RM734,000).

Additions during the year

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM89,562,000 (2019: RM24,449,000) by means of:

	Group 2020 RM'000	Group 2019 RM'000
Additions during the financial year	89,562	24,449
Placement of deposit paid to supplier of property, plant and equipment	6,430	5,936
Increase in amount due to supplier of property, plant and equipment	(16,494)	(1,277)
Total cash outflows on acquisition of property, plant and equipment	79,498	29,108

Assets pledged as security

The long term leasehold land and factory buildings with carrying values of RM280,000 and RM8,502,000 (2019: RM284,000 and RM8,779,000) respectively are pledged to financial institutions for bank guarantee facilities and are subject to negative pledge in relation to banking facilities granted to the Group. As at reporting date of both current and prior year, the approved bank guarantee facilities are not utilised.

Assets held in trust

Motor vehicles with net carrying amount of RM7,373,000 (2019: RM7,143,000) are registered in the name of directors of the Company and directors of the Company's subsidiaries. These motor vehicles are held in turst on behalf of the Group.

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17. LAND USE RIGHTS

	Group	
	2020	2019
	RM'000	RM'000
Cost		
At 1 April	20,760	20,760
Reclassification to property, plant and equipment (Note 16)	(697)	-
Effect of adoption of MFRS 16	(20,063)	-
At 31 March	-	20,760
Accumulated amortisation		
At 1 April	4,821	4,423
Effect of adoption of MFRS 16	(4,821)	-
Amortisation for the year (Note 11)	-	398
At 31 March	-	4,821
Net carrying amount	-	15,939
Amount to be amortised:		
- Not later than one year	-	398
- Later than one year but not later than five years	-	1,598
- Later than five years	-	13,943

18. INVESTMENT PROPERTIES

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
Group				
Cost				
At 1 April 2018, 31 March 2018 and 1 April 2019	797	-	1,269	2,066
Addition	-	-	1,599	1,599
Reclassification from property, plant and equipment (Note 16)	-	309	592	901
At 31 March 2020	797	309	3,460	4,566
Accumulated depreciation				
At 1 April 2018	-	-	499	499
Depreciation charge for the year (Note 11)	-	-	24	24
At 1 April 2018, 31 March 2018 and 1 April 2019	-	-	523	523
Depreciation charge for the year (Note 11)	-	-	32	32
Reclassification from property, plant and equipment (Note 16)	-	29	55	84
At 31 March 2020	-	29	610	639
Impairment				
At 1 April 2018, 31 March 2018 and 1 April 2019	-	-	-	-
Addition (Note 11)	-	-	265	265
At 31 March 2020	-	-	265	265
Net carrying amount				
At 31 March 2019	797	-	746	1,543
At 31 March 2020	797	280	2,585	3,662
Fair value				
At 31 March 2019	2,440	-	1,780	4,220
At 31 March 2020	2,440	1,900	3,810	8,150

The fair values of the investment properties were determined by independent professional valuers using the comparison and income method. The comparison method involves comparing and adopting recent transactions as a yardstick as well as using sales evidence involving other similar properties in the vicinity. The Group has assessed that the highest and best use of its properties does not differ from their current use. The income method involves making reference to estimated market rental values and equivalent yields.

The fair value of the investment properties was determined based on Level 2 and Level 3 valuation techniques of the fair value hierarchy.

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19. RIGHT-OF-USE ASSETS

	Leasehold Lands RM'000	Hostel Buildings RM'000	Forklift RM'000	Total RM'000
Group				
Cost				
At 1 April 2019	-	-	-	-
Effect of adoption of MFRS 16	21,086	4,792	459	26,337
Addition	8,794	1,674	-	10,468
At 31 March 2020	29,880	6,466	459	36,805
Accumulated depreciation				
At 1 April 2019	-	-	-	-
Effect of adoption of MFRS 16	5,105	-	-	5,105
Depreciation charge for the year (Note 11)	174	1,552	58	1,784
At 31 March 2020	5,279	1,552	58	6,889
Net carrying amount at 31 March 2020	24,601	4,914	401	29,916

20. INVESTMENT IN SUBSIDIARIES

		Company	
	Note	2020 RM'000	2019 RM'000
Unquoted shares, at costs		290,914	290,914
Subscription of additional shares in a subsidiary	(b)	4,000	-
		294,914	290,914

Impairment assessment for investment in subsidiaries

The investments in 3 subsidiaries with carrying amounts higher than the Company's share of their net assets indicates that the carrying amount of the investment in these 3 subsidiaries may be impaired.

Accordingly, the Company performed an impairment assessment on the cash generating units ("CGUs") relating to these subsidiaries. The Company estimated the recoverable amounts of the CGUs based on its value in use.

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20. INVESTMENT IN SUBSIDIARIES cont'd

Impairment assessment for investment in subsidiaries cont'd

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions

(a) Discount rate

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of respective subsidiaries of SKP Resources Berhad and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the investors. The cost of debt is based on the interest-bearing borrowings the respective subsidiaries of SKP Resources Berhad is obliged to service. Entity-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The pre-tax discount rates used is 12% which reflect the specific risks for Company's investment in three of the subsidiaries CGUs with an indication of impairment.

The carrying amount of investment in the subsidiary (manufacturing of plastic products) - CGU 1 is RM88,095,500. A rise in the pre-tax discount rate to 15.8% (i.e., 3.8% increase) will result in an impairment of the investment in this subsidiary.

The carrying amount of investment in the subsidiary (manufacturing of plastic products) - CGU 2 is RM86,444,800. A rise in the pre-tax discount rate to 12.7% (i.e., 0.7% increase) will result in an impairment of the investment in this subsidiary.

The carrying amount of investment in the subsidiary (manufacture, fabrication and sales of moulds) - CGU 3 is RM25,459,700. A rise in the pre-tax discount rate to 22.7% (i.e., 10.7% increase) will result in an impairment of the investment in this subsidiary.

(b) Terminal growth rate

The terminal growth rate used by management for CGU 1, CGU 2, and CGU 3 were 0%, 2%, 0% respectively.

With all other assumptions held constant, if the forecasted terminal growth rate for CGU 1, CGU 2 and CGU 3 drop to negative 7.1% (i.e., 7.1% decrease), 0.9% (i.e., 1.1% decrease) and negative 26.7% (i.e., 26.7% decrease) respectively, the investment in these respective subsidiaries will be impaired.

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20. INVESTMENT IN SUBSIDIARIES cont'd

(a) Details of the Group's subsidiaries are as follows:

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group 2020	% of ownership interest held by the Group 2019	% of ownership interest held by non-controlling interests 2020	% of ownership interest held by non-controlling interests 2019
Held by the Company						
Syarikat Sin Kwang Plastic Industries Sdn. Bhd.	Malaysia	Manufacturing of plastic products	100%	100%	-	-
Goodhart Industries Sdn. Bhd.	Malaysia	Manufacturing of plastic products	100%	100%	-	-
Goodhart Land Sdn. Bhd.	Malaysia	Letting of property and property holding	100%	100%	-	-
S.P.I. Plastic Industries (M) Sdn. Bhd.	Malaysia	Manufacturing of plastic products	100%	100%	-	-
Plastictecnic (M) Sdn. Berhad	Malaysia	Manufacturing of plastic products	100%	100%	-	-
Bangi Plastics Sdn. Bhd.	Malaysia	Manufacturing of plastic products	100%	100%	-	-
Sun Tong Seng Mould-Tech Sdn. Bhd.	Malaysia	Manufacture, fabrication and sales of moulds	100%	100%	-	-
Goodhart Premier Sdn. Bhd.	Malaysia	Investment holding	100%	100%	-	-
Goodhart World Sdn. Bhd.	Malaysia	Investment holding	100%	100%	-	-
Held by S.P.I. Plastic Industries (M) Sdn. Bhd.						
Sun Sparkle Sdn. Bhd.	Malaysia	Investment holding	100%	100%	-	-
Tan Brothers Business Machines (Segamat) Sdn Bhd.	Malaysia	Investment holding	100%	100%	-	-
Held by Goodhart Premier Sdn. Bhd. and Goodhart World Sdn. Bhd.						
SKP BM Electronics Sdn. Bhd.	Malaysia	Manufacturing of electronic integrated circuits micro assemblies, consumer electronics and printed circuit boards	100%	75%	-	25%

20. INVESTMENT IN SUBSIDIARIES cont'd

(b) Subscription of additional shares in a subsidiaries

(i) During the financial year, the Company further subscribed for an additional 4,000,000 new ordinary shares in Goodhart Industries Sdn. Bhd. for a cash consideration of RM4,000,000. The proportion of ownership interests of Goodhart Industries (M) Sdn. Bhd. held by the Company remain unchanged.

(ii) During the financial year, a subsidiary, Goodhart Premier Sdn. Bhd. acquired additional 1,750,000 ordinary shares (representing 25% equity interest) in SKP BM Electronics Sdn. Bhd. ("SKP BM") for a cash consideration of RM1,375,000 from a shareholder of SKP BM Electronics Sdn. Bhd.. As a result, the Group proportion of ownership increased from 75% to 100%. On the date of acquisition, the approximate fair value of the identifiable net liabilities acquired was RM13,000. The difference between the consideration and the approximate fair value of the identifiable net liabilities acquired of RM1,388,000 is reflected in equity as premium paid on acquisition of non-controlling interest.

21. INVESTMENT IN AN ASSOCIATE

	Group	
	2020	2019
	RM'000	RM'000
Unquoted shares, at costs	**	**
Share of post acquisition reserve	(**)	(**)
	-	-

** *Represents cost of investment amounted to RM49*

(a) Details of the associate is as follows:

Name of company	Country of incorporation	Principal activities	% of ownership interest held by the Company *		Accounting model applied
			2020	2019	
Held by Plastictecnic (M) Sdn. Berhad					
Tecnicware Products Sdn. Bhd. #	Malaysia	Manufacturing of plastic products	49	49	Equity method

* equals to the proportion of voting rights held

\# The unaudited management financial statements as at 31 March 2020 of associate has been used for equity accounting purpose as the associate is not material and the financial statement of the associate is coterminous with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
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21. INVESTMENT IN AN ASSOCIATE cont'd

(b) Summarised financial information in respect of the Group's associate is set out below.

(i) Summarised statement of financial position

	Tecnicware Products Sdn. Bhd. 2020 RM'000	Tecnicware Products Sdn. Bhd. 2019 RM'000
Current liabilities	(2)	(69)
Net liabilities	(2)	(69)

(ii) Summarised statement of comprehensive income

	Tecnicware Products Sdn. Bhd. 2020 RM'000	Tecnicware Products Sdn. Bhd. 2019 RM'000
Profit/(loss) before tax	67	(4)
Profit/(loss) for the year	67	(4)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate

	Tecnicware Products Sdn. Bhd. 2020 RM'000	Tecnicware Products Sdn. Bhd. 2019 RM'000
Net liabilities at 1 April	(69)	(65)
Profit/(loss) for the year	67	(4)
Net liabilities at 31 March	(2)	(69)
Interest in an associate	49%	49%
Carrying value of Group's interest in an associate	(1)	(34)

(c) Unrecognised share of losses in an associate

	Tecnicware Products Sdn. Bhd. 2020 RM'000	Tecnicware Products Sdn. Bhd. 2019 RM'000
The unrecognised share of loss in an associate **	(1)	(34)

** *Restricted to cost of investment*

NOTES TO THE FINANCIAL STATEMENTS
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22. OTHER INVESTMENTS

	2020 RM'000	2019 RM'000
Group		
Non-current		
Financial asset carried at amortised cost		
Fixed deposits with licensed banks	139	139
	139	139
Current		
Fair value through profit or loss		
Investment in Malaysia:		
- Cash management fund	126,097	207,990
Financial asset carried at amortised cost		
Fixed deposits with licensed banks	28	28
	126,125	208,018
Total other investments	126,264	208,157
Company		
Current		
Fair value through profit or loss		
Investment in Malaysia:		
- Cash management fund	14,612	28,836

Investment in cash management fund is placed with licensed investment banks and asset management companies in Malaysia which are highly liquid.

Financial asset carried at amortised cost consist of deposits with licensed financial institutions with maturity period of more than three months. The weighted average effective interest rate of fixed deposits with licensed banks of the Group at the reporting date was 3.10% (2019: 3.31%) per annum.

23. OTHER NON-CURRENT ASSET

	Group	
	2020 RM'000	2019 RM'000
Golf club membership, at cost	74	74

NOTES TO THE FINANCIAL STATEMENTS
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24. INVENTORIES

	Group	
	2020	2019
	RM'000	RM'000
Raw materials	104,522	53,946
Work-in-progress	14,110	12,629
Finished goods	45,506	27,014
Total inventories at the lower of cost and net realisable value	164,138	93,589

During the financial year, the following amounts were recognised as an expense in:

	Group	
	2020	2019
	RM'000	RM'000
Cost of sales of the Group:		
- amount of inventories recognised as expense	1,472,942	1,390,481
- inventories written down (Note 11)	57	1,558

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	335,390	305,444	-	-
Less: Allowance for impairment: Third parties	(494)	(603)	-	-
Trade receivable, net	334,896	304,841	-	-

NOTES TO THE FINANCIAL STATEMENTS

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25. TRADE AND OTHER RECEIVABLES cont'd

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Other receivables				
Sundry receivables	4,059	3,173	-	-
Due from subsidiaries	-	-	1,395	-
Deposits paid to suppliers of property, plant and equipment	6,405	5,936	-	-
Advances	8,227	2,444	-	-
Sundry deposits	1,689	1,547	1	1
Goods and service tax ("GST") claimable	3,404	2,741	-	-
	23,784	15,841	1,396	1
Total trade and other receivables	358,680	320,682	1,396	1
Total trade and other receivables	358,680	320,682	1,396	1
Less: GST claimable	(3,404)	(2,741)	-	-
	355,276	317,941	1,396	1
Add: Fixed deposits with licensed banks (Note 22)	167	167	-	-
Add: Cash and bank balances (Note 27)	55,339	40,035	9,845	74
Total financial asset carried at amortised cost	410,782	358,143	11,241	75

(a) Trade receivables

The receivables are non-interest bearing and are generally on 30 to 90 day (2019: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2020	2019
	RM'000	RM'000
Neither past due nor impaired	308,574	210,017
1 to 30 days past due not impaired	18,330	76,799
31 to 60 days past due not impaired	6,421	15,829
More than 61 days past due not impaired	1,571	2,196
	26,322	94,824
Impaired	494	603
	335,390	305,444

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25. TRADE AND OTHER RECEIVABLES cont'd

(a) Trade receivables

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM26,322,000 (2019: RM94,824,000) that are past due at the reporting date but not impaired. The directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers. These receivables are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance for ECL used to record the impairment are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Trade receivables - nominal amounts	494	603
Less: Allowance for impairment	(494)	(603)
	-	-

Movement in allowance accounts:

	Group	
	2020	2019
	RM'000	RM'000
At 1 April	603	424
Charge for the year (Note 11)	94	400
Reversal (Note 9)	(203)	(221)
At 31 March	494	603

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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26. PREPAYMENTS

	Group	
	2020	2019
	RM'000	RM'000
Prepaid operating expenses	8,743	2,852

27. CASH AND BANK BALANCES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	55,339	34,035	9,845	74
Fixed deposits with licensed banks	-	6,000	-	-
Cash and bank balances, representing total cash and cash equivalents (Note 25)	55,339	40,035	9,845	74

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 March 2020 for the Group was nil% (2019: 2.60%) per annum.

Included in cash at banks amounting to RM9,795,000 is share buy back account designated for the purpose of share buy back.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	299,811	226,096	-	-
Other payables				
Due to suppliers of property, plant and equipment	15,033	1,864	-	-
Sundry payables	27,617	17,567	260	247
Accrued operating expenses	7,013	9,418	-	-
	49,663	28,849	260	247
Total trade and other payables	349,474	254,945	260	247
Add: Borrowing (Note 30)	175	275	-	-
Total financial liabilities carried at amortised cost	349,649	255,220	260	247

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28. TRADE AND OTHER PAYABLES cont'd

(a) Trade payables

Trade payables are non-interest bearing and normally settled on 30 to 60 day (2019: 30 to 60 day) terms.

(b) Other payables

Other payables are non-interest bearing and normally settled on 30 to 60 day (2019: 30 to 60 day) terms.

29. CONTRACT LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Progress billing in respect of moulding and modification works	5,257	1,513

30. BORROWING

	Group	
	2020 RM'000	2019 RM'000
Current		
Secured:		
Obligation under finance lease (Note 39a)	106	101
Non-current		
Secured:		
Obligation under finance lease (Note 39a)	69	174
Total borrowing	175	275

The remaining maturities of the borrowing as at reporting dates are as follows:

	Group	
	2020 RM'000	2019 RM'000
On demand or within one year	106	101
More than 1 year and less than 2 years	69	106
More than 2 years and less than 5 years	-	68
	175	275

<u>Obligation under finance lease</u>

The average discount rate implicit in the lease is 2.6% (2019: 2.6%) per annum.

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31. LEASE LIABILITIES

	Group 2020 RM'000	Group 2019 RM'000
Current liability		
Lease liabilities	1,820	-
Non-current liability		
Lease liabilities	3,300	-
Total lease liabilities	5,120	-

The movement of lease payable during the financial year is as follows:

	Group 2020 RM'000	Group 2019 RM'000
At 1 April	-	-
Effect of adoption of MFRS 16 (Note 4)	5,252	-
Accretion of interest	212	-
Addition	1,348	-
Payments	(1,692)	-
At 31 March	5,120	-

32. PROVISIONS

	Bonus RM'000	Unutilised annual leave RM'000	Price variance RM'000	Transportation charges RM'000	Utilities RM'000	Others RM'000	Total RM'000
Group							
At 1 April 2018	2,494	1,154	6,171	3,289	300	697	14,105
Utilised	(9,738)	(183)	(4,768)	(3,289)	(300)	(583)	(18,861)
Reversal of overprovision	(153)	-	-	-	-	(116)	(269)
Provision made	10,170	205	1,500	2,832	300	625	15,632
At 31 March 2019/ At 1 April 2019	2,773	1,176	2,903	2,832	300	623	10,607
Utilised	(10,661)	(150)	(1,296)	(2,832)	(300)	(295)	(15,534)
Reversal of overprovision	(445)	(45)	-	-	-	-	(490)
Provision made	11,401	602	5,368	1,356	172	403	19,302
At 31 March 2020	3,068	1,583	6,975	1,356	172	731	13,885

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33. DEFERRED TAX LIABILITIES

	Group 2020 RM'000	Group 2019 RM'000
At 1 April	17,103	14,548
Recognised in profit or loss (Note 14)	(1,883)	2,556
At 31 March	15,220	17,104
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	17,488	17,104
Deferred tax assets	(2,268)	-
	15,220	17,104

The components and movements of deferred tax liabilities and deferred tax assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000
Group	
At 1 April 2018	19,732
Recognised in the profit or loss	288
At 31 March 2019 and 1 April 2019	20,020
Recognised in the profit or loss	2,735
At 31 March 2020	22,755

Deferred tax assets of the Group:

	Unutilised business losses RM'000	Unabsorbed capital allowances RM'000	Unutilised reinvestment allowances RM'000	Others temporary differences RM'000	Total RM'000
At 1 April 2018	-	-	(680)	(4,504)	(5,184)
Recognised in the profit or loss	-	-	163	2,105	2,268
At 31 March 2019 and 1 April 2019	-	-	(517)	(2,399)	(2,916)
Recognised in the profit or loss	(588)	(2,152)	18	(1,897)	(4,619)
At 31 March 2020	(588)	(2,152)	(499)	(4,296)	(7,535)

34. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Number of ordinary shares		Amount	
	2020	2019	2020	2019
	'000	'000	RM'000	RM'000
Group and Company				
Issued and fully paid	1,250,188	1,250,188	296,126	296,126

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

There were no new ordinary shares issued during the financial year. The ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

(b) Treasury shares

	RM'000
At 1 April 2019	-
Treasury shares from share buy back	208
At 31 March 2020	208

As at 31 March 2020, the Company held as treasury shares at total of 300,000 of its 1,250,188,549 issued ordinary shares. Such treasury shares are held at a carrying amount of RM208,320.

35. MERGER DEFICIT

The merger deficit relating to the business combination involving entities under common control is accounted for by applying the pooling of interest method. The difference between the consideration paid and the share capital and reserves of the subsidiaries acquired is reflected as a merger deficit.

36. RETAINED EARNINGS

The Company can distribute dividends out of its entire retained earnings as at 31 March 2020 under the single-tier system.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

37. DIVIDENDS

	Group and Company	
	2020	2019
	RM'000	RM'000
Recognised during the financial year		
Dividends on ordinary shares:		
- Final single-tier dividend for 2018: 5.067 sen per share	-	63,347
- Final single-tier dividend for 2019: 3.840 sen per share	48,007	-
	48,007	63,347
Proposed but not recognised as at 31 March:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final single-tier dividend for 2019: 3.840 sen per share	-	48,007
	-	48,007

Subsequent to the financial year end, on 25 August 2020, the directors have approved a final single-tier dividend in respect of the financial year ended 31 March 2020 amounting to a dividend payable of approximately RM36,622,000 (2.93 sen per ordinary share for 1,249,888,549 shares which excluded 300,000 treasury shares) on 23 October 2020. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2021.

38. RELATED PARTY DISCLOSURES

(a) Sales and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

The related party with which the Group has had transactions during the financial year are as follows:

	2020	2019
	RM'000	RM'000
Expenses/(income)		
Group		
Transactions with related parties:		
Rental expense to spouse of a director (i)	60	60
Rental expense to a company controlled by certain directors	1,080	900
Rental income from a company controlled by close family member of certain directors	(75)	(72)
Company		
Gross dividend income from subsidiaries	(48,700)	(63,700)

(i) Deseased during the year and the beneficiary interest is transferred to an executor of the estate who is a director of the Company.

38. RELATED PARTY DISCLOSURES cont'd

(b) Compensation of key management personnel

Key management personnel ("KMP") are persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The remuneration of directors, representing the sole members of key management during the year were as disclosed in Note 13.

39. COMMITMENTS

(a) Finance lease commitment

The Group has finance lease for a motor vehicle.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	113	113
Later than 1 year but not later than 2 years	85	113
Later than 2 year but not later than 5 years	-	85
Total minimum lease payments	198	311
Less: Amounts representing finance charges	(23)	(36)
Present value of minimum lease payments	175	275
Present value of payments:		
Not later than 1 year	106	101
Later than 1 year but not later than 2 years	69	106
Later than 2 year but not later than 5 years	-	68
Present value of minimum lease payments	175	275
Less: Amount due within 12 months (Note 30)	(106)	(101)
Amount due after 12 months (Note 30)	69	174

(b) Capital commitments

Authorised capital expenditures not provided for in the financial statement are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	11,612	26,815
Approved but not contracted for:		
Property, plant and equipment	140	-
	11,752	26,815

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

39. COMMITMENTS cont'd

(c) Operating lease commitments

	Group	
	2020	**2019**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than 1 year	-	1,520
Later than 1 year but not later than 2 years	-	1,576
Later than 2 year but not later than 5 years	-	2,620
Total minimum lease payments	-	5,716

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Other investments	22
Trade and other receivables	25
Cash and bank balances	27
Trade and other payables	28
Borrowing	30

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

cont'd

40. FAIR VALUE OF FINANCIAL INSTRUMENTS cont'd

(b) Fair value hierarchy

As at reporting date, the Group and the Company held the following financial instruments that are measured at fair value:

	Group Fair value measurement using			
	Quoted prices in active market Level 1 RM'000	Significant observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000	Total RM'000
At 31 March 2020				
Assets measured at fair value:				
Investment in cash management fund	-	126,097	-	126,097
Assets for which fair value information is disclosed:				
Investment properties	-	3,930	4,220	8,150
At 31 March 2019				
Assets measured at fair value:				
Investment in cash management fund	-	207,990	-	207,990
Assets for which fair value information is disclosed:				
Investment properties	-	-	4,220	4,220

	Company Fair value measurement using			
	Quoted prices in active market Level 1 RM'000	Significant observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000	Total RM'000
At 31 March 2020				
Assets measured at fair value:				
Investment in cash management fund	-	14,612	-	14,612
At 31 March 2019				
Assets measured at fair value:				
Investment in cash management fund	-	28,836	-	28,836

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

40. FAIR VALUE OF FINANCIAL INSTRUMENTS cont'd

(b) Fair value hierarchy cont'd

The Group classifies fair value measurement using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

No transfers between any levels of the fair value hierarchy took place during the reporting period. There was also no changes in the purpose of any financial assets that subsequently resulted in a different classification of that asset.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES cont'd

(a) Credit risk cont'd

Corporate guarantees

As at 31 March 2020, the Company has corporate guarantees with a nominal amount of RM212,176,000 (2019: RM214,176,000) provided to licensed banks in respect of secured banking facilities granted to certain subsidiaries. As at 31 March 2020 and 31 March 2019, the mentioned banking facilities remained unutilised by the subsidiaries. As at reporting date, the Company has not recognised any financial liability relating to the corporate guarantees given to the subsidiaries as there is no drawdown of the banking facilities by the subsidiaries.

As at 31 March 2020, the Company has corporate guarantees with a nominal amount of RM4,000,000 (2019: RM4,000,000) provided to a supplier as security for purchases of goods by a subsidiary. As at 31 March 2020 and 31 March 2019, the Company has not recognised any financial liability relating to the corporate guarantees given to the subsidiary as the subsidiary did not default on any payment to the supplier.

Credit risk concentration profile

At the reporting date, the Group has significant concentration of credit risk that may arise from 1 (2019: 1) customer who accounted for 78% (2019: 69%) of total trade receivables. The directors believe that this will not create significant credit risk for the Group in view of the length of relationship with this customer and the Group works closely with the customer to provide customer satisfaction through timely delivery and the provision of high quality products and services at competitive cost.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 25(a).

Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 25(a).

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES cont'd

(b) Liquidity risk cont'd

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
At 31 March 2020			
Financial liabilities:			
Trade and other payables	349,474	-	349,474
Borrowing	113	85	198
Total undiscounted financial liabilities	349,587	85	349,672
At 31 March 2019			
Financial liabilities:			
Trade and other payables	254,945	-	254,945
Borrowing	113	182	295
Total undiscounted financial liabilities	255,058	182	255,240

	On demand or within one year	
	2020 RM'000	2019 RM'000
Company		
Financial liability:		
Trade and other payables, representing total financial liability	260	247

(c) Foreign currency risk

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

The Group is exposed to transactional currency risk primarily respective through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Singapore Dollars ("SGD"), Japanese Yen ("Yen"), Great Britain Pound ("GBP"), Euro ("EUR") and Chinese Renminbi ("RMB"). Such transactions are kept to an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES cont'd

(c) Foreign currency risk cont'd

The net unhedged financial assets and financial liabilities of the Group as at 31 March 2020 and 2019 that are not denominated in their functional currencies are as follows:

Group	Net financial assets/ (liabilities) held in non-functional currencies 2020 RM'000	2019 RM'000
USD	(54,928)	(35,877)
SGD	(27)	50
Yen	(21)	292
GBP	-	327
EUR	(3,748)	(531)
RMB	(5,984)	-
	(64,708)	(35,739)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, EUR and RMB exchange rates at the reporting date against the functional currency of the Group, assuming all other variables held constant.

Group	(Decrease)/Increase in profit before tax 2020 RM'000	2019 RM'000
USD strengthened by 10%	(5,493)	(3,588)
USD weakened by 10%	5,493	3,588
EUR strengthened by 10%	(375)	(53)
EUR weakened by 10%	375	53
RMB strengthened by 10%	(598)	-
RMB weakened by 10%	598	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

42. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2020 and 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, trade and other payables, less cash and bank balances and cash management fund. Capital includes equity attributable to equity holders of the Company.

The Group and the Company are subject to externally imposed capital restriction.

		Group	
		2020	2019
	Note	RM'000	RM'000
Borrowing	30	175	275
Trade and other payables	28	349,474	254,945
Less: Cash management fund	22	(126,097)	(207,990)
Cash and bank balances	27	(55,339)	(40,035)
Net debt		168,213	7,195
Equity attributable to equity holders of the Company, representing total capital		611,210	587,652
Capital and net debt		779,423	594,847
Gearing ratio		22%	1%

43. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

The Group has identifed sale of goods as the sole reportable operating segment.

Information on a major customer

Revenue from 1 major customer amounted to RM1,394,447,000 (2019: RM1,225,928,000), arising from sales of plastic products segment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

43. SEGMENT INFORMATION cont'd

Geographical Segmental Information

The Group principally operates in Malaysia and sells its good in Malaysia. Geographically, the main business segments of the Group are concentrated in Malaysia and the Group deals with mainly local customers. Accordingly, no separate geographical segment information is presented.

	Sales of goods RM'000	Other segments RM'000	Total RM'000
2020			
Revenue			
External revenue	1,793,444	33,289	1,826,733
Income/(Expenses)			
Amount of inventories recognised as expense	(1,461,220)	(11,722)	(1,472,942)
Depreciation and amortisation	(26,629)	(1,779)	(28,408)
Employee benefits expenses	(183,850)	(8,667)	(192,517)
Segment profit	94,935	1,193	96,128
Segment assets	959,797	42,812	1,002,609
Segment liabilities	378,615	12,784	391,399

	Sales of goods RM'000	Other non-reportable segments RM'000	Total RM'000
2019			
Revenue			
External revenue	1,623,844	30,371	1,654,215
Income/(Expenses)			
Amount of inventories recognised as expense	(1,379,291)	(11,190)	(1,390,481)
Depreciation and amortisation	(20,357)	(1,715)	(22,072)
Employee benefits expenses	(140,355)	(8,270)	(148,625)
Segment profit	121,344	3,252	124,596
Segment assets	839,478	33,630	873,108
Segment liabilities	279,342	5,102	284,444

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
cont'd

44. EFFECT OF COVID-19 PANDEMIC

On 11 March 2020, the World Health Organisation (WHO) declared Covid-19 a worldwide pandemic. With widespread concerns about the ongoing Covid-19 pandemic, the government of Malaysia had declared a Movement Control Order ("MCO") from 18 March 2020. The MCO encompasses restriction of movement and assembly nationwide, and closure of all government and private premises except those involved in essential services. Subsequently, public and private sectors in Malaysia resumed their operations in May 2020, in line with the announcement by the government that most business were allowed to resumed operations, following the implementation of the recent phase of the conditional MCO ("CMCO"), which remains in place up to 9 June 2020 and then Recovery MCO ("RMCO") were announced to continue till 31 August 2020 ("the MCO Periods").

Up to 31 March 2020, the Group has seen a reduction in volume of production as a result of the COVID-19 outbreak and the consequential impact on the Group's revenue, earnings, cash flow and financial condition mainly due to temporary shutdown of the Group's factories upon declaration of MCO in March 2020 by the Malaysia Government. Between 18 March till end April 2020, the Group shut down majority of its factory operations except for 2 factories which are classified under essential services that cater mainly to the Food & Beverage Industries as well as the Medical segment.

At the end of April 2020, the Group obtained approval from the relevant authorities to resume all of its factory operations and subsequently gradually improve its level of production back to normal level especially during RMCO period.

At this juncture, it is not possible for the Group to estimate the full impact of the outbreak's short-term and longer-term effects or the Government's varying efforts to combat the outbreak and support businesses. As the situation is still evolving as at date of this report, the Group is unable to ascertain the eventual financial impact that the COVID-19 pandemic disruption will have on the performance for the financial year ending 31 March 2021.

The Group has taken relevant actions to minimize the impact of the COVID-19 pandemic to its operations and will continue to pay close attention to developments and evaluate their impact on the financial position, operating results and cash flows of the Group.

45. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 25 August 2020.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JULY 2020

SHARE CAPITAL

Total Number of Issued Shares	:	1,250,188,549 ordinary shares (including 300,000 treasury shares)
Class of securities	:	Ordinary shares
Voting Rights	:	One vote per ordinary share held

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	Number of Shareholders	%	Number of Shares Held	%
Less than 100	209	4.02	8,177	0.00
100 - 1,000	534	10.28	343,042	0.03
1,001 - 10,000	2,626	50.55	12,806,926	1.03
10,001 - 100,000	1,361	26.20	43,239,995	3.46
100,001 to less than 5% of issued shares	461	8.87	664,603,303	53.17
5% and above of issued shares	4	0.08	528,887,106	42.31
Total	5,195	100.00	1,249,888,549	100.00

30 LARGEST SHAREHOLDERS
As per Record of Depositors as at 30 July 2020

No.	Name of Shareholders	No. of Shares Held	%
1	Beyond Imagination Sdn. Bhd.	180,242,040	14.42
2	Kumpulan Wang Persaraan (Diperbadankan)	128,495,400	10.28
3	Dato' Gan Kim Huat	118,379,718	9.47
4	Renown Million Sdn. Bhd.	101,769,948	8.14
5	Graceful Assessment Sdn. Bhd.	41,240,800	3.30
6	Graceful Assessment Sdn. Bhd.	34,229,100	2.74
7	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN for Citibank New York (Norges Bank 14)*	21,348,100	1.71
8	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Nomura)*	20,712,100	1.66
9	Amanahraya Trustees Berhad *Public Islamic Opportunities Fund*	18,470,700	1.48
10	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board (CIMB PRIN)*	17,553,100	1.40
11	Zenith Highlight Sdn. Bhd.	14,985,954	1.20
12	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)*	13,133,100	1.05

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JULY 2020
cont'd

30 LARGEST SHAREHOLDERS cont'd
As per Record of Depositors as at 30 July 2020

No.	Name of Shareholders	No. of Shares Held	%
13	Lembaga Tabung Haji	13,000,000	1.04
14	Cartaban Nominees (Tempatan) Sdn Bhd *PBTB for Takafulink Dana Ekuiti*	12,730,500	1.02
15	Cartaban Nominees (Tempatan) Sdn Bhd *PAMB for Prulink Equity Fund*	11,807,200	0.94
16	Amanahraya Trustees Berhad *Public Islamic Select Treasures Fund*	9,729,400	0.78
17	Zenith Highlight Sdn Bhd	9,227,586	0.74
18	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Commerce Trustee Berhad - Kenanga Growth Fund*	8,852,300	0.71
19	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)*	8,642,600	0.69
20	Maybank Nominees (Tempatan) Sdn Bhd *MTrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-Dali) (419455)*	8,487,600	0.68
21	Citigroup Nominees (Tempatan) Sdn. Bhd. *Kumpulan Wang Persaraan (Diperbadankan) (Principal EQITS)*	8,461,300	0.68
22	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt AN for Deutsche Bank AG Singapore (Asing WM CLT)*	8,405,000	0.67
23	Citigroup Nominees (Tempatan) Sdn. Bhd. *Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)*	8,098,300	0.65
24	Amanahraya Trustees Berhad *Public Strategic Smallcap Fund*	7,931,500	0.63
25	Cartaban Nominees (Asing) Sdn Bhd *Exempt AN for State Street Bank & Trust Company (West CLT OD67)*	7,555,700	0.60
26	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund*	7,529,400	0.60
27	Cartaban Nominees (Tempatan) Sdn Bhd *PAMB for Prulink Dana Unggul*	7,307,900	0.58
28	Amanahraya Trustees Berhad *PB Islamic Smallcap Fund*	7,110,900	0.57
29	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (RHBISLAMIC)*	6,631,800	0.53
30	Cartaban Nominees (Tempatan) Sdn Bhd *RHB Trustees Berhad for Manulife Investment Shariah Progressfund*	6,505,600	0.52

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JULY 2020
cont'd

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

as per Register of Substantial Shareholders' Shareholdings as at 30 July 2020

Name	Direct	% [3]	Indirect	% [3]
Beyond Imagination Sdn Bhd	180,242,040	14.42	-	-
Kumpulan Wang Persaraan (Diperbadankan)	128,495,400	10.28	28,743,033	2.30
Dato' Gan Kim Huat	118,379,718	9.47	381,914,428 [1]	30.56 [1]
Gan Poh San	-	-	204,455,580 [2]	16.36 [2]
Renown Million Sdn. Bhd.	101,769,948	8.14	-	-
Graceful Assessment Sdn. Bhd.	75,469,900	6.04		

Notes:

1. *Deemed interest by virtue of shares held through Renown Million Sdn. Bhd., Beyond Imagination Sdn. Bhd., Graceful Assessment Sdn. Bhd. and Zenith Highlight Sdn. Bhd., in accordance with Section 8 of the Companies Act 2016 and shareholding held by his son.*
2. *Deemed interest by virtue of shares held through Beyond Imagination Sdn. Bhd. and Zenith Highlight Sdn. Bhd., in accordance with Section 8 of the Companies Act 2016.*
3. *Excluding a total of 300,000 ordinary shares bought-back by the Company and retained as treasury shares as at 30 July 2020.*

DIRECTORS' SHAREHOLDINGS

as per Register of Directors' Shareholdings as at 30 July 2020

Name	Direct	% [3]	Indirect	% [3]
Dato' Gan Kim Huat	118,379,718	9.47	381,914,428 [1]	30.56 [1]
Gan Poh San	-	-	204,455,580 [2]	16.36 [2]
Koh Chin Koon	-	-	-	-
Chew Teck Cheng	-	-	-	-
Koh Song Heng	-	-	-	-

Notes:

1. *Deemed interest by virtue of shares held through Renown Million Sdn. Bhd., Beyond Imagination Sdn. Bhd., Graceful Assessment Sdn. Bhd. and Zenith Highlight Sdn. Bhd., in accordance with Section 8 of the Companies Act 2016 and shareholding held by his son.*
2. *Deemed interest by virtue of shares held through Beyond Imagination Sdn. Bhd. and Zenith Highlight Sdn. Bhd., in accordance with Section 8 of the Companies Act 2016.*
3. *Excluding a total of 300,000 ordinary shares bought-back by the Company and retained as treasury shares as at 30 July 2020.*

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposals during the financial year ended 31 March 2020.

2. AUDIT AND NON-AUDIT FEES

For the financial year ended 31 March 2020, Ernst & Young PLT, the External Auditors has rendered audit and non-audit services to the Company and Group. A breakdown of fees paid or payable to the External Auditors are listed as below:-

	Group (RM)	Company (RM)
Audit services rendered	318,000	55,000
Non-audit services rendered	91,000	9,000

3. MATERIAL CONTRACTS

There was no material contract entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) involving the interests of Directors, chief executive who is not a director or major shareholders either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

PROPERTIES OF THE GROUP

AS AT 31 MARCH 2020

Registered / Beneficial Owner	Location of Property	Description of Property	Tenure/Age of building (years)	Date of Acquisition	Total Land Area (Acres)	Total Built up Area (Sq. ft)	NBV as on 31/3/2020 (RM)
Syarikat Sin Kwang Plastic Industries Sdn. Bhd.	Lot PTD 2492 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Freehold/ 11-39 years	3/8/1994	2.94	80,000	8,805,815
	Lot 4021 GM172 Mukim Simpang Kanan (V) Daerah Batu Pahat Johor Darul Takzim	Private resident for staff accommodation	Freehold/ 34 years	19/1/1998	0.22	7,982	175,000
	No. 6, Jalan Teknologi 5 Taman Teknologi Johor 81400 Johor Bahru Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2066/15 years	1/10/2004	5.45	176,000	11,062,570
	PN 39897 Lot 75069 Mukim Kulai, Kulai Jaya Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2066/5 years	28/3/2014	4.999 (2.023 Hectare)	126,000	38,617,481
	H.S. (D) 50238 PTD 87658 Mukim of Kulai District of Kulaijaya Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2068/12 years	22/11/2019	2.155 (0.8722 Hectare)	5,478	14,386,018
Goodhart Land Sdn. Bhd.	Geran 233307 Lot PTD 18133 Daerah Petaling Mukim Pekan Kinrara Selangor Darul Ehsan	Industrial land and building	Freehold/ 22 years	20/1/1997	0.17	3,480	477,605
	Geran 60042 Lot PTD 23496 Mukim Simpang Kanan Daerah of Batu Pahat Johor Darul Takzim	Industrial land and building	Freehold/ 25 years	13/12/1994	4.31	99,869	2,194,138
	Geran 233305 Lot PTD 18135 Daerah Petaling Mukim Pekan Kinrara Selangor Darul Ehsan	Industrial land and building	Freehold/ 22 years	14/9/1994	0.17	3,480	475,583
	HS(D) 6731 Lot PTD 1124 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2037/30 years	8/5/1996	0.50	12,000	40,917
	HS(D) 16496 Lot PTD 1994 Mukim Linau Daerah of Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2042/21 years	8/5/1996	0.88	23,200	491,189

PROPERTIES OF THE GROUP

AS AT 31 MARCH 2020

cont'd

Registered / Beneficial Owner	Location of Property	Description of Property	Tenure/Age of building (years)	Date of Acquisition	Total Land Area (Acres)	Total Built up Area (Sq. ft)	NBV as on 31/3/2020 (RM)
Goodhart Industries Sdn. Bhd.	GRN 44655 Lot 39702 No. 6 & 8, Jalan Wawasan 9 Kawasan Perindustrian Sri Gading, 83300 Batu Pahat Johor Darul Takzim	Industrial land and building	Freehold/ 19 years	18/9/2000	2.00	78,675	3,702,702
	HS(D) 38503 PTD 33275 No. 33, Jalan Damai Utama Taman Industri Damai Plus 83000 Batu Pahat Johor Darul Takzim	Industrial land and building	Freehold/ 21 years	1/6/1999	0.10	6,048	562,381
	HSD 38424 PTD 35117 No. 10, Jalan Wawasan 9 Kawasan Perindustrian Sri Gading 83300 Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2058/18 years	1/8/2000	1.00	30,800	1,039,316
	HS (D) No. 38417 PTD 35118 Mukim of Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial land	Leasehold for 60 years expiring 2058	10.06.2019	1.00	-	1,861,513
S. P. I. Plastic Industries (M) Sdn. Bhd.	Lot PTD 1325 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2039/41 years	12/1/1980	0.50	11,760	443,607
	Lot PTD 1172 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2038/28 years	31/12/1992	0.50	10,560	467,135
	Lot PTD 1494 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2039/24 years	30/3/1996	2.00	54,786	2,334,386
	Lot PTD35114 & 35086 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial building	19 years	28/2/2001	-	57,200	2,393,307
	8, Jalan Putera Indah 2/5 Taman Putera Indah Tongkang Pecah Batu Pahat Johor Darul Takzim	Single storey terrace house	Freehold/ 19 years	14/11/2011	0.04	1,500	95,255
	8, Jalan Putera Indah 1/3 Taman Putera Indah Tongkang Pecah Batu Pahat Johor Darul Takzim	Single storey terrace house	Freehold/ 19 years	12/3/2014	0.04	1,500	151,515
	PTD 3333 HS(M)1534 & PTD 3334 HS(M)1535 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Dwelling house and land	Freehold/ 12 years	1/11/2016	0.19	4,126	425,600

PROPERTIES OF THE GROUP

AS AT 31 MARCH 2020

cont'd

Registered / Beneficial Owner	Location of Property	Description of Property	Tenure/Age of building (years)	Date of Acquisition	Total Land Area (Acres)	Total Built up Area (Sq. ft)	NBV as on 31/3/2020 (RM)
Sun Sparkle Sdn. Bhd.	Lot PTD 35114 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial land	Leasehold for 60 years expiring 2058	30/5/2000	1.00	-	165,528
Tan Brothers Business Machines (Segamat) Sdn. Bhd.	Lot PTD 35086 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial land	Leasehold for 60 years expiring 2057	30/5/2000	1.00	-	165,528
Plastictecnic (M) Sdn. Bhd.	PT No. 11438 HS(M) 9609 Mukim of Kajang District of Kajang Selangor Darul Ehsan	3-storey office factory annexe with an adjoining single warehouse/ factory	Leasehold for 99 years expiring 2086/34 years	31.12.1993	2.43	57,776	6,001,216
	PT No. 11500 HS (M) 9669 Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	Semi-attached factory with a mezzanine office annexe	Leasehold for 99 years expiring 2086/31 years	03.5.1994	0.24	5,886	815,754
	No. 407, Blok 7 Jalan 6C/11 Bandar Baru Bangi 43650 Bandar Baru Bangi	Medium cost apartment	Leasehold for 99 years expiring 2095/24 year	22.11.2018	N/A	667	112,908
Bangi Plastics Sdn. Bhd.	PT No 1804 HS (D) 70319 Kawasan Perusahaan Nilai Mukim of Setul Negeri Sembilan Darul Khusus	2 blocks of single storey factory lot	Leasehold for 60 years expiring 2051/22 years	17.4.1995	5.00	67,940	6,114,243
	P.N.No. 9560 Lot No.784, Lengkok Emas Kawasan Perindustrian Nilai 71800 Nilai Negeri Sembilan	2 blocks of single storey factory lot	Leasehold for 60 years expiring 2051/11 years	01.10.2008	5.00	115,284	6,798,927
	Geran 46112/M1/2/17 Petak 17, Tingkat No.2 Bangunan No. M1 Lot 16366, Mukim Labu District of Seremban Negeri Sembilan	Apartment	Freehold/ 26 years	01.03.2018	N/A	720	55,542
	PN9493/M1/3/32 Petak 32, Tingkat No. 3 Bangunan No. M1 Lot 16366, Mukim Labu District of Seremban Negeri Sembilan	Apartment	Leasehold for 99 years expiring 2093/26 years	01.03.2018	N/A	720	55,542

PROPERTIES OF THE GROUP
AS AT 31 MARCH 2020
cont'd

Registered / Beneficial Owner	Location of Property	Description of Property	Tenure/Age of building (years)	Date of Acquisition	Total Land Area (Acres)	Total Built up Area (Sq. ft)	NBV as on 31/3/2020 (RM)
Bangi Plastics Sdn. Bhd.	13-G, 13-1, 13-2 & 13-3 Master Title, Pajakan Negeri 91580 Lot 100010, Mukim Petaling Daerah Petaling Selangor	4 Storey shoplots	Leasehold for 99 years expiring 2108/9 years	01.01.2020	N/A	4,664.00	2,626,761
	GRN 60415/M2/4/114 Petak 114, Tingkat No. 4 Bangunan No M2 Lot 9132, Mukim Sentul District of Seremban Negeri Sembilan	Apartment	Freehold/ 19 years	01.03.2020	N/A	678.00	52,281
Sun Tong Seng Mould-Tech Sdn. Bhd.	PT No.11479 & 11481 Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	2 adjoining units of semi-attached factories each having mezzanine office annexe	Leasehold for 99 years expiring 2086/32 years	03.5.1994	0.57	13,587	1,548,267
	PT No.11478 (M) 9647 Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	Semi-attached factories with a mezzanine office annexe	Leasehold for 99 years expiring 2086/32 years	20.9.1994	0.24	5,867	527,408

SKP RESOURCES BHD
[Registration No. 200001021690 (524297-T)]

FORM OF PROXY

Number of ordinary shares held
Central Depository System Account No.

I/We, ____ NRIC/Company No. ____________________
(FULL NAME IN BLOCK)

of ____
(FULL ADDRESS)

being a member of **SKP RESOURCES BHD** hereby appoint:-

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

and/or * delete if not applicable

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

or failing him/her, the Chairman of the Meeting ^as my/our proxy to attend and vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Melati Room, Level 2, Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Friday, 25 September 2020 at 11:00 a.m. and at any adjournment thereof.

^ Please delete if you do not wish to have this option in the absence of your proxy.

My/Our proxy is to vote as indicated below:-

Resolution No.	Subject	*For	*Against
ORDINARY BUSINESS			
Ordinary Resolution 1	To re-elect Mr. Gan Poh San as Director.		
Ordinary Resolution 2	To re-elect Mr. Koh Song Heng as Director.		
Ordinary Resolution 3	To approve the payment of Directors' fees.		
Ordinary Resolution 4	To approve the payment of benefits payable to the Directors.		
Ordinary Resolution 5	To re-appoint Ernst & Young PLT as Auditors of the Company.		
SPECIAL BUSINESS			
Ordinary Resolution 6	To retain Mr. Koh Chin Koon as an Independent Director of the Company.		
Ordinary Resolution 7	To retain Mr. Chew Teck Cheng as an Independent Director of the Company.		
Ordinary Resolution 8	To retain Mr. Koh Song Heng as an Independent Director of the Company.		
Ordinary Resolution 9	To authorise Directors to issue shares pursuant to the Companies Act 2016.		
Ordinary Resolution 10	To approve the Proposed Renewal of Share Buy-Back Authority.		

* *Please indicate with "**X**" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.*

Dated this ____________ day of ____________ 2020

____
Signature/Common Seal of Member

Fold This Flap For Sealing

Notes:

(a) *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 17 September 2020 (General Meeting Record of Depositors) shall be eligible to attend, participant, speak and vote at this meeting.*

(b) *A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend, participant, speak and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

(c) *A proxy may but does not need to be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participant, speak and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*

(d) *In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*

(e) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

(f) *The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.*

(g) *Any alteration in the instrument appointing a proxy must be initialed.*

Then Fold Here

Please
Affix
Stamp

The Company Secretary

SKP RESOURCES BHD
[Registration No. 200001021690 (524297-T)]

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.

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SKP RESOURCES BHD [Registration No. 200001021690 (524297-T)]

Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur

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