COMPUGATES®

COMPUGATES HOLDINGS BERHAD

Registration No. 200401030779 (669287-H)

ANNUAL REPORT

2019

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COMPUGATES®

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATUK ASMAT BIN KAMALUDIN I Independent Non-Executive Chairman
MOHAMED FAUZI BIN OMAR I Independent Non-Executive Director
GOH TAI WAI I Non-Independent Non-Executive Director
SEE THOO CHAN I Executive Director

AUDIT COMMITTEE

Tan Sri Datuk Asmat Bin Kamaludin
Chairman

Mohamed Fauzi Bin Omar
Member

Goh Tai Wai
Member

NOMINATION COMMITTEE

Tan Sri Datuk Asmat Bin Kamaludin
Chairman

Mohamed Fauzi Bin Omar
Member

Goh Tai Wai
Member

REMUNERATION COMMITTEE

Tan Sri Datuk Asmat Bin Kamaludin
Chairman

Mohamed Fauzi Bin Omar
Member

See Thoo Chan
Member

RISK MANAGEMENT COMMITTEE

Tan Sri Datuk Asmat Bin Kamaludin
Chairman

Mohamed Fauzi Bin Omar
Member

Goh Tai Wai
Member

COMPANY SECRETARIES

Chen Wee Sam
(SSM PC No. 202008002853)
(LS 0009709)
Hew Chee Hau
(SSM PC No. 201908001291)
(MIA 21967)

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : 03-6201 1120
Fax : 03-6201 5959

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2783 9299
Fax : 03-2783 9222

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad

AUDITORS

Grant Thornton Malaysia PLT
(AF0737)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2692 4022
Fax: 03-2691 5229

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock name : COMPUGT
Stock code : 5037

CORPORATE STRUCTURE

COMPUGATES HOLDINGS BERHAD
Investment holding and provision of management services

- 100% **COMPUGATES SDN BHD**
  Trading, marketing & distribution of imaging, information technology & communication-based products
  - 100% **COMPUGATES MARKETING SDN BHD**
    Investment holding, trading, marketing & distribution of information technology & communication-based products, gaharu tea and involved in gaharu tree plantation
    - 70% **COMPUGATES DEVELOPMENT AND MINING SDN BHD**
      Land owner and property investment holdings
    - 100% **COMPUGATES PERAK SDN BHD**
      Dormant
    - 100% **CLASSIC DISTRIBUTION SDN BHD**
      Dormant
    - 51% **COMPUGATES SABAH SDN BHD**
      Dormant
- 100% **SELAMA MUDA JAYA SDN BHD**
  Dormant
- 100% **COMPUGATES INTERNATIONAL SDN BHD**
  Dormant

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Compugates Holdings Berhad ("CHB"), I am pleased to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2019.

ECONOMIC REVIEW

Global growth in year 2019 recorded its weakest pace in the past 10 years subsequent to the global financial crisis in 2009.

The global weaken economy is mainly attributable to the rising trade barriers such as the trade war between United States of America and Republic of China. Further pressures are derived from country specific weakness in large emerging market such as India, Mexico, Russia and Brazil.

With the weakening of the global economy in conjunction with higher uncertainties, firms have taken more precautions on capital intensive and long term investment; thus purchases of machinery and equipment decelerated, household demand for durable goods also weakened. This is particularly noticeable in the automobiles industry, which is subject to new emission standards and increase in government intervention and control.

In first two quarters of 2019, Malaysia's economy grew moderately at 4.5% and 4.9% respectively. While private consumption has remained resilient, overall economic activity has been weighted down by softer than expected investment growth and weakening export demand. In tandem with the global economy growth rate, Malaysia's GDP growth rate moderated to 4.3% in 2019, the lowest level of growth since the global financial crisis in 2009, compared with 4.7% growth in 2018. The annual growth in 2019 was unfavourably affected by supply disruptions, typically in the commodity sector. In contrast, the slight growth was uplifted by the resilient private sector spending and the constantly expanding services and manufacturing sectors.

As for retail industry, Malaysia's retail market industry performance was substantially influenced by both the internal and external market environments. As the country experienced the slow economic momentum and restrain in policies to stimulate consumer spending in 2019, it hampered the growth of the retail industry from an estimated growth rate of 4.9% to 4.4%. The year-end festival and school holiday did not contribute to the better growth rate as consumers are cautious in spending due to concern of the uncertain economic prospects mainly due external factors.

PERFORMANCE REVIEW

For financial year ended 2019, the Group registered a revenue of approximately RM4.6 million, a decrease by RM14.7 million or 76% as compared to the previous financial year of approximately RM19.3 million. The revenue contraction for financial year ended 2019 was mainly due to the booming e-commerce industry which has directly impacted the traditional retail sales.

In conjunction with the lower revenue, the group incurred a higher net loss after taxation of approximately RM8.3 million as compared to the preceding year 2018 of approximately RM5.6 million, a decreased by 47%. The higher loss after taxation was attributed mainly by the absence of a one-off gain taken place in year 2018, that is, a gain on disposal of investment property arising from a government compensation of a compulsory land acquisition. The higher loss after taxation in year 2019 was slightly cushioned off by an approximately RM0.3 million cost saving in expenses throughout the year.

CORPORATE DEVELOPMENT

Compugates Development and Mining Sdn Bhd ("CDMSB"), a 70% owned subsidiary of CHB had on 8 May 2019 served a letter to formally terminate the Joint Venture Agreement ("JVA") dated 18 August 2015 entered into with Main Uptown Sdn Bhd ("MUSB") to jointly develop a parcel of leasehold commercial land measuring 38 acres identified as H.S.(D): 13828, PT26800 (LOT 30729), Mukim Dengkil, Daerah Sepang, Selangor. This is in view that MUSB had failed to comply with the Conditions Precedents in accordance with the provisions of the JVA.

On 17 May 2019, CDMSB had submitted the planning permission (Development Order) to Jabatan Perancang Bandar, Masjlid Perbandaran Sepang in relation to the joint development with Jade Classic Sdn Bhd on an agriculture land, measuring 25.09 hectares identified as Lot No. 47954, Title No. PN 98100, Mukim of Dengkil, District of Sepang, Selangor. Jabatan Perancang Bandar, Majlis Perbandaran Sepang had on 6 February 2020 approved Phase 1 of Jade Classic Sdn Bhd's application for planning permission (Development Order) comprising of 418 units of houses, 278 units of Rumah Selangorku (Type A, B, C and D) and the relevant infrastructures. The estimated Gross Development Value ("GDV") of Phase 1 is targeted to be RM230,000,000 of which CDMSB will be entitled to 20% of the actual GDV (excluding Rumah Selangorku). The total GDV to be generated from the project is estimated at RM900 million.

On the corporate front, CHB has yet to fully implement the private placement exercise of up to 586,929,400 new ordinary shares in CHB representing up to 25% of the issue shares in CHB which was approved via an Extraordinary General Meeting ("EGM") on 17 July 2018.

Bursa Malaysia Securities Berhad had on 12 December 2019 approved the application for extension of time up to 10 June 2020 to complete the Private Placement exercise.

The 25% Private Placement is not expected to have an immediate impact/value creation to the Group or the shareholders of CHB, but as and when the effects of the utilisation of proceeds is realised it is expected to improve the Group's overall financial position.

OUTLOOK AND PROSPECTS

Going into 2020, we anticipate a very challenging year in the core business of our trading and services segment amid the outbreak of the novel coronavirus. The inherent downside risks, in particular in the first half of 2020, will be dependent on the duration and spread of the outbreak as well as policy responses by the authorities.

Amidst this overall uncertainties in external conditions arising from the outbreak which has severely impacted the retailing, aviation, travel & tourism, food & beverage and other relevant industries, we remain committed to move forward to ensure long term business sustainability by exploring new business opportunities to further add value and enhance the growth to strengthen the position of the Group.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my sincere thanks to our valued customers, business associates and suppliers for their continuous support, trust and understanding.

I would also like to take this opportunity to extend my gratitude and appreciation to our fellow Board members, management and staff for their hard work, dedication and commitment to the Group.

Last but not least, to our shareholders, I wish to express my heartfelt appreciation for your confidence in Compugates Holdings Berhad.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

The Management of Compugates Holdings Berhad ("the Group") is pleased to present the management discussion and analysis of the Group's business, operations and performance during the financial year ended ("FYE") 31 December 2019.

FINANCIAL RESULTS AND PERFORMANCE STATEMENT

2019 was generally a strapped year for Malaysia's retailer industry as a result of the strong growth in the e-commence industry. Based on MITI report, Malaysian spent more than US$6 billion online in year 2019 with purchases of consumer goods accounting for US$3.1 billion, approximately 51% of the total e-commerce spending. Purchases of electronics by itself contributed 27% of the total consumer goods spending. As a result, the online consumer market rapid growth has directly contributed to a negative impact towards the Group's revenue.

For the FYE 31 December 2019, the Group recorded a revenue of RM4.6 million, a decrease by RM14.7 million or 76% compared to the revenue of RM19.3 million for FYE 31 December 2018. The lower revenue was mainly contributed by the rapid growth in the e-commerce industry in conjunction with a higher average revenue per usage for smartphone which entailed consumer to transact through online retailers as compared to traditional retailers. Additionally, in a step-up effort to mitigate the risk of uncollectable debt, the Management focused on sales from good pay master or cash sales. This has further resulted in a lower revenue in 2019.

The Group incurred a higher operating loss of RM8.7 million during the financial year, which was approximately RM3.7 million or 72.6% higher compared to an operating loss of RM5.0million in the preceding financial year. The higher operating loss in FYE 31 December 2019 was mainly attributed by the absence of other income of approximately RM3.8 million which comprises of a gain on partial disposal of land held for property development via a compulsory land acquisition with a compensation income of approximately RM3.7 million. In actual fact, in FYE 31 December 2019, with the implementation of cost saving strategies the total operating expenses of the Group has decreased by approximately RM0.3 million as compared to the preceding financial year.

FINANCIAL AND OPERATING RISKS

In this challenging operating environment, credit risk remains the potential major financial risk faced by the Group's trading and distribution business. This credit risk is in relation to possible loss arising from unrecoverable receivables. As at 31 December 2019, the Group's trade receivable turnover days were decreased from 17 days in financial year 2018 to 5 days in financial year 2019. The 12 days improvement in trade receivables collection reflected the improvement in credit collection and credit screening processes, which are also in line with the Group's strategy to achieve a sustainable business equilibrium via an ironclad credit control and assessment system.

Besides credit risk, the Group is also exposed to liquidity risk whereby as at 31 December 2019 net current liabilities position of the Group amounted to approximately RM14.5 million. Therefore, the Group has undertaken a corporate exercise such as a 25% private placement and revamping it's business model to fill up the gap between current assets and current liabilities. Additionally, the Group has also enlarged its revenue stream by diversifying the Group's business to joint development of land, gaharu plantation as well as solar project.

FUTURE PROSPECTS

Apart from IT distribution which is the Group's core business, the Group has meanwhile diversified into joint development of land. The Group is also seeking potential business projects/venture opportunities as a long term measure to create additional revenue and earnings stream to diversify into areas of growth.

Moving forward, due to the impact of the Covid-19 outbreak, the overall business impact in the core business of the trading & services segment is largely dependent on the severity and duration of the pandemic. Nevertheless, the Management, remains committed to mitigate the exposure in the vulnerable business segment by diversifying and unlocking the value of its land and agriculture related business.

SUSTAINABILITY STATEMENT

INTRODUCTION

The Board of Directors of Compugates is pleased to present its Sustainability Statement for the financial year ended 2019. Compugates recognises that its responsibility to its stakeholders is to deliver profitable results and uphold good corporate governance. Sustainability is one of the key component for companies to promote value creation, and demand for increased transparency on listed companies' economic, environmental, social ("EES") and corporate governance practices.

Our strategies are focused not only at maximising shareholders returns but at the same time, contribute to the communities, preserving environment as well as protecting the wellbeing, safety and health of our employees and to the communities where we conduct our business operation.

SCOPE AND REPORTING BOUNDARY

This Sustainability Statement covers our Group's business operations in Malaysia and has been prepared in accordance with the guidelines set out in the Main Market Listing Requirements in relation to the Sustainability Statement in Annual Report of Listed Issuers ("Guidelines") issued by Bursa Malaysia Securities Berhad.

ABOUT US

Compugates was established in 1997 as a private limited company and has been involved with distribution of digital cameras, telecommunication-based and IT related products. Compugates was listed on the Main Board of Bursa Malaysia on 30th December 2005.

The Group has since listing diversified into distribution of Green Energy Products, agriculture, timber concession, property investment and moving towards joint property development as well.

GOVERNANCE STRUCTURE

The Board is accountable for the oversight of management of sustainability matters, and responsible for setting and embedding sustainability-related strategies into the Group's business operations. The Board is supported by the management in overseeing the implementation of sustainability strategy and considers input of all business divisions in sustainability processes.

Going forward, the Group aims to enhance the governance structure to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies of the Group.

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ASSESSMENT

Regular engagement with our stakeholders allows us to understand their needs and expectations, identify gaps and enable us to make informed assessments and formulate strategies for execution to bridge such gaps. We define our stakeholders as those impacted by our business activities, who have direct and indirect involvement and whose interest may have positive or negative consequences due to our business activities.

Stakeholder Group	Engagement Method
Customers/Dealers	• Meetings and Networkings • Emails • Company Website
Government/ Regulators	• Events and Seminars • Briefings and Trainings • Regular Consultation and Meetings
Employees	• Annual Performance Review • Staff Annual Dinner • Employee Events • Knowledge Sharing Sessions • Management Meetings
Suppliers	• Supplier Reviews • Regular Meetings and Correspondence
Shareholders/Investors	• General Meeting • Company Website • Annual Report • Quarterly Reports • Company Announcements
Community	• Community Outreach Programmes • Participation in Local Community Activities • Sponsorship

We have identified material topics for reporting based on the significance of our EES and economic impacts and the degree of influence where we see the most potential for creating maximum value for our stakeholders. The identified topics are then discussed and prioritised.

Pillar	Material Sustainability Matters
Economic	• Economic Performance • Managing Our Customers/Dealers • Business Conduct
Environmental	• Sustainable Business • Environmental Laws and Regulations • Energy Management • Recycled Materials
Social	• Occupational Health and Safety • Employee Training and Development • Diversity and Equal Opportunity • Employee Welfare

SUSTAINABILITY MATTERS

ECONOMIC

Economic Performance

We are committed to achieving economic sustainability growth for our shareholders. Economic performance is the generation of sustainable financial and economic returns, while creating value for stakeholders to ensure sustainability of our business. Compugates firmly believes that focusing on financial sustainability and positive economic performance is critical to the Group's business continuity.

The Group's financial review and outlook are elaborated in the Management Discussion and Analysis section of this Annual Report.

Managing Our Customers/Dealers

We aim to provide products and services which meet our customers/dealers satisfaction and exceed their expectations. Knowing exactly what customers/dealers expect from us improves our bottom line and strengthens our reputation in the long term. Engaging with our customers/dealers regularly enable us to understand their needs and expectations, identify gaps and enable us to make informed decisions. We encourage our customers/dealers to provide their feedback. The feedback obtained is reviewed and relevant follow-up actions are performed to improve their satisfaction.

In this challenging operating environment, the Group is mindful that an equilibrium needs to be achieved with the appropriate strategies in sustaining our business. In managing our customers/dealers, the Group have implemented policies to ensure that credit sales of products and services are made to dealers/customers with an appropriate credit standing or with an appropriate credit history.

Business Conduct

- **Corporate Governance**

  The Board are committed to the best practices in corporate governance to ensure sustainability of the Group's operations.

  Compugates are guided by the Malaysian Code on Corporate Governance 2017. The Board believes that good Corporate Governance is an indication of the commitment by the Board to achieve the highest standards of professionalism and business ethics across the Group's activities. The details of our corporate governance practices of the Group are elaborated in the Corporate Governance Overview Statement of this Annual Report.

- **Personal Data Protection Act**

  We are committed to ensuring the confidentiality, protection, security and accuracy of Personal Data made available to us. To this end, we have established a PDPA 2010 Notice and Choice, available for viewing at our corporate website.

SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENT

Sustainable Business

Businesses that embrace sustainability are able to thrive in the long-term, together with society as a whole. As part of our commitment to build a sustainable future for all, we ensure that the approach adopted across our diversified business supports the protection of the environment while at the same time providing us with positive financial impact.

Our Group, via our subsidiary, is involved in the business of agarwood (gaharu), a rare resinous heartwood traditionally sourced from the wild in the Southeast Asian countries. It is mainly traded in the form of wood chips, or distilled into oil form and can be used in fragrance products. Due to its strong demand in the global market, agarwood has been indiscriminately harvested in the past to meet market demand. As a result, agarwood resources are depleting. It is listed on the International Union for Conservation of Nature as endangered species, and the global trading of agarwood and its by-products are required to obtain permit from the Convention on International Trade in Endangered Species of Wild Fauna and Flora. To this end, by having our own plantation in Kuala Kangsar with the size of 54 acres, we aim to soften the impact of this depleting endangered species, whilst bolstering the supply and growth of agarwood market.

The Group practices organic farming and has obtained the "MYOrganic" status as a commitment to environmental sustainability and good practices. The products sold meets the Malaysian organic scheme requirements for crops under Ministry of Agriculture and Agro-Based Industry Malaysia, and also complied with Malaysian Halal standard.

With these efforts, Compugates hopes to make a difference and have a positive impact on the environment and at the same time educate the community on the advantages of contributing to green environment.

Environmental Laws and Regulations

In 2019, there was no incidence of non-compliance with laws and regulations resulting in significant fines or sanctions, and we endeavor to maintain this track record.

Energy Management

Compugates is fully aware of its responsibility for nurturing the environment and lessening negative environmental consequences at our workplace and the environment where we operate.

We are committed to preserving the environment by implementing environmental-friendly practices in our operations. We have implemented switching-off centralised air-conditioning during lunch hour for our office for energy savings. We also encourage our employees to adopt an energy-savvy behaviour such as switching off the lights and other electrical equipment during lunch time and when they are not in the office. Besides the above initiatives, we further encourage our employees to suggest energy and resource-saving initiatives.

Recycled Materials

In our office, recycled paper is used for photocopying, while papers, envelope, letterheads, soft and hard cover files are reused and recycled. The usage of emails and electronic communications minimises the use of paper, thus reducing the amount of waste generated. Employees are encouraged to re-use envelopes, papers and boxes, as much as possible.

SUSTAINABILITY MATTERS (CONT'D)

SOCIAL

Occupational Health and Safety

As a responsible and caring employer, Compugates has always given priority towards maintaining a safe and healthy working condition for its employees. Compugates also emphasizes on staff welfare and development. Employees are provided with personal accident and insurance coverage as part of their employment benefits.

There have been no work place incidents for 2019.

Employee Training and Development

We focus on attracting and retaining talent and then helping them to develop their skills to drive our Group's success. We provide continuous support by way of employee training and development and encourage them to take ownership of their personal growth. We believe that learning and training is an important, continuous and life-long process so that employees are equipped with the competencies needed to meet current and future business needs. This includes workshops, seminars, conferences, in-house company training and on-the-job training. Besides the training and development programmes provided to the employees, the Directors of the Company also took initiative to participate in trainings during the financial year 2019 to enhance their knowledge and to keep abreast with new developments in the furtherance of their duties as disclosed in the Corporate Governance Overview Statement of this Annual Report.

Apart from the above, Compugates had also designed relevant programs aimed at grooming new talents to speed up the mastery of management techniques and real-world skills in a specific area of expertise and across functions. This fast-track program will swiftly propel high-performing young talents to key positions and impactful roles in future.

Diversity and Equal Opportunity

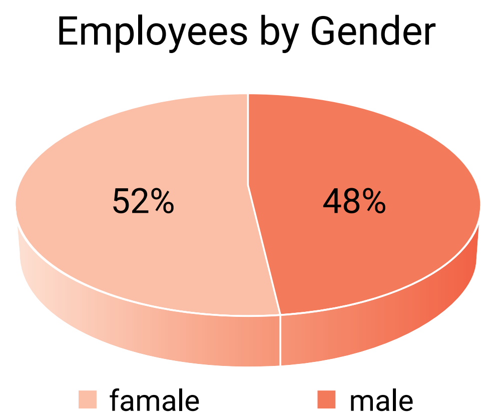
The Group places importance on hiring the right candidate for the right job. As the Group moves forward, it will continue to focus on attracting quality talent who best fit its job requirements and complement its work culture. The Group firmly believes that by aligning its recruitment strategies, the Group will continue to attract the best talent to further enhance Compugates values and achievements.

Compugates is committed to recognising and utilising the contribution of diverse skills and talent from its directors, officers and employees as a means of enhancing the Group's performance.

The Board is actively managing its workforce diversity to ensure equal employment opportunity between male and female. Diversity may result from wide range of factors which include age, gender, ethnicity or cultural background. Currently, the workforce of the Group comprising of 52% of male and 48% of female. The Group fosters an environment where the ability to contribute and access to employment opportunities is based on performance, skills and merits. These will include equal opportunity in respect to employment and employment conditions such as hiring, training for professional development and promotion for career advancement.

SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)



Employee Welfare

Our work environment are aimed at providing a fair performance-based work culture that is diverse, inclusive and collaborative. We also encourage our people to reach their fullest potential and provide them with a fulfilling and meaningful career. We have structured attractive remuneration packages to ensure employees are justly rewarded and to ensure that we remain competitive to attract strong talent.

Compugates endeavors to the best of its ability to encourage long term career for its employees. As a token of appreciation for long serving employees, service awards for 5 years and 10 years' service are presented annually.

Employee wellbeing has important implications for productivity and work relationships. Compugates has established a Recreation Club managed by representatives voted annually to organize team building, sports activities, trips, events celebration, gatherings and dinners to promote warm working relationships and interactions among the employees.

Sustainability Endeavour

The journey towards sustainability is an on-going effort. We recognise that we still have room for improvement, both in terms of initiatives undertaken and our reporting structure. We will continue to keep abreast of developments in our industry, actively and regularly engage our stakeholders, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

DIRECTORS' PROFILE

TAN SRI DATUK ASMAT BIN KAMALUDIN

Malaysian I Aged 76 I Male I Independent Non-Executive Chairman

Tan Sri Datuk Asmat Bin Kamaludin is the Independent Non-Executive Chairman of the Company. He was appointed to our Board on 8 November 2005. He is also the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee of the Company.

Tan Sri Datuk Asmat holds a Bachelor of Arts Degree in Economics from the University of Malaya and a Diploma in European Economic Integration from the University of Amsterdam. He has vast experience acting in various capacities in public services sector. His last position being Secretary General of the Ministry of International Trade and Industry (MITI), a position he held from 1992 to 2001. He has served as Senior Economic Counselor for Malaysia in Brussels and has worked with several international bodies such as the Association of South East Asian Nations (ASEAN), World Trade Organisation (WTO) and Asia-Pacific Economic Cooperation (APEC), representing Malaysia in relevant negotiations and agreements.

Whilst in the service of the Malaysian government, Tan Sri Datuk Asmat was also actively involved in several national organisations such as Permodalan Nasional Berhad, Johor Corporation, Small and Medium Scale Industries Development Corporation (SMIDEC) and Malaysia External Trade Development Corporation (MATRADE). In 2008, Tan Sri Datuk Asmat was appointed by MITI to represent Malaysia as Governor on the Governing Board of the Economic Research Institute for Asean and East Asia, a position he held for 6 years. On 11 November 2014, Tan Sri Datuk Asmat was conferred the prestigious "Order of the Rising Sun, Gold and Silver Star" by the Government of Japan, in recognition of his contributions in the strengthening of economic relations and the promotion of mutual understanding between Japan and Malaysia.

Tan Sri Datuk Asmat's is a Non-Executive Chairman of Panasonic Manufacturing Malaysia Berhad and Independent Non-Executive Director of both Air Asia X Berhad and Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), all of which are listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also a Director of the Japanese Chamber of Trade & Industry Malaysia (JACTIM) Foundation.

GOH TAI WAI

Malaysian I Aged 47 I Male I Non-Independent and Non-Executive Director

Mr. Goh Tai Wai was appointed a Non-Independent Non-Executive Director on 8 November 2005. He was re-designated as Executive Director on 21 April 2006 and assumed his present position as the Non-Independent and Non-Executive Director on 18 August 2008. He is also a member of Audit Committee, Nomination Committee and Risk Management Committee of the Company.

He holds a Bachelor of Commerce in Accounting and Information Systems from Curtin University of Technology, Perth, Australia. He is a member of the Malaysian Institute of Accountants and a member of CPA Australia as well as a Certified Financial Planner.

He has more than thirty (30) years' experience ranging from general management, corporate advisory services and risk management to financial management and information technology.

He does not hold any directorship in any other public companies and listed issuers.

MOHAMED FAUZI BIN OMAR

Malaysian I Aged 61 I Male I Independent Non-Executive Director

En. Mohamed Fauzi Bin Omar is the Independent Non-Executive Director of the Company. He was appointed to the Board on 8 November 2005 and is a member of the Nomination Committee, Audit Committee, Remuneration Committee and Risk Management Committee of the Company.

He holds a Master of Business Administration from Northland Open University Canada and International Management Center of Buckingham from the United Kingdom ("UK"). He is also an Associate of the Chartered Institute of Marketing-UK and holds a Diploma in Science (Biology) with Education from Universiti Pertanian Malaysia.

Prior to joining Compugates, he held numerous senior management positions in the telecommunications industry, particularly the cellular mobile operations both locally and abroad. A co-founder of Celcom (Malaysia) Berhad, he served the company from 1988 to 1996 as the Chief Operating Officer of Celcom Technology Sdn Bhd (Celcom's Value added arm) cum Senior Vice President of Celcom, overseeing a number of new projects including the fixed network services. In 2000, he was engaged by Across Asia Multimedia (a company listed on The Stock Exchange of Hong Kong Limited) as the Director of Marketing & Customer Services as part of a team of Malaysians to establish Lippotel's Cellular service in Indonesia.

In 2002, he joined Time dotCom Berhad as the Director of its mobile operations, namely TimeCel. Upon the disposal of TimeCel, he was later made the Chief Operating Officer of Time dotCom Berhad and its subsidiary, namely Time dotNet Berhad where he served until 2005. With over twenty (20) years in the industry, he has vast experience particularly in the development and marketing of cellular, public switched telephone network, broadband, value-added, satellite, computer-telephony and internet related services.

Prior to joining the telecommunications industry, he started his career with British Petroleum (M) Sdn Bhd, which he served for almost five (5) years since 1983. Today he is actively involved in a number of business activities through his privately owned companies as well as in freelance business consultancy and training. MDEC, BioTech Corp., MardiTech, IRDA, UNIMAP, MTIB and TERAJU are some of the clients in the areas of consultancy and business coaching that he has worked on. He is also a member of the board of trustees of Yayasan Pak Rashid, University Putra Malaysia.

He does not hold any directorship in any other listed issuers.

SEE THOO CHAN

Malaysian I Aged 58 I Female I Executive Director

Mdm. See Thoo Chan was appointed a Non-Independent Non-Executive Director of the Company on 21 March 2007. She was re-designated as Executive Director on 3 January 2014.

She obtained her Higher School Certificate in 1980. She is a successful businesswoman having numerous years of experience in trading telecommunication products. She is also a Director of Southall Sdn Bhd and Beausoft Sdn Bhd, which are principally involved in the trading of cellular phones and accessories, mobile phone prepaid cards, telecommunication products and skin care products.

She is also Non-Independent Non-Executive Chairman of Nakamichi Corporation Berhad since 19 March 2013.

She does not hold any directorship in any other listed issuers.

Notes:

Family Relationship with any Director and/or Major Shareholder

Mdm. See Thoo Chan is the spouse of Mr. Goh Kheng Peow, who is the Chief Executive Officer and major shareholder of the Company.

Save as disclosed herein, none of the Directors has any family relationship with any Director and/or major shareholder of the Company.

Conflict of Interest

None of the Directors has any conflict of interest with the Company.

Conviction for Offences

Other than traffic offences, if any, the Directors have not been convicted of any offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2019 except for Mdm. See Thoo Chan and Mr. Goh Tai Wai.

Bursa Securities had on 4 August 2017 publicly reprimanded Mdm. See Thoo Chan and Mr. Goh Tai Wai, who are Directors of Nakamichi Corporation Berhad for breaches of Bursa Securities' Main Market Listing Requirements. In addition, they were fined a total of RM347,200.

Attendance of Board Meetings

Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 26 of this Annual Report.

KEY MANAGEMENT PROFILE

GOH KHENG PEOW

Malaysian I Aged 60 I Male I Chief Executive Officer

Date of appointment to present position

16 June 2017

Working experience

Mr. Goh Kheng Peow ("Mr. Goh") has over thirty (30) years of experience in sales and marketing specialising in fast moving consumer products, office equipment, consumer electronics, medical equipment and telecommunication products.

In 1999, he decided to venture into the field of entrepreneurship and established Compugates Marketing Sdn Bhd. He is responsible for the strategic planning aspects of the Compugates Group. He also sits on the boards of several private limited companies.

Qualification

Bachelor's Degree with Honours in Economics (Business Administration) from University of Malaya.

Details of interest in the securities of the Company as at 15 May 2020

Direct interest: 256,050,010 Ordinary Shares
Indirect interest: 102,884,400 Ordinary Shares

Any directorship in public companies and listed issuers

Mr. Goh does not hold any directorship in any other public companies and listed issuers.

Any family relationship with any director and/or major shareholder of the Company

Mr. Goh is the spouse of Mdm. See Thoo Chan, who is the Executive Director and a major shareholder of the Company

Any conflict of interests with the Company

Mr. Goh does not have any conflict of interest with the Company.

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

Other than traffic offences, if any, Mr. Goh has not been convicted of any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.

SEE THOO CHAN

Malaysian I Aged 58 I Female I Executive Director

The details of Mdm. See Thoo Chan are disclosed in the Directors' Profile of this Annual Report.

KEANE GOH YAN HAN

Malaysian I Aged 32 I Male I Group General Manager – Compugates Group of Companies

Date of appointment to present position

1 December 2017

Working experience

Mr. Keane Goh Yan Han ("Mr. Keane Goh") joined Compugates Marketing Sdn Bhd as a Consultant in 2012 and oversees the plantation and land development projects. Prior to that, he was attached to Southall Sdn Bhd, a company dealing in IT and consumer technology products as a Sales Manager.

Qualification

Bachelor's Degree in Commerce with Double Majors in Marketing and Finance from Curtin University of Technology.

Any directorship in public companies and listed issuers

Mr. Keane Goh does not hold any directorship in any other public companies and listed issuers.

Any family relationship with any director and/or major shareholder of the Company

Mr. Keane Goh is the son of Mdm. See Thoo Chan and Mr. Goh Kheng Peow, the Executive Director and Chief Executive Officer respectively and major shareholders of the Company.

Any conflict of interests with the Company

Mr. Goh does not have any conflict of interest with the Company.

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

Other than traffic offences, if any, Mr. Keane Goh has not been convicted of any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.

YAU POW JACK

Malaysian I Aged 31 I Male I General Manager – Head of Finance and Strategic Planning

Date of appointment to current position

1 June 2016

Working experience

Mr. Yau Pow Jack ("Mr. Yau") was appointed as Finance Manager and thereafter, promoted to the current position. Prior to that, he was a finance analyst for one of the world's largest pharmaceutical firms and subsequently moved on to work for Deloitte Malaysia for several years gaining experience in audit and transaction advisory services.

Qualification

Certified Public Accountant (Australia), Malaysia Institute of Accountants (MIA), Help University Masters in Accounting & Finance, University of East London (Hons) Accounting & Finance.

Any directorship in public companies and listed issuers

Mr. Yau does not hold any directorship in any other public companies and listed issuers.

Any family relationship with any director and/or major shareholder of the Company

Mr. Yau does not have any family relationship with any directors and/or major shareholders of the Company.

Any conflict of interests with the Company

Mr. Yau does not have any conflict of interest with the Company.

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

Other than traffic offences, if any, Mr. Yau has not been convicted of any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Compugates Holdings Berhad ("CHB" or "the Company") presents this statement to provide shareholders and investors with an overview of the corporate governance ("CG") practices of the Company under the leadership of the Board during the financial year 2019. This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance ("MCCG").

The Board is therefore pleased to provide the following statement in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and it is to be read together with the CG Report 2019 of the Company ("CG Report") which is available on the Company's website: www.compugates.com

The CG Report provides the details on how the Company has applied the principles laid down in the MCCG during the financial year 2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities

The Board is responsible for the overall corporate governance of the Group, including its strategic directions, establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for the overall management of the Group.

The roles of the Chairman, the Executive Director and the Independent / Non-Independent Non-Executive Directors are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority.

Senior Management is primarily responsible to implement strategic directions set by the Board and to monitor the operations of the Group.

The Board's roles and responsibilities are:

a. reviewing and approving the overall strategies, policies and directions including sustainability of the Group's businesses;

b. overseeing and evaluating the conduct of the Group's businesses to ensure the businesses are properly managed and conform with ethical values, integrity, fairness, trust and high performance;

c. identifying the business risks and establish an appropriate system to reduce and minimize the risks that affects the performance of the Group and the interest of the stakeholders;

d. ensuring the appropriate succession plan is in place including the appointment, training and fixing compensation of the Board, Managing Director and the Management of the Group;

e. developing and implementing an investor relations programme that creates better communication between the Group and shareholders as well as other stakeholders; and

f. reviewing the adequacy and the integrity of the Group's internal control systems and management information systems including system for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board also assumes various functions and responsibilities that are required of them by regulatory authorities as specified in guidelines and directives issued from time to time.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2.0. Composition of the Board

The Board as at the date of this statement comprises four (4) members:-

a) One (1) Independent Non-Executive Chairman;
b) One (1) Executive Director;
c) One (1) Non-Independent Non-Executive Director; and
d) One (1) Independent Non-Executive Director.

This composition ensures that at least half (1/2) of the Board comprises of Independent Non-Executive Directors which is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities and Practice 4.1 of MCCG.

The Board is of the view that the current size of the Board is appropriate and views that the Board composition has the right mix of skills, experience and strength relevant to the Group's business to enable them to carry out their responsibilities in an effective and competent manner.

The Board delegates specific responsibilities to the following four (4) Board Committees in discharging its fiduciary duties:

a. The Nomination Committee ("NC");
b. The Audit Committee ("AC");
c. The Remuneration Committee ("RC"); and
d. The Risk Management Committee ("RMC").

The Board Committees are guided and operate within clearly defined Terms of Reference ("TOR"). All these Committees are mainly led by Independent Non-Executive Chairman of the Board.

The written TOR of NC and AC are made available on the Group's website at www.compugates.com.my.

2.1. Board Charter

The Board is guided by its Board Charter which provides reference in relation to the roles and responsibilities of the Board and Management. The Board Charter is subject to periodic review and will be updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

The Board Charter is available on the Company's website at http://www.compugates.com.

2.2. Code of Ethics for Directors

The Group has in place a Code of Ethics for Directors and employees based on four elements which are sincerity, integrity, corporate and fiduciary responsibilities. In discharging their duties, the Board has at all times observe the codes as defined in the Code of Ethics.

The Code of Ethics is available on the Company's website at http://www.compugates.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2.3. Whistleblowing Policy

The Board is committed to promote and maintain high standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner.

Compugates provides avenue for all employees and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy to provide protection for employees and members of the public who report such allegation. This is also to provide protection for the whistleblower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality. To this end, the Board has established a Whistleblowing Policy, available for viewing on the Company's website at http://www.compugates.com.

2.4. Succession Plan

The Board, through the NC, ensuring that there is an effective and orderly succession plan within the Group. The NC is responsible for formulating the nomination, selection and succession policies for the members of the Board, Board Committees members and the Group's key management personnel from time to time. In this regard, the NC reviews and assesses the profile, professional achievements, personality, experience, competency, skills and knowledge of each candidate for key management position to ensure the right candidate is appointed for the relevant position.

The Succession Plan is available on the Company's website at http://www.compugates.com.

2.5. Strategies Promoting Sustainability

The Board recognised the importance of sustainability and its increasing impact to the Group's businesses. The Board exercises annual reviews on the sustainability of the Company's strategic directions, with due consideration over the progress of the long term and short term plans, changes in business and political environment, levels of competition, updates in risk factors and any other factors which could affect the sustainability of the Group.

2.6. Access to Information and Advice

All Directors have unrestricted access to all information pertaining to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports on the Group's development and business strategies to ensure effective functioning of the Board.

Notice of meetings, setting out the agenda and accompanied by the relevant Board papers are given to the Directors prior to the meetings to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be tabled at a meeting.

In furtherance of their duties, whenever independent professional advice is required by the Directors, external experts may be engaged at the Company's expense to provide additional insights and professional views, advice and explanations. Directors also have direct access to the advice and the services of qualified and competent Company Secretaries of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2.7. Company Secretaries

The Company Secretaries are responsible for advising the Board on issues relating to compliance in laws, rules, procedures and regulations affecting the Group as well as the principles of best corporate governance practices.

The Company Secretaries are also advising the Board of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibitions on dealing in securities and restrictions on disclosure of price-sensitive information.

The duties of the Company Secretaries, amongst others, including attending all Board and Board Committee Meetings, ensuring that the proceedings of Board and Board Committees Meetings and decisions made thereof are accurately and sufficiently recorded and properly kept for the purposes of meeting statutory obligations as well as obligations arising from MMLR of Bursa Securities or other regulatory requirements, communicating the decisions of the Board for Management's attention and further action, ensuring all appointment and resignation of directors are in accordance with the relevant legislations and the Board's performance assessment are properly executed.

2.8. Nomination Committee

The NC comprises exclusively of three (3) Non-Executive Directors, a majority of whom are independent Directors.

The main responsibilities of the NC are as follows:-

- Nominate new nominees for appointment to the Board and Board Committees for the Board's consideration.
- Annually review the Board's required mix of skills, experience and other qualities, including core competencies, which the Independent Non-Executive Directors should bring to the Board.
- Annually review and assess the effectiveness of the Board and Board Committees and performance of the Directors of the Company both individually and collectively.
- Annually review and assess independence of the Independent Non-Executive Directors.
- Annually review the term of office and performance of the AC and each of its members to determine whether such AC and its members have carried out their duties in accordance with their TOR.

During the financial year ended 31 December 2019, the NC met twice and the activities undertaken by the NC are listed below:

- Assessed and evaluated the independence of the Independent Non-Executive Directors.
- Carried out an annual assessment and rating of the performance of each Independent Non-Executive Director against diverse key performance indicators.
- Carried out an annual assessment and rating of the performance of the Executive Director(s) against the criteria as set out in the evaluation forms.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2.8. Nomination Committee (Cont'd)

- Carried out an annual assessment and rating of the performance of Board Committees against the criteria as set out in the evaluation form.

- Reviewed the structure, size and composition of the Board.

- Reviewed and recommended to the Board the re-election of Mr. Goh Tai Wai as Director at the last Annual General Meeting ("AGM") held on 28 May 2019.

- Reviewed, assessed and recommended to the Board the retention of Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar as Independent Non-Executive Directors.

The meeting attendance records of the NC members are as follows:

Name of NC Members	Attendance
Tan Sri Datuk Asmat Bin Kamaludin (Chairman)	2/2
Mohamed Fauzi Bin Omar	2/2
Goh Tai Wai	2/2

2.9. Recruitment Process and Annual Assessment

The Board believes in a right composition of Board members with balance of qualifications, skills, experiences and diversity.

NC periodically reviews and makes recommendations to the Board on board composition matters inclusive of identifying and selecting high calibre candidates who will be able to meet the present and future needs of the Group.

The NC is currently headed by Tan Sri Datuk Asmat Bin Kamaludin, Independent Non-Executive Chairman and the said committee members are Encik Mohamed Fauzi Bin Omar, Independent Non-Executive Director and Mr Goh Tai Wai, Non-Independent Non-Executive Director.

For the year under review, the Board is satisfied with its current mix of qualifications, skills, experiences, expertise and strength in discharging its duties effectively.

The NC is also responsible in undertaking an annual evaluation of Directors, Board Committees as well as the Board performance as a whole. This evaluation is used as a tool to evaluate the strength, identify the gaps or areas for improvement which necessitate the retention of the existing Board members and recruitment of new Board members.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2.9. Recruitment Process and Annual Assessment (Cont'd)

The Board annual evaluation process is conducted through cross evaluation among the Board members whereby the criteria of evaluation is predetermined as follows:

a) Attendance at Board and Board Committees meetings;
b) Contribution to the Company;
c) Personal input to the role and other contributions to the Board and Board Committees;
d) Understanding of fiduciary duties and business including risks, access to information, access to advice, compliance with applicable laws, rules and regulations, corporate governance and others;
e) Mix of skills and knowledge; and
f) Commitment of members.

The Board has not set a gender diversity target but, it is moving towards a more gender equality. Currently, the Board has one (1) female director which constitutes 25% of the Board. The Board will focus on getting the participation of more women and those of different ethnicity on its Board and within senior management and the person selected must be able to contribute positively to the development of the Group.

2.10 Separation of positions of Chairman and Chief Executive Officer

To ensure the balance of authority, increased accountability and a greater capacity for independent decision making, the roles of the Chairman and the Chief Executive Officer are distinct and separate with a clear division of responsibilities between them.

The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. He is not involve in the day to day management of the Group.

The Board has delegated its responsibilities for the day-to-day management of the Group's operations and business as well as the implementation of the Board's policies and decisions to the Chief Executive Officer and senior management of the Company. The Chief Executive Officer is responsible for the implementation of the Board's policies and decisions and entrusted with the responsibility to manage the Group's day-to-day business operations and resources.

3.0 Remuneration

The Remuneration framework for the Executive Director encompasses the underlying objective of attracting and retaining Executive Directors needed to run the Group successfully. The remuneration of the Executive Director consists of basic salary, other emoluments and benefits customary to the Group. Any salary and bonus review takes into account the performance of the individual and the Group.

The Non-Executive Directors' remuneration comprises annual fees based on their roles and responsibilities in the Board and Board Committees, their attendance at meetings and/or special skills and expertise they bring to the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3.0 Remuneration (Cont'd)

The RC met twice during the year under review and the attendance records of the RC members are as follows:

Name of RC Members	Attendance
Tan Sri Datuk Asmat Bin Kamaludin (Chairman)	2/2
Mohamed Fauzi Bin Omar	2/2
See Thoo Chan	2/2

Details of the remuneration of Directors of the Company during the financial year ended 31 December 2019 are shown below:

Name	Directors' remuneration received from:										
	COMPANY					SUBSIDIARIES					GROUP
	Fees	Salary	Bonus	Others	Total	Fees	Salary	Bonus	Others	Total	
	RM'000					RM'000					RM'000
Executive Director:											
Madam See Thoo Chan	–	–	–	–	–	–	364	812	113	1289	1289
Total Executive Director's Remuneration	**–**	**–**	**–**	**–**	**–**	**–**	**364**	**812**	**113**	**1289**	**1289**
Non-Executive Directors:											
Tan Sri Datuk Asmat Bin Kamaludin	180	–	–	–	180	–	–	–	–	–	180
Mr Goh Tai Wai	48	–	–	–	48	–	–	–	–	–	48
Encik Mohamed Fauzi Bin Omar	48	–	–	–	48	–	–	–	–	–	48
Total Non-Executive Directors' Remuneration	**276**	**–**	**–**	**–**	**276**	**–**	**–**	**–**	**–**	**–**	**276**
Total Directors' Remuneration	**276**	**–**	**–**	**–**	**276**	**–**	**364**	**812**	**113**	**1289**	**1565**

3.1 Assessment of Independence Annually

The Board strives on the independency of the Non-Executive Directors who shall have the ability to exercise their duties and make decisions in the best interests of the shareholders, unfettered by any business or other relationships with the Executive Director, ownership and any other interest in the operations of the Company. The Board conducts annual reviews of the independence of each and every Director, their responsibilities in making immediate declarations over their interests and independency to the Board at any time during his tenure of service.

The Company currently has two (2) Independent Non-Executive Directors, who fulfill the criteria of "Independence" as prescribed under Paragraph 1.01 of Bursa Securities MMLR.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3.2. Tenure of Independent Directors

Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar have served more than nine (9) years as Independent Directors. The Board through its NC had conducted an assessment of the independence of all its Independent Directors and is satisfied that the Independent Directors have fulfilled the criteria under the definition of Independent Director as stated in the MMLR of Bursa Securities and are able to provide objective and independent judgment in deliberation of the Board's agenda. Based on the Board's assessment, the Board is recommending to put forward resolutions at the forthcoming AGM to retain both Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar as Independent Directors notwithstanding that their tenure as Independent Directors has exceeded the nine (9) years limit as recommended under the MCCG. The Board's and NC's justifications to retain Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar are premised on the following:-

- They continue to fulfil the criteria and definition of an Independent Director as set out under Paragraph 1.01 of Bursa Securities' MMLR;

- During their tenure in office, they have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Executive Director, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties. Tan Sri Datuk Asmat Bin Kamaludin is the Chairman of the Board, AC, NC, RC and RMC whilst Encik Mohamed Fauzi Bin Omar is a member of the Board, AC, NC, RC and RMC;

- During their tenure in office, they have never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, the Executive Director, major shareholders or management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the MMLR;

- During their tenure in office as Independent Non-Executive Directors in the Company, they have not been offered or granted any options by the Company. Other than directors' fees paid which had been the norm and been duly disclosed in the annual report, no other incentives or benefits of whatsoever nature had been paid to them by the Company;

- During their tenure in office, they have demonstrated consistently their integrity, commitment and contributed effectively to the Board's decision-making process; and

- During their tenure in office, they have gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates in. This includes an understanding of the peculiarities, strengths and weaknesses of the industry sectors thereby enabling them to offer a different perspective during the decision-making process which a fresh appointee or a director holding office for a short length of time would not be able to offer.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3.3. Commitment of the Board Members

During the financial year ended 31 December 2019, the Board met five (5) times to deliberate and consider matters pertaining to the Group's financial performance, significant investments, corporate development, statutory compliance, strategic issues and business plan. The attendance records of the Directors who held office during the year are as follows:

Name of Directors	No. of Meetings Attended	% of Attendance
Tan Sri Datuk Asmat Bin Kamaludin (Chairman)	5/5	100
Goh Tai Wai	5/5	100
Mohamed Fauzi Bin Omar	5/5	100
See Thoo Chan	5/5	100

The Board is satisfied that all Directors have been devoting sufficient time to discharge their responsibilities adequately.

3.4. Training

The Directors acknowledges that continuous education is vital for the Board members to gain insight into the state of the economy, technological advances, regulatory updates and management strategies to quip themselves with the necessary skills and knowledge to effectively discharge their duties.

During the financial year 2019, all the Directors were periodically updated on new regulations and statutory requirements, particularly on the changes or amendments made to the MMLR. The Directors have attended the following training programs / seminars / workshops as part of their continuing education to enhance their knowledge and to keep abreast with new developments in the furtherance of their duties:

- Introduction to MBRS
- Online Retailer Expo
- The Edge SME Forum 2019
- Bursa Malaysia's Thought Leadership Series - Sustainability Inspired Innovations Enablers of the 21st Century
- Industrial Revolution
- Highlights on the Practical Application Issues of MFRS 15 Revenue from Contracts with Customers and MFRS 16 Leases by Grant Thornton
- Directors' programmes organized by Panasonic

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1.0. Audit Committee

The Board has established the AC to provide independent oversight on both internal and external audit functions, financial reporting, risk management and internal control systems of the Company including reviewing the integrity of the financial reporting and overseeing the independence of External Auditors.

The AC of the Company comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The AC is chaired by an Independent Non-Executive Director, Tan Sri Datuk Asmat Bin Kamaludin.

The details of the key activities carried out by the AC during the financial year 2019 are set out in the Audit Committee Report of this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

2.0 Risk Management Committee

The RMC comprises three (3) members, all of whom are Non-Executive Directors, a majority of whom are independent. The purpose of the RMC is to assist the Board of Directors in the effective discharge of its primary responsibilities of identifying principal risks and implementing appropriate systems and risk assessment processes to manage such risks, in line with the MCCG issued by Securities Commission Malaysia and Bursa Securities MMLR.

3.0. Risk Management and Internal Control Framework

The Board is committed to ensuring that the Group has a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets.

The Group has an ongoing framework for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's overall business operations and are guided by operational manuals, policies and procedures and are regularly reviewed by the Board.

The risk management framework and internal audit functions are disclosed under the Statement of Risk Management & Internal Control on pages 31 to 32 of this Annual Report.

4.0. Compliance with Applicable Financial Reporting Standards

The Board is accountable to ensure that the financial statements are prepared in accordance with the Companies Act 2016 and the applicable approved accounting standards in Malaysia so as to present a balanced and fair assessment of the Group's financial position and prospects. Quarterly financial results and annual financial statements are reviewed and deliberated upon by the AC to ensure the quality of financial reporting before presenting to the Board for its approval. The AC also reviews the appropriateness of the Company's accounting policies and the changes to these policies.

5.0. Assessment of Suitability and Independence of External Auditors

The AC undertakes an annual assessment of the suitability, objectivity, and independence of the External Auditors. Upon assessment of their performance, the AC will recommend their decision on whether to retain or discontinue their services to the Board after which shareholders' approval will be sought at the AGM.

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

1.0 Communication with Stakeholders

The Board values the importance of dissemination of information on major developments of the Group to its shareholders, potential investors and the general public in a timely and equitable manner.

Quarterly results, announcements, annual reports, audited financial statements, corporate updates and circulars serve as the primary means of dissemination of information so that shareholders are constantly kept abreast of the Group's progress and development.

The Group also encourages all shareholders and investors to access the Company's information and announcements online, which are made available at the Bursa Securities' website as well as on its corporate website at www.compugates.com.my. There are continuous efforts to ensure that the information on the website remains current, updated and relevant to investors.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

2.0 Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders. The Company values feedback from its shareholders and therefore, encourages shareholders to attend and participate in the AGM to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group at the AGM.

At the 14th AGM of the Company held on 28 May 2019, a presentation was given by the Chief Executive Officer on corporate development to shareholders to provide a better understanding of the Group's operation and development status to maintain their confidence.

Directors, Management and External Auditors were present in person to respond to the shareholders' queries and feedback. There were no substantive resolutions put forth for shareholders' approval at the 14th AGM. The resolutions put forth for shareholders' approval at the 14th AGM were payment of Directors' fees for the financial years ended 31 December 2018 and 31 December 2019, re-election of retiring Director, re-appointment of External Auditors, retention of Independent Directors, authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and proposed adoption of new Constitution of the Company. All the resolutions were put to vote by way of poll.

This CG Overview Statement was approved by the Board on 18 May 2020.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2019.

1. COMPOSITION OF AUDIT COMMITTEE AND MEETINGS

The Audit Committee ("AC") met five (5) times during the financial year ended 31 December 2019. The composition of the AC and details of the attendance of the members at the meetings are set out as follows:-

Name	Attendance
Chairman	
Tan Sri Datuk Asmat Bin Kamaludin *(Independent Non-Executive Chairman)*	5/5
Members	
Goh Tai Wai *(Non-Independent Non-Executive Director)*	5/5
Mohamed Fauzi Bin Omar *(Independent Non-Executive Director)*	5/5

The external auditors attended three (3) AC meetings in 2019 to present the auditors' reports on the annual audited financial statements for the year 2019.

2. SUMMARY OF ACTIVITIES

During the year, the principal activities of the AC were as follows:-

2.1 Financial Reporting

(a) Reviewed the unaudited quarterly results of the Group before recommending to the Board for approval and release of the Group's results to Bursa Malaysia Securities Berhad.

(b) Reviewed the annual audited financial statements of the Group for the year 2019 with the external auditors prior to submission to the Board for approval.

The AC reviewed and scrutinised the information of the Group's quarterly results and annual audited financial statements to ensure material accuracy, adequacy, validity, timeliness and compliance with applicable financial reporting standards for disclosure to shareholders.

2.2 External Audit

(a) Reviewed with external auditors on their audit planning memorandum of the Group for the financial year ended 31 December 2019.

(b) Reviewed the results of the annual audit and their audit report, including all the key audit matters raised.

(c) The AC met thrice with the external auditors separately, without the presence of the Executive Director and Management to discuss any issues of concern with the external auditors arising from the annual statutory audit.

(d) Reviewed the performance, suitability, objectivity and independence of the external auditors and made recommendations to the Board on their re-appointment and remuneration, subject to the approval of the Company's shareholders at its general meeting.

2. SUMMARY OF ACTIVITIES (CONT'D)

2.3 Internal Audit

(a) Reviewed with the outsourced internal auditors, the internal audit report, the audit recommendations made and the Management's response and actions to these recommendations.

(b) Reviewed with the internal auditors, the internal audit plan to ensure the adequacy of the scope, functions and resources to carry out its work.

2.4 Related Party Transactions

Reviewed the related party transactions entered into by the Group, if any.

2.5 Annual Reporting

Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report;

3. INTERNAL AUDIT FUNCTION

The Group's internal audit function, which is outsourced to a professional services firm, is an integral part of the assurance mechanism in ensuring that the Group systems of internal control are adequate and effective. The outsourced internal audit function reports directly to the AC.

The activities of the internal audit function for the year include:

(a) Conducted internal audit reviews in accordance with the internal audit plan approved by the AC;
(b) Reported the results of internal audits and made recommendations for improvements to the AC on a periodic basis; and
(c) Followed-up on the implementation of audit recommendations and agreed upon Management action plans.

All internal auditors' reports are deliberated by the AC and reporting are made to the Board at the Board of Directors' meetings.

The AC had collectively evaluated the performance of the internal auditors for the for the financial year ended 31 December 2019 upon such evaluation criteria as set out in its annual assessment form. Upon the assessment, the Committee was satisfied that the internal auditors have sufficient experience and resources to adequately deliver the quality services to the Group.

The cost incurred for the outsourced internal audit function of the Group for the financial year ended 31 December 2019 amounted to RM6,500.00.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 31 to 32 of the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Bursa Securities' Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), the Board of Directors of Compugates Holdings Berhad ("Board") is pleased to include a statement on the state of the Group's system of risk management and internal control in this annual report.

BOARD'S RESPONSIBILITIES

The Board recognizes the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its responsibility in maintaining a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets.

The Board has received assurance from the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") that the Group's limited risk management and the internal control system are operating adequately and effectively, in all material aspects. However, as there are inherent limitations in any risk management and internal control system, such systems put into effect by Management is only to reduce but not eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

1. **Risk Management Framework**

   The Board confirms that there is an ongoing process for identifying, minimizing and managing the significant risks faced by the Group and this process is regularly reviewed by the Board. The Management is responsible for initiating risk awareness and in developing necessary environment for effective risk management.

   The Board relies mostly on the close involvement of the Key Management staff, Head of Division and CEO of the Group on their daily operations. There are periodic reviews of operational and financial performance at Management, Audit Committee and Board meetings. The Board and Management ensure that appropriate measures are taken to address any significant risks, if any. It has in place an organizational structure and a defined line of their scope of duties and responsibilities.

2. **Internal Control System**

   - <u>Organisation Structure & Authorisation Procedures</u>

     The Group maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group's various business units.

   - <u>Periodical and/ or Annual Budget</u>

     An annual budget is prepared by Management and tabled to the Board for approval. Periodic monitoring is being carried out to measure the actual performance against budget to identify significant variances and devise remedial action plans.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

2. Internal Control System (Cont'd)

- Group Policies and Procedures

  Policies and procedures will be documented for regular review and update so as to ensure that they are effective and will continue to support the Group's business activities at all times as the Group continues to grow.

- Human Resource Policy

  Comprehensive guidelines on employment of employees are in place to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

- Information and Communication

  Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- Monitoring and Review

  Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performance and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the AC and Board for their review, consideration and approval.

3. Internal Audit Function

The Group's internal audit function is outsourced to a professional services firm, to assist the AC and Board in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit firm prepares internal audit plans for presentation to the AC for approval wherein the scope of works encompasses management and operational audit of functions in the Group.

During the financial year ended 31 December 2019, one (1) internal audit was conducted and the findings of the internal audit, including the recommended corrective actions, were presented directly to the AC and adopted by the management.

In addition, follow up review was conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices once established must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework once it is established.

This Statement was approved by the Board of Directors on 18 May 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors are required by the Companies Act 2016 to ensure that the financial statements for each financial year are prepared in accordance with the applicable approved accounting standards and the requirements of the Companies Act 2016, which give a true and fair view of the state of affairs of the Company and its subsidiaries ("Group") at the end of the financial year, and the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors ensured that the Management has:

a. adopted appropriate accounting policies and applied them consistently;
b. made judgments and estimates that are reasonable and prudent; and
c. prepared the financial statements on an ongoing basis.

The Board has an overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

COMPUGATES®

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company consists of investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net loss for the financial year	8,284	4,212
Loss attributable to:-		
Owners of the Company	8,221	
Non-controlling interests	63	
	8,284	

DIVIDENDS

No dividend was proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off.

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected to be realised.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors, the financial performance of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature. No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued the following ordinary shares pursuant to the private placement:

(a) 44,444,400 ordinary shares at an issue price of RM0.0225 each;
(b) 55,555,500 ordinary shares at an issue price of RM0.018 each; and
(c) 27,777,700 ordinary shares at an issue price of RM0.018 each.

There were no debentures issued by the Company during the financial year.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are:-

Tan Sri Datuk Asmat Bin Kamaludin
See Thoo Chan
Mohamed Fauzi Bin Omar
Goh Tai Wai

The name of the Directors of the subsidiaries in office during the financial year and up to the date of this report are as follows:-

Datin Sabariah Binti Dahlan
Goh Kheng Peow
See Thoo Chan

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors who held office at the end of the financial year in the shares of the Company and its related corporations during the financial year ended 31 December 2019 are as follows:-

		Number of ordinary shares		
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Direct interests				
See Thoo Chan	61,833,300	2,000,000	–	63,833,300
Deemed interests				
See Thoo Chan*	285,793,710	27,256,300	(57,000,000)	256,050,010

* Deemed interests through spouse's and/or child's shareholdings by virtue of Section 221(9) of the Companies Act, 2016 in Malaysia

By virtue of her interests (direct and deemed) in the Company, See Thoo Chan is also deemed interested in the shares of all the subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than as disclosed in Notes 20 and 23 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company or any of its related corporations is a party, with the object or objects of enabling the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity given to or insurance effected for the Directors and Officers of the Company during the financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE

Significant events during the financial year and subsequent to the reporting date are disclosed in Note 27 to the Financial Statements.

AUDITORS

The details of Auditors' remuneration are set out in Note 20 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT as permitted under Section 289 of the Companies Act, 2016.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

TAN SRI DATUK ASMAT BIN KAMALUDIN

SEE THOO CHAN

Kuala Lumpur
18 May 2020

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 44 to 83 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

TAN SRI DATUK ASMAT BIN KAMALUDIN

SEE THOO CHAN

Kuala Lumpur
18 May 2020

STATUTORY DECLARATION

I, Yau Pow Jack, being the Officer primarily responsible for the financial management of Compugates Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 44 to 83 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory on)
18 May 2020)

YAU POW JACK
(MIA NO: 42038)
CHARTERED ACCOUNTANT

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
to the members of Compugates Holdings Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Compugates Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 44 to 83.

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 27 to the Financial Statements which describes the uncertainty related to the outcome of the originating summons filed by the Company against a third party. Our opinion is not qualified in respect of this matter.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Group

Valuation of inventories-land held for property development

Inventories-land held for property development ("land") is measured at the lower of cost and net realisable value ("NRV"). The Group estimates the NRV of the land based on an assessment of the Group's entitlement as the landowner from future development activities that will be carried out on the land ("landowner's entitlement") and/or valuation based on the latest valuation reports. Changes in the landowner's entitlement and the assumptions used in the valuation reports could result in a material change in the carrying values of the land and the financial performance of the Group. The Group's disclosures regarding inventories which include the land are in Note 6.1 to the Financial Statements.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Group (Cont'd)

Our response

We have performed various procedures to ascertain that the land is stated at the lower of cost and NRV. Amongst other procedures, we have obtained an understanding and reviewed management's assessment of the landowner's entitlement. We have also assessed the status of the development of the land by interviewing various management personnel and by obtaining relevant correspondences related to the development of the land. In addition, we have also obtained valuation reports prepared by independent professional valuers and compared the value in the reports against the book value of the land by assessed the reasonableness of the key assumptions used by the valuers with reference to comparable peer.

Company

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company so as to 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.

Report on the Audit of the Financial Statements (Cont'd)

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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, related safeguards.

From the matters communicated with the Directors, we determine those matter that was of most significance in the audit of the financial statements of the Group and of the Company for the current year and is therefore the key audit matter. We describe this matter 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 Matter

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.

GRANT THORNTON MALAYSIA PLT
(NO. 201906003682 & AF: 0737)
CHARTERED ACCOUNTANTS

KHO KIM ENG
(NO: 03137/10/2020 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
18 May 2020

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	15,119	15,408	1	1
Inventories	6	142,049	142,049	–	–
Plantation expenditure	7	2,008	1,903	–	–
Investment in subsidiaries	8	–	–	6,606	6,606
Total non-current assets		159,176	159,360	6,607	6,607
Current assets					
Inventories	6	126	1,382	–	–
Trade receivables	9	62	911	–	–
Other receivables	10	9,661	10,349	66	66
Amount due from subsidiaries	11	–	–	592	21
Tax recoverable		143	385	1	1
Cash and bank balances		487	625	2	2
Total current assets		10,479	13,652	661	90
Total assets		169,655	173,012	7,268	6,697
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:					
Share capital	12	50,095	47,595	50,095	47,595
Revaluation reserve	13	31,354	31,531	–	–
Other reserve	14	(2,100)	(2,100)	–	–
Retained earnings/ (Accumulated losses)		22,349	30,393	(47,521)	(43,309)
		101,698	107,419	2,574	4,286
Non-controlling interests	8	29,522	29,585	–	–
Total equity		131,220	137,004	2,574	4,286
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	15	13,447	13,498	–	–
Other payables	16	3,239	302	3,239	302
Total non-current liabilities		16,686	13,800	3,239	302
Current liabilities					
Trade payables	17	181	1,982	–	–
Other payables	16	21,568	19,663	1,455	2,109
Tax payable		–	563	–	–
Total current liabilities		21,749	22,208	1,455	2,109
Total liabilities		38,435	36,008	4,694	2,411
Total equity and liabilities		169,655	173,012	7,268	6,697

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	18	4,590	19,262	–	–
Cost of sales		(4,519)	(19,018)	–	–
Gross profit		71	244	–	–
Other income		653	4,449	–	–
Administrative expenses		(9,041)	(8,540)	(836)	(643)
Sales and marketing expenses		(47)	(143)	–	–
Impairment loss on financial assets		(43)	(30)	(3,376)	(4,371)
Other expenses		(299)	(1,026)	–	(1,694)
Finance income		3	4	195	132
Finance costs	19	(195)	(192)	(195)	(132)
Loss before tax	20	(8,898)	(5,234)	(4,212)	(6,708)
Tax income/(expense)	21	614	(403)	–	–
Net loss for the financial year		(8,284)	(5,637)	(4,212)	(6,708)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:-					
Revaluation of land and buildings		–	2,640	–	–
Deferred tax relating to revaluation of land and buildings		–	(563)	–	–
Other comprehensive income, net of tax		–	2,077	–	–
Total comprehensive loss for the financial year		(8,284)	(3,560)	(4,212)	(6,708)
Net loss attributable to:					
- Owners of the Company		(8,221)	(5,992)	(4,212)	(6,708)
- Non-controlling interests		(63)	355	–	–
		(8,284)	(5,637)	(4,212)	(6,708)
Total comprehensive loss attributable to:					
- Owners of the Company		(8,221)	(3,915)	(4,212)	(6,708)
- Non-controlling interests		(63)	355	–	–
		(8,284)	(3,560)	(4,212)	(6,708)
Loss per share (sen)	22				
Basic loss per share (sen)		(0.34)	(0.26)		
Diluted loss per share (sen)		*	*		

* no dilutive effect

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2019

	Attributable to owners of the Company						
	Non-distributable			Distributable			
	Share capital RM'000	Revaluation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total equity RM'000	Non-controlling interests RM'000	Total RM'000
Group							
At 1 January 2018	47,595	29,962	(2,100)	35,877	111,334	29,230	140,564
Other comprehensive income for the financial year	–	2,077	–	–	2,077	–	2,077
Net loss for the financial year	–	–	–	(5,992)	(5,992)	355	(5,637)
Total comprehensive loss for the financial year	–	2,077	–	(5,992)	(3,915)	355	(3,560)
Crystallisation of revaluation surplus	–	(508)	–	508	–	–	–
At 31 December 2018	47,595	31,531	(2,100)	30,393	107,419	29,585	137,004
Total comprehensive loss for the financial year	–	–	–	(8,221)	(8,221)	(63)	(8,284)
Transaction with owners:							
Issuance of new shares	2,500	–	–	–	2,500	–	2,500
Crystallisation of revaluation surplus	–	(177)	–	177	–	–	–
At 31 December 2019	50,095	31,354	(2,100)	22,349	101,698	29,522	131,220

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Company			
At 1 January 2018	47,595	(36,601)	10,994
Total comprehensive loss for the financial year	–	(6,708)	(6,708)
At 31 December 2018	47,595	(43,309)	4,286
Transaction with owners:			
Issuance of new shares	2,500	–	2,500
Total comprehensive loss for the financial year	–	(4,212)	(4,212)
At 31 December 2019	50,095	(47,521)	2,574

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
OPERATING ACTIVITIES				
Loss before tax	(8,898)	(5,234)	(4,212)	(6,708)
Adjustments for:				
Amortisation of unwinding interest	–	(102)	–	–
Bad debts written off	–	107	–	–
Depreciation of property, plant and equipment	298	826	–	–
Gain from disposal of property, plant and equipment	–	(2)	–	–
Gain from disposal of land held for property development	–	(3,026)	–	–
Impairment loss on trade receivables	43	1	–	–
Impairment loss on other receivables	–	29	–	29
Impairment loss on investment in subsidiaries	–	–	–	1,694
Impairment loss on amount due from subsidiaries	–	–	3,876	5,542
Impairment loss on amount due from subsidiaries no longer required	–	–	(500)	(1,200)
Interest expenses	195	192	195	132
Interest income	(3)	(4)	(195)	(132)
Property, plant and equipment written off	–	5	–	–
Unrealised gain on foreign exchange	–	(1)	–	–
Operating loss before working capital changes	(8,365)	(7,209)	(836)	(643)
Changes in working capital:				
Inventories	1,256	(1,108)	–	–
Receivables	1,494	2,130	–	–
Payables	3,041	8,744	2,283	2,252
Cash (used in)/generated from operations	(2,574)	2,557	1,447	1,609
Interest paid	(195)	(192)	(195)	(132)
Tax paid	(158)	(168)	–	–
Tax refunded	400	216	–	1
Net cash (used in)/flows from operating activities	(2,527)	2,413	1,252	1,478

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
INVESTING ACTIVITIES					
Advances to subsidiaries		–	–	(3,947)	(1,609)
Interest received		3	4	195	132
Purchase of property, plant and equipment		(9)	(18)	–	–
Plantation expenditure paid		(105)	(97)	–	–
Proceeds from disposal of property, plant and equipment		–	9	–	–
Net cash used in investing activities		(111)	(102)	(3,752)	(1,477)
FINANCING ACTIVITIES					
Proceeds from issuance of new shares		2,500	–	2,500	–
Repayments of borrowing	A	–	(936)	–	–
Net cash flows from/(used in) financing activities		2,500	(936)	2,500	–
CASH AND CASH EQUIVALENTS					
Net changes in cash and cash equivalents		(138)	1,375	–	1
At beginning of financial year		625	(751)	2	1
Effect of exchange translation differences		–	1	–	–
At end of financial year		487	625	2	2

NOTE TO THE STATEMENTS OF CASH FLOWS

A. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group
2018

	At beginning of financial year RM'000	Repayment RM'000	At end of financial year RM'000
Borrowings			
- Bankers' acceptance	936	(936)	–
	936	(936)	–

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur. The principal place of business of the Company is located at No. 3, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company consists of investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the Financial Statements. There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 May 2020.

2. GOING CONCERN

The financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as a going concern which contemplates the continuity of normal business activity and the realisation of assets and discharge their liabilities in the normal course of business.

During the financial year, the Group and the Company incurred a net loss of RM8,284,048 and RM4,211,982 respectively and the Group is having a negative operating cash flows of RM2,527,501. As at 31 December 2019, the Group's and the Company's total current liabilities exceeded its total current assets by RM11,270,628 and RM794,424 respectively which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The ability of the Group and the Company to continue as a going concern will be dependent on:

- the continuous support from a Director and a person connected to a Director of the Company to provide adequate funds for the Group and the Company to meet their liabilities as and when they fall due; and/or
- the continued successful operation of the property development activities in line with management expectation.

If these are not forthcoming, the Group and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Director and a person connected to the Director have agreed to provide continuing financial support for the Group and the Company to meet its liabilities as and when they fall due and the Directors are of the opinion that the property development activities will continue to operate in line with expectation.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis and accordingly the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of the liabilities that may be necessary should the Group and the Company be unable to continue as a going concern.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

3.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention except for certain land and buildings that are measured at fair value at the end of each reporting year as disclosed in the summary of significant accounting policies.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

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

The fair value of an asset or a liability is measured using the assumptions that market participants 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 market 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.

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

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

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

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

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

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

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

3. BASIS OF PREPARATION (CONT'D)

3.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency and all values are rounded to the nearest thousand (RM'000), except when otherwise stated.

3.4 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 4 to all years presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial year beginning on or after 1 January 2019.

The initial application of the new standards/amendments/improvements to standards did not have a material impact on the financial statements.

3.5 Standards issued but not yet effective

The Group and the Company have not applied early the following MFRS that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:-

Amendments to MFRSs and Amendments to References to the Conceptual Framework on MFRS Standards effective 1 January 2020:

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 7*#, 9*# and 139*#	Interest Rate Benchmark Reform
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to References to the Conceptual Framework on MFRS Standards	

MFRS effective 1 January 2021:

MFRS 17*#	Insurance Contracts

Amendments to MFRSs (deferred effective date to be announced by the MASB):

MFRS 10* and MFRS 128*#	Consolidated Financial Statements and Investment in Associate and Joint Venture: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Company's operation
\# Not applicable to the Group's operations

The initial application of the above standards and amendments are not expected to have any financial impacts to the financial statements.

3.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

3. BASIS OF PREPARATION (CONT'D)

3.6 Significant accounting estimates and judgements (Cont'd)

3.6.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting year, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 3 to 91 years and reviews the useful lives of depreciable assets at the end of each reporting year. At 31 December 2019, management assesses that the useful lives represents the expected utility of the assets to the Group and the Company. The carrying amounts of the Group's and the Company's property, plant and equipment at the reporting date are analysed in Note 5 to the Financial Statements. Actual results, however, may vary due to change in the expected levels of usage and technological developments, which resulting the adjustment to the Group's and the Company's assets.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Provision for expected credit losses (ECL) of trade receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

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

3. BASIS OF PREPARATION (CONT'D)

3.6 Significant accounting estimates and judgements (Cont'd)

3.6.1 Estimation uncertainty (Cont'd)

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, management takes into account the most reliable evidence available at the time the estimates are made.

The Group's businesses are subject to economical, technological and social preference changes which may cause selling prices to change rapidly and the Group's results to change.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 6 to the Financial Statements.

Revaluation of property, plant and equipment

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engages independent valuation specialists to determine the fair values.

The carrying amounts of the land and buildings at the reporting date and the relevant revaluation bases are disclosed in Note 5 to the Financial Statements.

3.6.2 Significant management judgements

There were no significant judgements made by management in the process of applying the accounting policies of the Group and of the Company which may have significant effect on the amount recognised in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies as summarised below consistently throughout all years presented in the financial statements.

4.1 Consolidation

4.1.1 Subsidiaries

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amounts is included in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Consolidation (Cont'd)

4.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

4.1.3 Business combinations and goodwill

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 it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed 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, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through 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 over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference 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. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Consolidation (Cont'd)

4.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

4.1.5 Non-controlling interests

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company.

Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

4.2 Property, plant and equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the assets to working condition for their intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Freehold land is measured at fair value and impairment loss recognised after the date of the revaluation. Buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluation of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Property, plant and equipment (Cont'd)

The Group adopts a policy to make an annual transfer of the revaluation surplus to accumulated losses as the asset is used. In such case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Any revaluation surplus remaining in equity on disposal of the asset is transferred directly to retained earnings.

Freehold land is not depreciated. Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Leasehold land	Over 81 to 91 years
Buildings	2%
Office equipment, furniture and fittings	15% to 33 1/3%
Motor vehicles	20%
Renovation	10%
Site cabin and tools	10%
Signboard	20%

The residual values, useful lives and depreciation method are reviewed at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal of property, plant and equipment is determined as difference between the disposal proceeds and the carrying amounts of the assets and is recognised in the profit or loss in the financial year in which the asset is derecognised.

4.3 Inventories

4.3.1 Land held for property development

Land held for property development consists of the deemed cost of land held for property development and other related development costs common to the whole project. Land held for property development consist of land on which no development work has been undertaken. Such land is classified as non-current asset and is stated at cost less any accumulated impairment loss.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

4.3.2 Trading goods

Inventories comprise goods held for trading and are stated at the lower of cost or net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less any estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Plantation expenditure

The Group's biological asset comprises plantation expenditure. The Group recognises a biological asset in its financial statements when, and only when the Group gains control over the asset as a result of past events, it is possible that the future economic benefits associated with the asset will flow to the Group and when the fair value or cost of the asset can be measured reliably.

If the fair value less costs to sell of a biological asset could not be measured reliably, plantation expenditure recognised at its cost less any accumulated impairment losses. Inability to measure fair value reliably is presumed only on the initial recognition of a biological asset for which market-determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable. Once the fair value of such a biological asset becomes reliably measurable, the Group measures it at its fair value less costs to sell.

Plantation expenditure incurred on land clearing, upkeep of immature trees, direct administrative expenses incurred during the pre-maturity period (precropping costs) are capitalised as plantation expenditure.

Biological asset is derecognised when either it is disposed of or subsequent to the point of harvest, in which MFRS 102 Inventories or another applicable standard is applied thereafter.

4.5 Financial instruments

4.5.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

4.5.2 Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

(a) amortised cost;
(b) fair value through profit or loss (FVTPL); and
(c) fair value through other comprehensive income (FVOCI).

In the years presented, the Group and the Company do not have any financial assets categorised as FVOCI and FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (Cont'd)

4.5.3 Financial assets - subsequent measurement

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's trade and other receivables, amount due from subsidiaries, cash and bank balances fall into this category of financial instruments.

4.5.4 Financial assets - impairment

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included financial assets measured at amortised cost.

Recognition of credit losses is no longer dependent on the Group or the Company first identifying a credit loss event. Instead the Group and the Company consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (Cont'd)

4.5.4 Financial assets - impairment (Cont'd)

Trade and other receivables

The Group and the Company make use of a simplified approach in accounting for trade and other receivables and record the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group and the Company use the historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group and the Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due.

4.5.5 Financial liabilities - classification and measurement

The Group's and the Company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.5.6 Offsetting of financial instruments

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

4.6 Impairment of non-financial assets

At the end of each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing their carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a cash-generating unit or group of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised as an expense in profit or loss immediately 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. That increased amount cannot 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 profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

4.8 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when 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. Provisions are not recognised for future operating losses.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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

4.9 Leases

<u>Accounting policies applied from 1 January 2019</u>

The Group applied MFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated i.e it is presented as previously reported under MFRS 117, lease and related interpretations.

The Group 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.

Right-of-use assets

The Group 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 land - over 81 to 91 years

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Leases (Cont'd)

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

The right-of-use assets are also subject to impairment as detailed in Note 4.6 to the Financial Statements.

Accounting policies applies until 31 December 2018

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

Operating leases

Leases, where substantially all the risks and rewards of ownership of assets remained with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the relevant lease terms. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

4.10 Equity and reserves

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

The revaluation reserve comprises surplus arising from the revaluation of property, plant and equipment.

Retained earnings/(accumulated losses) include all current year's loss and prior years' retained earnings/(accumulated losses).

All transactions with the owners of the Company are recorded separately within equity.

4.11 Revenue

4.11.1 Sale of goods

Revenue from sale of goods are recognised at a point in time when control of the assets are transferred to the customer, generally on delivery of the goods. The normal credit terms are 1 to 60 days upon delivery.

4.11.2 Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

4.12 Employees benefits

4.12.1 Short-term benefits

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Employees benefits (Con'td)

4.12.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

4.13 Tax expenses

4.13.1 Current tax

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

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

4.13.2 Deferred tax

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate that have been enacted or substantively enacted by the reporting date in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the statements of financial position and its tax base including unabsorbed business losses and unutilised capital allowances.

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

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or that entire deferred tax assets to be utilised, the carrying amount of the deferred tax assets will be reduced accordingly. When it becomes probable that sufficient future taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

4.14 Operating segment

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

5. PROPERTY, PLANT AND EQUIPMENT

	At valuation		At cost					
	Freehold land and buildings RM'000	Long term leasehold land RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Site cabin and tools RM'000	Signboard RM'000	Total RM'000
Group								
Cost or valuation								
At 1 January 2018	4,900	57,500	1,585	779	830	64	60	65,718
Additions	–	–	18	–	–	–	–	18
Transferred to inventories-land held for property development (Note 6)	–	(49,000)	–	–	–	–	–	(49,000)
Disposals	–	–	–	(93)	–	–	–	(93)
Increase in revaluation	2,100	–	–	–	–	–	–	2,100
Written off	–	–	(28)	–	–	(2)	–	(30)
At 31 December 2018	7,000	8,500	1,575	686	830	62	60	18,713
Additions	–	–	9	–	–	–	–	9
Written off	–	–	(4)	–	–	(1)	–	(5)
At 31 December 2019	7,000	8,500	1,580	686	830	61	60	18,717

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

	At valuation		At cost					
	Freehold land and buildings RM'000	Long term leasehold land RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Site cabin and tools RM'000	Signboard RM'000	Total RM'000
Group (Cont'd)								
Accumulated depreciation								
At 1 January 2018	436	–	1,551	772	830	61	60	3,710
Depreciation for the year	104	692	28	–	–	2	–	826
Transferred to inventories-land held for property development (Note 6)	–	(580)	–	–	–	–	–	(580)
Disposals	–	–	–	(86)	–	–	–	(86)
Decrease in revaluation	(540)	–	–	–	–	–	–	(540)
Written off	–	–	(23)	–	–	(2)	–	(25)
At 31 December 2018	–	112	1,556	686	830	61	60	3,305
Depreciation for the year	174	112	11	–	–	1	–	298
Written off	–	–	(4)	–	–	(1)	–	(5)
At 31 December 2019	174	224	1,563	686	830	61	60	3,598
Net carrying amount								
At 31 December 2019	6,826	8,276	17	–	–	–	–	15,119
At 31 December 2018	7,000	8,388	19	–	–	1	–	15,408

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

	Motor vehicles RM'000
Company	
Cost	
At 1 January 2018/ 31 December 2018/ 31 December 2019	174
Accumulated depreciation	
At 1 January 2018/ 31 December 2018/ 31 December 2019	(173)
Net carrying amount	
At 1 January 2018/ 31 December 2018/ 31 December 2019	1

The freehold and leasehold land and buildings of the Group were revalued in the previous financial years by an independent professional valuer. The valuations were based on the comparison method by reference to recent market transactions.

Had the revalued land and buildings been carried under the cost model, the net carrying amounts of land and buildings would have been included in the financial statements of the Group as at the end of the reporting year as follows:-

	Group	
	2019 RM'000	2018 RM'000
Freehold land and buildings	2,421	2,457
Leasehold land	1,279	1,296
	3,700	3,753

Fair value information

Fair value of property, plant and equipment are categorised as follows:-

	Level 2 Group	
	2019 RM'000	2018 RM'000
Freehold land and buildings	6,826	7,000
Leasehold land	8,276	8,388
	15,102	15,388

The net carrying amount of assets pledged as securities for bank facilities are:-

	Group	
	2019 RM'000	2018 RM'000
Freehold land and buildings	–	4,000

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

Policy on transfer between levels

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

There were no transfer between the fair value hierarchy during the financial year.

Included in the net carrying amount of property, plant and equipment is right-of-use asset as follows:-

	Group 2019 RM'000
Leasehold land	8,276

6. INVENTORIES

6.1 Land held for property development

	Group RM'000
Leasehold land, at deemed cost	
At 1 January 2018	100,000
Disposal	(6,371)
Transferred from property, plant and equipment (Note 5)	48,420
At 31 December 2018/31 December 2019	142,049

6.2 Trading goods

	Group	
	2019 RM'000	2018 RM'000
Trading goods, at carrying amount	126	1,382
Recognised in profit or loss:		
- Inventories recognised as cost of sales	4,519	19,018

7. PLANTATION EXPENDITURE

	Group	
	2019 RM'000	2018 RM'000
At 1 January	1,903	1,806
Additions	105	97
At 31 December	2,008	1,903

7. PLANTATION EXPENDITURE (CONT'D)

Included in plantation expenditure incurred during the financial year are:-

	Group 2019 RM'000	Group 2018 RM'000
Depreciation	1	1
Staff salaries	76	68
Defined contribution plan	10	9
Other related staff costs	1	1

8. INVESTMENT IN SUBSIDIARIES

	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares – at cost	178,100	178,100
Less: Accumulated impairment loss		
At 1 January	(171,494)	(169,800)
Recognised	–	(1,694)
At 31 December	(171,494)	(171,494)
	6,606	6,606

Investment in subsidiaries that are impaired at reporting date related to those subsidiaries that are having net assets lower than cost of investment.

The following information relates to the subsidiaries which principal places of business are in Malaysia:-

Name of company	Equity interest 2019 %	Equity interest 2018 %	Principal activities
Held directly:-			
Compugates Sdn. Bhd.	100	100	Trading, marketing and distribution of imaging, information technology and communication-based products
Selama Muda Jaya Sdn. Bhd.	100	100	Dormant
Compugates International Sdn. Bhd.	100	100	Dormant
Compugates Marketing Sdn. Bhd.	100	100	Investment holding, planting of gaharu trees and trading of gaharu tea
Classic Distribution Sdn. Bhd.	100	100	Dormant
Compugates Development and Mining Sdn. Bhd. ("CDMSB")	70	70	Land owner
Compugates Perak Sdn. Bhd.	100	100	Dormant
Compugates Sabah Sdn. Bhd. ("CSSB")	51	51	Dormant

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:-

	CDMSB RM'000	CSSB RM'000	Total RM'000
Percentage of ownership interest and voting interest	30%	49%	
2019			
Carrying amount of NCI	34,865	(5,343)	29,522
Loss allocated to NCI	(58)	(5)	(63)
2018			
Carrying amount of NCI	34,923	(5,338)	29,585
Profit/(loss) allocated to NCI	364	(9)	355

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below:-

	CDMSB		CSSB	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Financial position as at 31 December				
Non-current assets	142,049	142,049	–	–
Current assets	9,405	9,585	8	8
Non-current liabilities	(10,752)	(10,752)	–	–
Current liabilities	(24,486)	(24,471)	(10,912)	(10,902)
	116,216	116,411	(10,904)	(10,894)
Summary of financial performance for the financial year ended 31 December				
Revenue	–	–	–	–
Net (loss)/profit/total comprehensive (loss)/income for the financial year	(195)	1,213	(10)	(18)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below (cont'd):-

	CDMSB		CSSB	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Summary of cash flows for the financial year ended 31 December				
Net cash flows (used in)/from operating activities	(371)	4,894	(9)	(616)
Net cash flows from/(used in) financing activities	191	(4,714)	9	614
Net changes in cash and cash equivalents	(180)	180	–	(2)

9. TRADE RECEIVABLES

	Group	
	2019 RM'000	**2018 RM'000**
Trade receivables	1,516	2,324
Less: Accumulated impairment loss		
At 1 January	(1,413)	(1,424)
Recognised	(43)	(1)
Write-back	2	12
At 31 December	(1,454)	(1,413)
	62	911

The Group's normal trade credit terms range from 1 to 60 days (2018: 1 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The impairment loss on trade receivable was written-back during the financial year as a result of subsequent receipts of the amount.

10. OTHER RECEIVABLES

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Other receivables	9,703	10,885	538	538
Less: Accumulated impairment loss				
At 1 January	(1,262)	(1,237)	(530)	(501)
Recognised	–	(29)	–	(29)
Written off	1,017	–	–	–
Write-back	–	4	–	–
At 31 December	(245)	(1,262)	(530)	(530)
	9,458	9,623	8	8
Deposits	95	93	55	55
Prepayments	84	94	3	3
GST receivable	24	539	–	–
	9,661	10,349	66	66

Included in the other receivables of the Group of RM9,397,400 (2018: RM9,397,400) is sale proceeds receivable pertaining to the disposal of the land held for property development as details in Note 27 to the Financial Statements.

The impairment loss on other receivable was written-back during the financial year as a result of subsequent receipts of the amount.

11. AMOUNT DUE FROM SUBSIDIARIES

	Company 2019 RM'000	Company 2018 RM'000
Non-interest bearing	15,598	11,651
Less: Accumulated impairment loss		
At 1 January	(11,630)	(7,288)
Recognised	(3,876)	(5,542)
Write-back	500	1,200
At 31 December	(15,006)	(11,630)
	592	21

The amount due from subsidiaries is non-trade in nature, unsecured, interest free and repayable on demand, except for the amount of RM4,534,295 (2018: RM1,457,330) due from a subsidiary which bears interest rates ranging from 3.67% to 11.90% (2018: 3.67% to 10.00%) per annum.

The impairment loss on amount due from subsidiaries was written back during the financial year due to the subsidiaries have improved their financial performance.

12. SHARE CAPITAL

	Group and Company			
	2019 Units	2018 Units	2019 RM'000	2018 RM'000
Issued and fully paid:				
At 1 January	2,347,717,920	2,347,717,920	47,595	47,595
Issuance of ordinary shares	127,777,600	–	2,500	–
At 31 December	2,475,495,520	2,347,717,920	50,095	47,595

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

13. REVALUATION RESERVE

	Group	
	2019 RM'000	2018 RM'000
At 1 January	31,531	29,962
Crystallisation of revaluation reserve	(177)	(508)
Increase in revaluation	–	2,077
At 31 December	31,354	31,531

The revaluation reserve represents the revaluation surplus of property, plant and equipment.

14. OTHER RESERVE

	Group	
	2019 RM'000	2018 RM'000
Other reserve	(2,100)	(2,100)

The other reserves arose from additional interest acquired from non-controlling interests of Compugates Development and Mining Sdn. Bhd..

15. DEFERRED TAX LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
At 1 January	13,498	13,095
Recognised in profit or loss (Note 21)	(51)	(160)
Increase in revaluation	–	563
At 31 December	13,447	13,498

The deferred tax liabilities arose from the revaluation of property, plant and equipment and land held for property development.

16. OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other payables	8,670	7,229	550	1,432
Accruals	544	1,210	147	129
Deposit received	10,100	10,100	–	–
Staff incentives	624	488	–	–
Amount due to a Director	4,869	938	3,997	850
	24,807	19,965	4,694	2,411
Represented by:				
- Current	21,568	19,663	1,455	2,109
- Non-current	3,239	302	3,239	302
	24,807	19,965	4,694	2,411

Included in other payables of the Group and of the Company are RM5,782,337 (2018: RM4,620,893) and RM537,024 (2018: RM1,376,680) respectively owing to a person connected to a Director of the Company. Such amount owing to a person connected to a Director of the Company is non-trade in nature, unsecured and interest free except for RM537,024 (2018: RM894,730) which are back-to-back advances comprise various personal loans and credit card facilities, borrowed in his personal capacity from the financial institutions and on-lent to the Group and to the Company, which bear interest rates payable to the financing banks ranging from 3.99% to 10.00% (2018: 3.99% to 10.00%) per annum.

The amount due to a Director of the Group and of the Company is non-trade in nature, unsecured, interest free and repayable on demand, except for the amount of RM3,997,271 (2018: RM562,600) which are back-to-back advances comprise various personal loans and credit card facilities, borrowed in her personal capacity from the financial institutions and on-lent to the Group and to the Company, which bear interest rates payable to the financing banks ranging from 3.67% to 11.90% (2018: 3.67% to 8.80%) per annum and repayable over 1 to 60 months (2018: 1 to 48 months).

Deposit represents the deposit received from third parties in relation to the joint venture agreements entered by a subsidiary.

17. TRADE PAYABLES

The normal trade credit terms granted to the Group are 60 days (2018: 60 days).

18. REVENUE

	Group	
	2019 RM'000	2018 RM'000
Type of revenue		
- Trading income	4,583	19,252
- Agriculture	7	10
	4,590	19,262

All revenue is generated in Malaysia and recognised at a point in time.

19. FINANCE COSTS

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Interest expenses				
- bankers' acceptance	–	36	–	–
- other payables	195	132	195	132
- others	–	24	–	–
	195	192	195	132

20. LOSS BEFORE TAX

Loss before tax is determined after charging amongst others, the following items:-

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Auditors' remuneration				
- statutory audit	108	112	40	40
- other services	14	14	14	14
Rental of office	–	2	–	–
Directors' fees	276	276	276	276
Director of the Company:				
- remuneration	1,432	452	–	–
- defined contribution plan	151	47	–	–
Director of the subsidiaries:				
- fee	2,356	2,381	–	–
- remuneration	1,786	2,042	–	–
- defined contribution plan	268	249	–	–
Staff costs				
- salaries, wages, bonuses and allowances	1,358	1,405	–	–
- defined contribution plan	190	202	–	–
- other staff related cost	(445)	(69)	–	–

21. TAX (INCOME)/EXPENSE

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current tax - current year	–	563	–	–
Current tax - Overprovision in prior year	(563)	–	–	–
Crystalisation of deferred tax liabilities (Note 15)	(51)	(160)	–	–
	(614)	403	–	–

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

21. TAX (INCOME)/EXPENSE (CONT'D)

A reconciliation of tax (income)/expense applicable to loss before tax at the statutory income tax rate to tax (income)/expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss before tax	(8,898)	(5,234)	(4,212)	(6,708)
Taxation at applicable tax rate of 24% (2018: 24%)	(2,135)	(1,256)	(1,011)	(1,610)
Tax effects arising from				
- non-deductible expenses	519	435	1,011	1,610
- non-taxable income	(51)	(25)	–	–
- crystallisation of deferred tax liabilities	(51)	(160)	–	–
- deferred tax assets not recognised during the year	1,667	1,409	–	–
- overprovision in prior year	(563)	–	–	–
Tax (income)/expense for the financial year	(614)	403	–	–

Deferred tax assets have not been recognised for the following items:-

	Group	
	2019 RM'000	2018 RM'000
Carrying amount of qualifying plant and equipment	(1,267)	(1,263)
Other deductible temporary differences	10,910	7,333
Unabsorbed business losses	47,220	43,862
Unutilised capital allowances	2,510	2,497
	59,373	52,429

Deferred tax assets of the Group have not been recognised in the financial statements as the Directors anticipated that such amounts will not be able to be utilised in the near future.

The Group's unabsorbed business losses and unutilised capital allowances can be carried forward to offset against future taxable income.

22. LOSS PER SHARE

Basic loss per ordinary share

Basic loss per share are calculated by dividing net loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2019	**2018**
Net loss attributable to ordinary equity holders of the Company (RM'000)	(8,221)	(5,992)
Weighted average number of ordinary shares (No. of shares)	2,405,571,730	2,347,717,920
Basic loss per ordinary share (sen)	(0.34)	(0.26)

Diluted loss per ordinary share

The Group has no dilutive potential ordinary shares. As such, there is no dilutive effect on the loss per ordinary share of the Group for both financial years.

23. RELATED PARTIES

(a) Related party transactions

Set out below are the related party transactions for the financial year. The related party transactions described below were carried out on terms and conditions mutually agreed between the respective parties:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Interest expenses charged by:				
- a person connected to a Director of the Company	103	79	103	79
- Director	92	53	92	53
Interest income charged on a subsidiary	–	–	(195)	(132)

(b) Key management personnel compensation

Key management personnel comprise staff of the Group having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

The Group and the Company have no other members of key management personnel other than the Directors. Remuneration of key management personnel is disclosed as Directors' remuneration in Note 20 to the Financial Statements.

24. OPERATING SEGMENT

Business segment

For management purpose, the Group is organised into business units based on their products and services provided. The Group is organised into two main business segments as follows:-

(i) Trading and services segment – involved in the trading, marketing, distribution of imaging, information technology and communication-based products

(ii) Agriculture segment – involved in trading and cultivation of agricultural products

Management monitors the operating results to its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on a negotiated basis in a manner similar to transactions with third parties.

Group

2019	**Trading and services RM'000**	**Agriculture RM'000**	**Consolidated RM'000**
Revenue			
External sales	4,583	7	4,590
Results			
Interest income	3	–	3
Finance costs	(195)	–	(195)
Depreciation	(183)	(115)	(298)
Tax income	590	24	614
Other non-cash expenses (Note (i))	(43)	–	(43)
Segment loss	(5,029)	(3,255)	(8,284)
Assets			
Additions to non-current assets (Note (ii))	4	110	114
Segment assets	157,609	12,046	169,655
Liabilities			
Segment liabilities	35,407	3,028	38,435

24. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Group

2018	**Trading and services RM'000**	**Agriculture RM'000**	**Consolidated RM'000**
Revenue			
External sales	19,252	10	19,262
Results			
Interest income	4	–	4
Finance costs	(192)	–	(192)
Depreciation	(713)	(113)	(826)
Tax (expenses)/income	(426)	23	(403)
Other non-cash expenses (Note (i))	(39)	–	(39)
Segment loss	(5,086)	(551)	(5,637)
Assets			
Additions to non-current assets (Note (ii))	18	97	115
Segment assets	160,302	12,710	173,012
Liabilities			
Segment liabilities	34,041	1,967	36,008

(i) Other non-cash income/(expenses) consist of the following items:-

	Group	
	2019 RM'000	**2018 RM'000**
Amortisation of unwinding interest	–	102
Bad debts written off	–	(107)
Impairment loss on trade receivables	(43)	(1)
Impairment loss on other receivables	–	(29)
Property, plant and equipment written off	–	(5)
Unrealised gain on foreign exchange	–	1
	(43)	(39)

(ii) Additions to non-current assets consist of:-

	Group	
	2019 RM'000	**2018 RM'000**
Property, plant and equipment	9	18
Plantation expenditure	105	97
	114	115

24. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

(ii) Additions to non-current assets consist of (cont'd):-

Non-current assets information presented consist of the following items as presented in the consolidated statements of financial position:-

	Group	
	2019 RM'000	**2018 RM'000**
Property, plant and equipment	15,119	15,408
Inventories	142,049	142,049
Plantation expenditure	2,008	1,903
	159,176	159,360

Geographical segment

The Group's businesses are operated entirely within Malaysia and as such, no segment information based on geographical location is presented.

Information about major customers

Revenue from one (2018: two) major customer amounted to RM701,028 (2018: RM2,832,817 and RM1,974,161) is derived from trading and services segment.

25. FINANCIAL INSTRUMENTS

(a) Financial risk management and objectives

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

(i) 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 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. The exposure to credit risk is monitored by the management on an ongoing basis and the management does not expect any counterparty fail to meet its obligations.

25. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

The areas where the Group are exposed to credit risk are as follows:-

Receivables

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that is neither past due nor impaired are stated at the realisable values.

Trade receivables that is neither past due nor impaired is creditworthy debtor with good payment records with the Group.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:-

Group

	Expected credit loss rate %	Total gross carrying amount RM'000	Expected credit loss RM'000
2019			
Not past due	–	61	–
Past due 1-60 days	–	1	–
Past due more than 120 days	100	1,454	1,454
		1,516	1,454
2018			
Not past due	–	667	–
Past due 1-60 days	–	239	–
Past due 61-120 days	–	1	–
Past due more than 120 days	99.8	1,417	1,413
		2,324	1,413

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year or if Directors deemed them uncollectable. The maximum exposure to credit risk arising from trade receivables are limited to the carrying amounts as stated in the statements of financial position.

25. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

The areas where the Group are exposed to credit risk are as follows (cont'd):-

Intercompanies balances

The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

The Company provides unsecured loans and advances to subsidiaries and monitors their results regularly. As at the end of the reporting year, there was no indication that the loans and advances to the subsidiaries are not recoverable except for those disclosed in Note 11 to the Financial Statements.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary and creditors for credit terms granted to a subsidiary.

The Company monitors on an ongoing basis the repayments made by the subsidiary and its financial performance.

The maximum exposure to credit risk amounts to RM104,883 (2018: RM1,903,000) representing the outstanding credit facilities to suppliers of the subsidiary guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiary would default on its repayment.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantee provided by the Company did not contribute towards credit enhancement of the subsidiary's borrowings in view of the securities pledged by the subsidiary and it is unlikely the subsidiary will default within the guarantee period.

(ii) Interest rate risk

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

The Group's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favorable interest rate available.

25. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(ii) Interest rate risk (cont'd)

The following table summarises the interest rate profile of the Group and of the Company as at the reporting date:-

	Group	
	2019 RM'000	2018 RM'000
Fixed rate instrument		
Financial liability		
Other payables	4,534	1,457

	Company	
	2019 RM'000	2018 RM'000
Fixed rate instruments		
Financial asset		
Amount due from a subsidiary	4,534	1,457
Financial liability		
Other payables	4,534	1,457

The Group and the Company do not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting year would not affect the profit or loss.

(iii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's liquidity is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debts obligations as and when they fall due and on its ability to obtain external financing for its committed future capital expenditures.

At the reporting date, the Group's and the Company's non-derivative financial liabilities which have contractual maturities are summarised below:-

Group		← Maturity	→
2019	**Carrying amount RM'000**	**Less than 1 year RM'000**	**Between 1 year to 5 years RM'000**
Unsecured:			
Trade payables	181	181	–
Other payables	24,807	21,568	3,239
	24,988	21,749	3,239

25. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(iii) Liquidity risk (cont'd)

At the reporting date, the Group's and the Company's non-derivative financial liabilities which have contractual maturities are summarised below (cont'd):-

		Maturity	
Group (cont'd)	**Carrying amount**	**Less than 1 year**	**Between 1 year to 5 years**
2018	**RM'000**	**RM'000**	**RM'000**
Unsecured:			
Trade payables	1,982	1,982	–
Other payables	19,965	19,663	302
	21,947	21,645	302
Company			
2019			
Unsecured:			
Other payables	4,694	1,455	3,239
2018			
Unsecured:			
Other payables	2,411	2,109	302

The liquidity risk arises principally from financial guarantee by the Company in respect of payables owing by a subsidiary amounted to RM104,883 (2018: RM1,903,000).

(b) Fair values of financial instruments

The fair values of financial assets and financial liabilities of the Group and of the Company are reasonable approximation of their carrying amounts on the statements of financial position.

(c) Fair value hierarchy

No fair value hierarchy has been disclosed as the Group and the Company do not have financial instruments measured at fair value.

26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debts on an ongoing basis. To maintain the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the financial year.

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING DATE

(a) CDMSB on 18 August 2015 entered into a Joint Venture Agreement ("JVA") with a third party for the joint development on the parcel of leasehold land located at Sepang, Selangor Darul Ehsan into a mixed development project. The third party failed to comply with the express terms of the JVA which resulted in non-fulfilment of the conditions precedent. In 2018, partial of the land with 0.9892 hectares or 2.44 acres ("Land") had been affected by the construction of Lebuhraya Kuala Lumpur – Putrajaya – KLIA (MEX 2) and CDMSB filed in a claim to Pejabat Tanah dan Galian Selangor ("PTGS") for compensation as land owner.

On 1 October 2018, PTGS concluded the case and ordered a compulsory acquisition of the Land with RM9,397,400 compensated for the Land acquired and deposited such amount into the Court because there is a caveat on the Land filed by the management of the third party which claimed that it is entitled to the compensation by reason of the JVA.

On 26 March 2019, CDMSB filed an originating summons against the third party in Shah Alam High Court ("Court") to obtain an order that the compensation paid to the Court rightfully belongs to CDMSB as the land owner and the third party has no right to the compensation sum paid by reasons of the terms of the JVA.

Based on the legal opinion obtained from solicitors, the compensation is entitled by CDMSB in full because the third party has yet to fulfil the conditions precedents of JVA within the stipulated time in accordance with the JVA. CDMSB had issued a Notice of Termination on 5 May 2019 to terminate the JVA with the third party, stated that CDMSB will forfeit the RM3 million from the RM5 million of deposit paid by the third party earlier upon entering into the JVA.

Subsequent to the reporting date, the third party appealed on the matter mentioned and the case management has been fixed for case management on 18 June 2020 for compliance of pre-trial case management directions and full trial on 24 to 26 August 2020. Based on the legal advice, the Directors do not expect the outcome of the case management to have a negative impact to the Group's financial position and result.

(b) On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the Group, the economy and the general population. Management has not yet determined the financial impact of these events.

LIST OF PROPERTIES

as at 31.12.2019

Location	Description	Date of Acquisition / Date of Valuation	Gross Floor Area (square feet)	Tenure	Age of Buildings (years)	Net Book Value (RM)
Nos. 3-1 to 3-5 Jalan PJU 1/ 41 Dataran Prima Petaling Jaya Selangor Darul Ehsan	Five (5) Strata shop / office	30 Dec1999 31 Dec 2018	No. 3-1: 1,542 No. 3-2: 1,735 No. 3-3: 1,735 No. 3-4: 1,735 No. 3-5: 1,735 8,482	Freehold	20	3,868,132
No. 31-2 Jalan PJU 1/ 39 Dataran Prima Petaling Jaya Selangor Darul Ehsan	One (1) Strata shop / office	9 Aug 2002 31 Dec 2018	No. 31-2: 1,735	Freehold	17	581,726
Level No. 07 101-07-09 Menara PERDANA Jalan Gurdwara Penang	1 storey in a 14-storey light industrial building	26 Sep 2006 31 Dec 2018	2,034	Freehold	13	876,053
H.S(D) 15896 PT 32544 (Plot A) Mukim of Dengkil District of Sepang State of Selangor Darul Ehsan	A parcel of vacant agricultural land	25 Sep 2008 26 Apr 2013 9 Apr 2018	62 acres	Leasehold for a term of 99 years expiring on 1 February 2104	–	48,420,110
H.S(D) 13828 PT 26800 (Plot E-Studio) Mukim of Dengkil District of Sepang State of Selangor Darul Ehsan	A parcel of commercial development land	25 Sep 2008 3 Jun 2016	1,562,016	Leasehold for a term of 99 years expiring on 21 May 2103	–	93,629,077
H.S(D) 9651 PT 2263 Mukim of Kota Lama Kiri District of Kuala Kangsar State of Perak Darul Ridzuan	A parcel of vacant agriculture land	29 Sep 2009 31 Dec 2018	Land Area (square meter) 47,720	Freehold	–	1,500,000
H.S(D) 1464 to 1744 PT 952 to 1232 Mukim of Kota Lama Kiri District of Kuala Kangsar State of Perak Darul Ridzuan	281 pieces of Commercial development Land	29 Sep 2009 26 Apr 2013 29 Dec 2017	Land Area (square meter) 88,999	Leasehold for a term of 99 years expiring on 24 Jan 2093	–	8,276,070
Total Net Book Value:						**157,151,168**

ANALYSIS OF SHAREHOLDINGS
as at 15 May 2020

SHARE CAPITAL

Total Number of Issued Shares	:	2,509,978,220 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
51	Less than 100	1,766	*
2,010	100 to 1,000	1,362,007	0.05
1,818	1,001 to 10,000	9,779,377	0.39
2,790	10,001 to 100,000	150,740,220	6.01
1,786	100,001 to less than 5% of issued shares	2,006,888,350	79.96
2	5% and above of the issued shares	341,206,500	13.59
8,457	**TOTAL**	**2,509,978,220**	**100.00**

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS
(AS PER THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Khor Chong Hai	213,428,900	8.50
2.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sierra Bonus Sdn Bhd*	127,777,600	5.09
3.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kheng Peow*	122,202,710	4.87
4.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For See Thoo Chan*	88,693,700	3.53
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Wee Tiew Toon (8048870)*	79,795,400	3.18
6.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kheng Peow*	78,857,300	3.14
7.	Gan Siew Liat	60,500,000	2.41
8.	Low Gay Teong	50,723,000	2.02
9.	Chin Mong Kong	48,918,000	1.95
10.	RHB Capital Nominees (Tempatan) Sdn Bhd *Thong Weng Kin*	44,972,900	1.79
11.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sierra Bonus Sdn Bhd (Margin)*	34,482,700	1.37
12.	Goh Kheng Peow	29,800,000	1.19

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS
(AS PER THE RECORD OF DEPOSITORS) (CONT'D)

	Name of Shareholders	No. of Shares Held	Percentage (%)
13.	Wong Yoke Kuen	27,418,000	1.09
14.	Resolute Accomplishment Sdn Bhd	26,500,000	1.06
15.	Wong Lay Leng	25,500,000	1.02
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kheng Peow (8026769)*	25,000,000	1.00
17.	Kong Choke Lei	24,000,000	0.96
18.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Siew Li (M08)*	20,000,000	0.80
19.	Bagan Pesona Sdn Bhd	17,883,700	0.71
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Hoh Fook Shin (7000167)*	16,544,800	0.66
21.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cheong Weng Teong*	15,000,000	0.60
22.	Lim Kang Pow	14,406,500	0.57
23.	Tham Fay @ Tham Weng Sung	13,330,000	0.53
24.	See Thoo Chan	13,257,600	0.53
25.	Ang Bok Gee	13,100,000	0.52
26.	Public Invest Nominees (Tempatan) Sdn Bhd *Exempt AN For Phillip Securities Pte Ltd (Clients)*	11,160,000	0.44
27.	Syed Akmal Bin Shed Yusuf	11,000,000	0.44
28.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Muralitharan A/L P.Subramaniam (PB)*	10,000,000	0.40
29.	Loi Tek Eiu	10,000,000	0.40
30.	Thong Weng Kin	9,150,100	0.36
	TOTAL	**1,283,402,910**	**51.132**

SUBSTANTIAL SHAREHOLDERS

(AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	NO. OF SHARES HELD			
NAME OF SHAREHOLDERS	**DIRECT**	**%**	**INDIRECT**	**%**
1. Goh Kheng Peow	256,050,010	10.20	102,884,400 #	4.10
2. See Thoo Chan	102,884,400	4.10	256,050,010 ^	10.20
3. Dato' Khor Chong Hai	213,428,900	8.50	–	–
4. Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sierra Bonus Sdn Bhd*	162,260,300	6.47	–	–

\# *Deemed interest by virtue of his relationship with See Thoo Chan, his spouse*
^ *Deemed interest by virtue of her relationship with Goh Kheng Peow, her spouse*

DIRECTORS' SHAREHOLDINGS

(AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

	NO. OF SHARES HELD			
NAME OF DIRECTORS	**DIRECT**	**%**	**INDIRECT**	**%**
1. Tan Sri Datuk Asmat bin Kamaludin	–	–	–	–
2. See Thoo Chan	102,884,400	4.10	256,050,010 ^	10.20
3. Goh Tai Wai	–	–	–	–
4. Mohamed Fauzi bin Omar	–	–	–	–

\# *Deemed interest by virtue of his relationship with See Thoo Chan, his spouse*
^ *Deemed interest by virtue of her relationship with Goh Kheng Peow, her spouse*

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Securities:

1) Utilisation of Proceeds Raised from Private Placement

The status of the utilisation of proceeds from the Company's Private Placement as at 15 May 2020 is as tabulated below:-

Detail of utilisation	Approved Limit RM	Utilisation of Proceeds				Balance RM
		1st Tranche Received on 10.06.2019 (RM999,999.00) RM	2nd Tranche Received on 19.07.2019 (RM999,999.00) RM	3rd Tranche Received on 27.09.2019 (RM499,998.60) RM	4th Tranche Received on 11.03.2020 (RM499,999.15) RM	
Repayment to Advances	2,199,000.00	(681,102.36)	(738,492.09)	(480,645.59)	(163,793.91)	134,966.05
Repayment to Creditors	2,528,000.00	(244,696.64)	(62,829.10)	(19,353.01)	(158,470.76)	2,042,650.49
Business working capital						
- Inoculation	920,000.00	–	–	–		920,000.00
- Advertisement and Promotion	173,000.00	–	–	–		173,000.00
Operation expenses						
- Staff related expenses	1,625,000.00	–	(76,469.81)	–	(145,099.38)	1,403,430.81
- Sundry expenses	553,000.00	–	(9,000.00)	–	(32,635.10)	511,364.90
Reserved fund for new business	5,081,000.00	–	–	–		5,081,000.00
Estimated expenses	420,000.00	(74,200.00)	(113,208.00)	–		232,592.00
Total	**13,499,000.00**	**(999,999.00)**	**(999,999.00)**	**(499,998.60)**	**(499,999.15)**	**10,499,004.25**

2) Audit and Non-audit fees

The audit fee and non-audit fees paid or payable by the Company and the Group to the External Auditors for the financial year ended 31 December 2019 were as follows:-

Audit Services	2019	
	Group	**Company**
Statutory audit fees	108,000	40,000
Non-audit fees	14,000	14,000
TOTAL	122,000	54,000

3) Material Contracts

There were no material contracts entered into by the Company and its subsidiaries 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 ended 31 December 2019 or entered into since the end of the previous financial year.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting ("15th AGM" or "Meeting") of **COMPUGATES HOLDINGS BERHAD** will be held at Greens III Sports Wing, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Monday, 6 July 2020 at 10.00 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. **(Please refer to the Explanatory Note 9)**

2. To approve the payment of Directors' fees of up to RM276,000 for the financial year ending 31 December 2020. **(Ordinary Resolution 1)**

3. To re-elect Encik Mohamed Fauzi Bin Omar who retires pursuant to Clause 134 of the Company's Constitution. **(Ordinary Resolution 2)**

4. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 3)**

AS SPECIAL BUSINESS

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

5. **Ordinary Resolution**
   Proposed Retention of Independent Directors

   (i) "**THAT** Tan Sri Datuk Asmat Bin Kamaludin who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, shall continue to act as an Independent Non-Executive Director of the Company." **(Ordinary Resolution 4)**

   (ii) "**THAT** Encik Mohamed Fauzi Bin Omar who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, shall continue to act as an Independent Non-Executive Director of the Company." **(Ordinary Resolution 5)**

6. **Ordinary Resolution**
   Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 **(Ordinary Resolution 6)**

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being and that the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting."

7. To transact any other business of the Company for which due notice shall have been given in accordance with the Company's Constitution and/or Companies Act 2016.

By Order of the Board
COMPUGATES HOLDINGS BERHAD

CHEN WEE SAM (SSM PC No. 202008002853) (LS 0009709)
HEW CHEE HAU (SSM PC No. 201908001291) (MIA 21967)
Company Secretaries
Kuala Lumpur

5 June 2020

Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.

2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

5. The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online . Please refer to the Annexure to the Form of Proxy for further information on electronic submission. All proxy form submitted must be received by the Company not less than 48 hours before the time set for holding the Meeting or any adjournment thereof or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.

7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 June 2020, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Note on Ordinary Business

9. **Audited Financial Statements for financial year ended 31 December 2019**

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put forward for voting.

Explanatory Notes on Special Business

10. **Proposed Retention of Independent Directors**

The proposed Ordinary Resolutions 4 and 5, if passed will allow Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar to be retained and continue to act as Independent Directors to fulfil the requirement of Paragraph 15.02 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements. The details of the Board's justification and recommendations for the retention of Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar are set out on Page 25 of the Corporate Governance Overview Statement in the Annual Report 2019.

11. **Authority to Allot and Issue and Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

Ordinary Resolution 6 is proposed for the purpose of obtaining a renewed General Mandate ("General Mandate"), which if passed, will empower the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue new ordinary shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 20% of the total number of issued shares (excluding treasury shares, if any) of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company after the approval was given, or at the expiry of period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier.

As part of the initiative from Bursa Securities to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Securities had vide its letter dated 16 April 2020 allows a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirement of Bursa Securities of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities.

The General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions, expeditiously and efficiently, during the challenging time.

The Board, having considered the current financial position, challenging economic outlook, strategic planning and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the general mandate granted to the Directors at the last Annual General Meeting held on 28 May 2019 and it will lapse at the conclusion of the 15th AGM of the Company.

IMPORTANT NOTICE: In view of the outbreak of COVID-19 which is now a global pandemic, the Company has in place rules and control for the 15th AGM in order to safeguard the health of attendees. Please follow the procedures provided in the Administrative Guide which can be downloaded from the Company's website or announcement via Bursa website.

tricor | TIIH online

ANNEXURE

ELECTRONIC SUBMISSION OF PROXY FORM VIA TIIH ONLINE

Dear shareholders,

We are pleased to inform that you as a shareholder can have the option to submit your proxy forms by electronic means through our system, TIIH Online (“**e-Proxy”**).

TIIH Online is an application that provides an online platform for shareholders *(individuals only)* to submit document/form electronically which includes proxy form in paperless form (“e-Submission”). Once you have successfully submitted your e-proxy form, you are no longer required to complete and submit the physical proxy form to the company or Tricor office.

To assist you on how to engage with e-Proxy, kindly read and follow the guidance notes which are detailed below:

1. Sign up as user of TIIH Online

- Using your computer, access our website at https://tiih.online
- Sign up as a user by completing the registration form, registration is free
- Upload a softcopy of your MyKad (front and back) or your passport
- Administrator will approve your registration within one working day and notify you via email
- Activate your account by re-setting your password

Notes:
(i) If you are already a user of TIIH Online, you are not required to sign up again
(ii) An email address is allowed to be used once to register as a new user account, and the same email cannot be used to register another user account
(iii) At this juncture, only individual security holders are offered to register as user and participate in e-Proxy

2. Proceed with submission of e-Proxy

- After the release of the Notice of Meeting by the Company, login with your user name (i.e. e-mail address) and password
- Select the corporate event: **“Submission of Proxy Form”**
- Read and agree to the Terms & Conditions and confirm the Declaration
- Select/insert the CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf
- Appoint your proxy(s) or chairman and insert the required details of your proxy(s)
- Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote
- Review & confirm your proxy(s) appointment
- Print e-proxy for your record

Should you need assistance on our e-Submission, please contact us. Thank you.

Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	Telephone No: 03-27839299 Fax No: 03-27839222 E-mail: is.enquiry@my.tricorglobal.com

COMPUGATES®

COMPUGATES HOLDINGS BERHAD
Registration No. 200401030779 (669287-H)
(Incorporated in Malaysia)

CDS Account No.				-				-								
No. of Shares Held																

FORM OF PROXY

I/We ____ (NRIC No./Co. No ____________________)
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

being a member/members of **COMPUGATES HOLDINGS BERHAD (200401030779 (669287-H))**, hereby appoint

Name of Proxy *(Full Name)*	**NRIC No./Passport No.**	**% of Shareholdings to be Represented** *(Refer to Note 2)*
Address		

and/or failing him/her

Name of Proxy *(Full Name)*	**NRIC No./Passport No.**	**% of Shareholdings to be Represented** *(Refer to Note 2)*
Address		

or failing him/her, **THE CHAIRMAN OF THE MEETING** as my/our proxy/proxies to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting ("15th AGM") of the Company to be held at Greens III Sports Wing, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 6 July 2020 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

ORDINARY RESOLUTION		**FOR**	**AGAINST**
1.	To approve the payment of Directors' fees for the financial year ending 31 December 2020		
2.	Re-election of Encik Mohamed Fauzi Bin Omar as Director of the Company		
3.	Re-appointment of Messrs Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
4.	Retention of Tan Sri Datuk Asmat Bin Kamaludin as an Independent Director of the Company		
5.	Retention of Encik Mohamed Fauzi Bin Omar as an Independent Director of the Company		
6.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		

* Delete if not applicable.

Dated this____________ day of ______________________2020.

____
Signature(s) of member(s)

Notes:-

1. *A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.*
2. *A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.*
3. *A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.*
4. *Where a member is an Authorised Nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online. Please refer to the Annexure to the Form of Proxy for further information on electronic submission. All proxy form submitted must be received by the Company not less than 48 hours before the time set for holding the Meeting or any adjournment thereof or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
6. *An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 June 2020, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

Please fold here

AFFIX
STAMP

The Company Share Registrar
COMPUGATES HOLDINGS BERHAD
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Then fold here

COMPUGATES HOLDINGS BERHAD
Registration No. 200401030779 (669287-H)

No. 3, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor
Tel : 03-7880 8133 Fax : 03-7880 6133

www.compugates.com