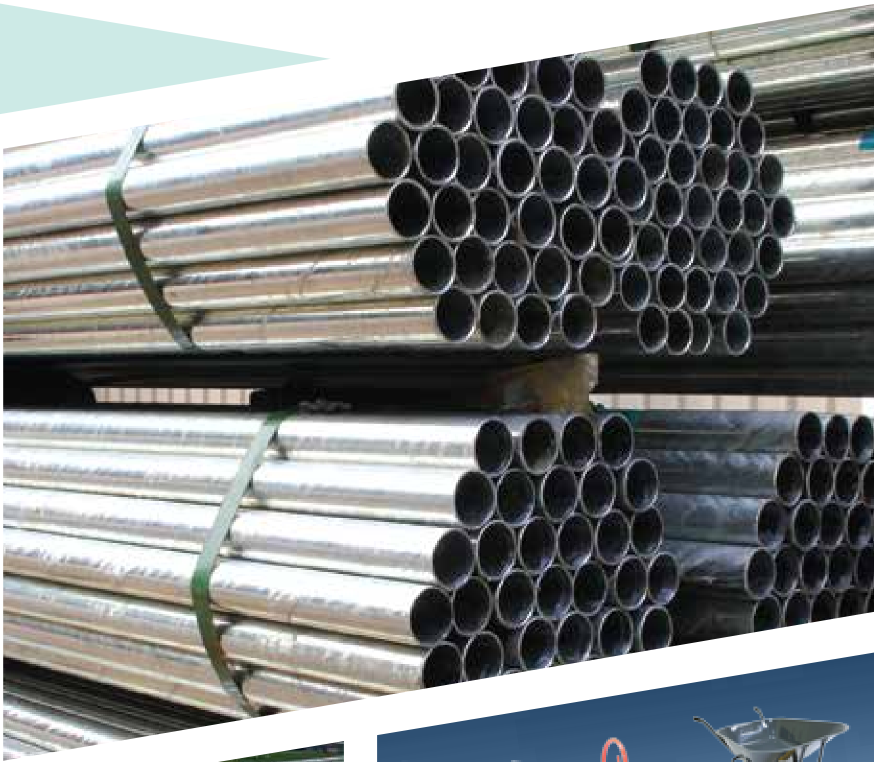
PRESTAR RESOURCES BERHAD

198401010527 (123066-A)



ANNUAL REPORT
LAPORAN TAHUNAN 2019

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fifth Annual General Meeting of Prestar Resources Berhad will be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Monday, 27 July 2020 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon.

2. To approve the payment of the single-tier final dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2019. *(Resolution 1)*

3. To approve the payment of Directors' fees amounting to RM225,000 for the financial year ended 31 December 2019. *(Resolution 2)*

4. To approve an amount of up to RM30,000 as benefits payable to the Non-Executive Directors from 28 July 2020 to the next Annual General Meeting of the Company to be held in 2021. *(Resolution 3)*

5. To re-elect the following Directors who retire pursuant to Clause 118 of the Company's Constitution, and being eligible, have offered themselves for re-election:-

   (a) Mr. Toh Yew Kar; *(Resolution 4)*

   (b) Mr. Toh Yew Seng; and *(Resolution 5)*

   (c) Encik Md. Nahar bin Noordin. *(Resolution 6)*

6. To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. *(Resolution 7)*

7. As Special Businesses:

   To consider and, if thought fit, with or without any modification, to pass the following resolutions which will be proposed as ordinary resolutions:-

   (a) ORDINARY RESOLUTION NO. 1
   - AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 *(Resolution 8)*

   "**THAT** subject to the Companies Act 2016, the Constitution of the Company and approvals of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and any other governmental/ regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to the Companies Act 2016, to issue and allot shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities;

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

   (b) ORDINARY RESOLUTION NO. 2
   - PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY *(Resolution 9)*

   "**THAT** subject to the compliance with Section 127 of the Companies Act 2016 ("**the Act**") and all other applicable laws, rules and regulations, provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**"), approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company ("**Shares**") as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities as the Directors may deem fit and expedient in the interests of the Company provided that the aggregate number of Shares to be purchased and held pursuant to this resolution does not exceed ten per centum (10%) of the existing total number of issued shares of the Company including the Shares previously purchased and retained as treasury shares, if any, upon such terms and conditions as set out in the Statement to Shareholders dated 12 June 2020;

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(b) ORDINARY RESOLUTION NO. 2 (cont'd)
- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

AND THAT such authority shall commence immediately upon the passing of this resolution and until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by ordinary resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Bursa Malaysia Securities Main Market Listing Requirements and any other relevant authorities;

AND THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's retained profits based on the latest audited financial statements of the Company for the financial year ended 31 December 2019 of RM24,119,619;

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the Shares so purchased by the Company as treasury shares and/ or to cancel them and/or to resell them and/or to distribute them as share dividends and/or to transfer them for the purposes of or under an employees share scheme and/or to transfer them as purchase consideration in such manner as may be permitted and prescribed by the provisions of Bursa Malaysia Securities Main Market Listing Requirements, the Act and any other relevant authorities;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to implement, finalise and give full effect to the aforesaid with full powers to assent to any condition, modification, variation and/or amendment, if any, as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

(Resolution 10)

(c) ORDINARY RESOLUTION NO. 3
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**THAT** subject to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company's subsidiaries to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent Related Party Transactions**") with the related parties, as described in Part B, Section 2.3 of the Circular to Shareholders dated 12 June 2020 subject further to the following:-

(i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall, commence immediately upon the passing of this ordinary resolution and continue to be in force until:-

(a) the conclusion of the first Annual General Meeting ("**AGM**") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the Meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier,

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(d) **ORDINARY RESOLUTION NO. 4** *(Resolution 11)*
- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

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

(e) **ORDINARY RESOLUTION NO. 5** *(Resolution 12)*
- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"**THAT** subject to the passing of Resolution No. 6, Encik Md. Nahar Bin Noordin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance."

(f) **ORDINARY RESOLUTION NO. 6** *(Resolution 13)*
- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"**THAT** Tuan Haji Fadzlullah Shuhaimi Bin Salleh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance."

(g) **ORDINARY RESOLUTION NO. 7** *(Resolution 14)*
- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"**THAT** Dato' Lim Cheang Nyok who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance."

8. To transact any other ordinary business for which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the single-tier final dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2019 will be payable on 25 September 2020 to depositors who are registered in the Record of Depositors at the close of business on 11 September 2020, if approved by members at the forthcoming Thirty-Fifth Annual General Meeting on 27 July 2020.

A Depositor shall qualify for entitlement only in respect of:-

(a) Securities transferred into the Depositor's Securities Account before 4:30 p.m. on 11 September 2020 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") on a cum entitlement basis according to the Rules of Bursa Malaysia Securities.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC No. 201908002648)
CHIN MUN YEE (MAICSA 7019243) (SSM PC No. 201908002785)
Secretaries

Kuala Lumpur
Dated: 12 June 2020

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes:-

1. Authority to Issue Shares pursuant to the Companies Act 2016

   The proposed adoption of the Ordinary Resolution No. 1 is for the purpose of granting a renewed general mandate ("**General Mandate**") and empowering the Directors of the Company, pursuant to the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities for the purpose of funding future investment project(s), working capital and/or acquisition(s).

   As at the date of the Notice of the Annual General Meeting, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirty-Fourth Annual General Meeting held on 30 May 2019 and which will lapse at the conclusion of the Thirty-Fifth Annual General Meeting.

2. Proposed Renewal of Authority for Share Buy-Back

   The proposed adoption of the Ordinary Resolution No. 2 is to renew the authority granted by the shareholders of the Company at the Thirty-Fourth Annual General Meeting held on 30 May 2019. The proposed renewal will allow the Board of Directors to exercise the power of the Company to purchase not more than ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

3. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   The proposed adoption of the Ordinary Resolution No. 3 is to renew the shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent Related Party Transactions**") granted by the shareholders of the Company at the Thirty-Fourth Annual General Meeting held on 30 May 2019 ("**Renewal of Shareholders' Mandate**"). The Renewal of Shareholders' Mandate will enable the Company's subsidiaries ("**the Group**") to enter into the Recurrent Related Party Transactions which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

4. Retention as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance

   (a) Mr. Lou Swee You (Ordinary Resolution No. 4)

   Mr. Lou Swee You was appointed as an Independent Non-Executive Director of the Company on 9 May 2008, and has, therefore served more than twelve (12) years as an Independent Non-Executive Director. As at the date of the Notice of the Annual General Meeting, he has served the Company for twelve (12) years and one (1) month as an Independent Non-Executive Director. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director.

   (b) Encik Md. Nahar Bin Noordin (Ordinary Resolution No. 5)

   Encik Md. Nahar Bin Noordin has served the Company for almost twenty-six (26) years since his appointment as a Non-Independent Non-Executive Director of the Company on 18 June 1994. Subsequently, he was re-designated as an Independent Non-Executive Director of the Company on 3 October 2007, and has, therefore served for more than twelve (12) years as an Independent Non-Executive Director. As at the date of the Notice of the Annual General Meeting, he has served the Company for twelve (12) years and eight (8) months as an Independent Non-Executive Director. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes:- (cont'd)

(c) Tuan Haji Fadzlullah Shuhaimi Bin Salleh (Ordinary Resolution No. 6)

Tuan Haji Fadzlullah Shuhaimi Bin Salleh was appointed as an Independent Non-Executive Director of the Company on 18 March 1995, and has, therefore served for more than twelve (12) years as an Independent Non-Executive Director. As at the date of the Notice of the Annual General Meeting, he has served the Company for twenty-five (25) years and two (2) months as an Independent Non-Executive Director. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director.

(d) Dato' Lim Cheang Nyok (Ordinary Resolution No. 7)

Dato' Lim Cheang Nyok was appointed as an Independent Non-Executive Director of the Company on 28 March 2002, and has, therefore served for more than twelve (12) years as an Independent Non-Executive Director. As at the date of the Notice of the Annual General Meeting, he has served the Company for eighteen (18) years and two (2) months as an Independent Non-Executive Director. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director.

Further information on the Proposed Renewal of Share Buy-Back Authority and Proposed Renewal of Shareholders' Mandate are set out in the Statement and Circular to Shareholders of the Company, respectively which are despatched together with the Company's 2019 Annual Report.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 July 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

   As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and subsequently revised on 14 May 2020, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/ Board/relevant advisers during the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Appointment of proxy and registration for remote participation and voting

   The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at https://www.sshsb.net.my/. All resolutions set out in this notice of meeting are to be voted by poll.

   Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at https://www.sshsb.net.my/ by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

   The Administrative Guide on the Conduct of a Fully Virtual General Meeting is available for download at www.prestar.com.my/investorRelations/InvestorRelations_mainpage.asp

CORPORATE INFORMATION

BOARD OF DIRECTORS

Toh Yew Keat
Group Executive Chairman

Dato' Toh Yew Peng
Group Managing Director

Toh Yew Kar
Group Executive Director

Toh Yew Seng
Group Executive Director

Toh Yew Chin
Executive Director

Tuan Haji Fadzlullah Shuhaimi Bin Salleh
Independent Non-Executive Director

Md. Nahar Bin Noordin
Independent Non-Executive Director

Dato' Lim Cheang Nyok
Independent Non-Executive Director

Lou Swee You
Independent Non-Executive Director

COMPANY SECRETARIES
Chua Siew Chuan
(MAICSA 0777689)
(SSM PC No. 201908002648)
Chin Mun Yee
(MAICSA 7019243)
(SSM PC No. 201908002785)

REGISTERED OFFICE
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Tel. No. : 03-2084 9000
Fax No. : 03-2094 9940/2095 0292

WEBSITE & E-MAIL
Website : www.prestar.com.my
E-mail : info@prestar.com.my

REGISTRAR
Securities Services (Holdings)
Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Tel. No. : 03-2084 9000
Fax No. : 03-2094 9940/2095 0292

AUDITORS
BDO PLT
Chartered Accountants
Kuala Lumpur
Tel. No. : 03-2616 2888
Fax No. : 03-2616 3190

PRINCIPAL BANKERS
Affin Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITORS
SKRINE
Lim & Yeoh

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 9873

GROUP FINANCIAL HIGHLIGHTS

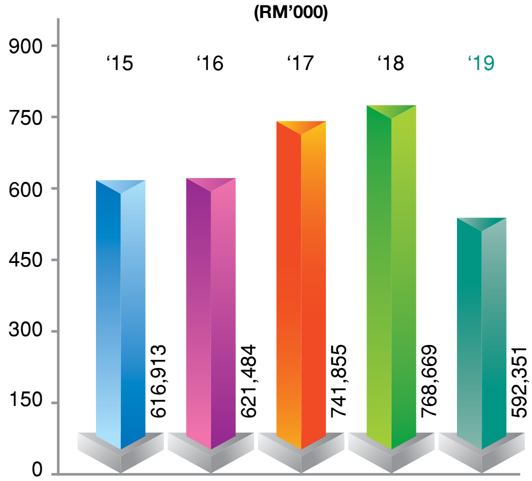
(RM'000)	2015^	2016^	2017	2018	2019
Revenue					
Continuing Operations	404,629	406,743	484,154	508,124	454,168
Disposal Group Operations	212,284	214,741	257,701	260,545	138,183
Profit before tax					
Continuing Operations	15,114	25,247	46,123	10,669	1,523
Disposal Group Operations	4,987	14,585	21,693	14,973	6,073
Profit attributable to owners of the parent					
Continuing Operations	8,498	18,165	35,041	6,886	3,314
Disposal Group Operations	2,161	6,175	8,085	5,724	2,215
Total Assets	578,228	624,898	697,093	653,843	517,921
Equity attributable to owners of the parent	214,651	236,732	278,372	280,225	284,651
EBITDA#	44,231	63,873	92,626	50,806	29,761
Net assets per share *(RM)	1.23	1.32	1.41	1.43	1.46
Earnings per share *(Sen)	6.1	13.8	22.4	6.4	2.8

Earnings before interests, depreciation, tax and amortisation

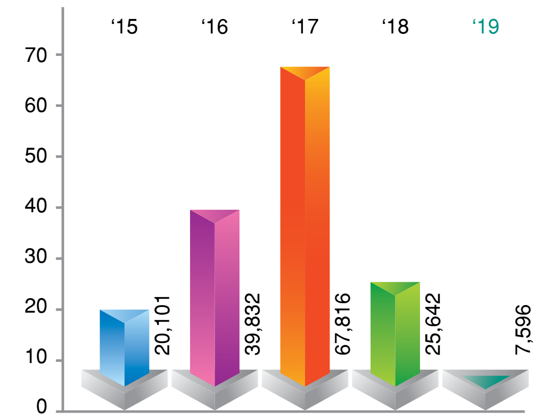
* *attributable to owners of the Company*

^ *Revenue, Profit before tax, Profit attributable to owners of the parent shown are reclassified for comparison purposes*

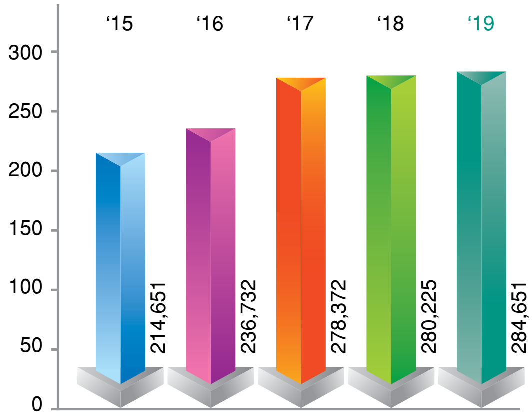
Revenue
(RM'000)



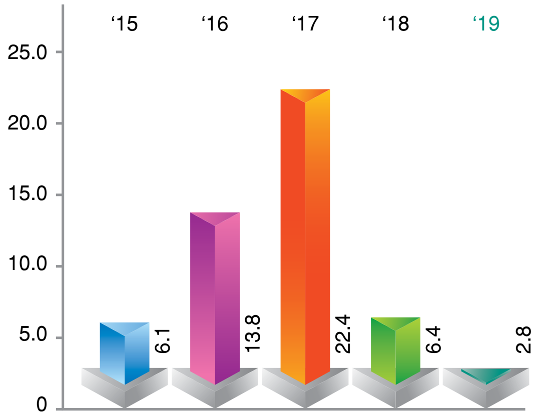
Profit Before Tax
(RM'000)



Equity Attributable to Owners of the Parent
(RM'000)



Earnings Per Share Attributable to Owners of the Parent
(sen)



CORPORATE STRUCTURE

(As at 13 May 2020)

鴻達集團

PRESTAR RESOURCES BERHAD

198401010527 (123066-A)

STEEL PROCESSING

100%
Prestar Steel Pipes Sdn. Bhd.
199601002850 (375196-W)

100%
Prestar Precision Tube Sdn. Bhd.
200401004690 (643193-X)

100%
Dai Dong Steel Sdn. Bhd.
199401002168 (287846-W)

34%
* Tashin Holdings Berhad
201701028709 (1242878-H)

30%
POSCO-MKPC Sdn. Bhd.
199601000479 (372824-A)

PRODUCT MANUFACTURING

100%
Prestar Manufacturing Sdn. Bhd.
198801002984 (170341-A)

100%
Prestar Storage System Sdn. Bhd.
200101002764 (538520-A)

100%
Prestar Marketing Sdn. Bhd.
198101010711 (76838-X)

97%
Prestar Galvanising Sdn. Bhd.
199401029444 (315125-T)

100%
Prestar Engineering Sdn. Bhd.
199401021499 (307178-A)

100%
PT Prestar MHE, Indonesia

** Listed on the ACE market of Bursa Malaysia Securities Berhad*

MANAGEMENT DISCUSSION AND ANALYSIS

Prestar Resources Berhad ("Prestar" or "the Company") has been listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") for more than twenty-four (24) years. Throughout these years, Prestar and its subsidiaries ("the Group") have remained focus on its core business activities of steel product manufacturing and steel processing as well as trading of wide ranges of steel related products, hardware and related industrial products and equipment.

Financial year ended 31 December 2019 ("FYE 2019") was an eventful and challenging year for the Group with several corporate activities being carried out amidst the major set-back in steel prices which had affected the Group's bottom line performance. One (1) of the major events that occurred during FYE 2019 was the successful listing of its 51%-owned subsidiary, Tashin Holdings Bhd. ("THB") on the ACE Market of Bursa Malaysia Securities on 1 August 2019, which had resulted in a significant change to the Group structure of Prestar. Following the aforesaid listing of THB, THB is now an associate company of Prestar by virtue of Prestar's equity interests in THB of 34%. Prestar currently has nine (9) subsidiaries and two (2) associate companies. The Group also set-up business offices in other countries such as Jakarta, Indonesia and Bangkok, Thailand to continue spear head its business expansion.

The financial and operational reviews of the Group as well as the major risks encountered are further elaborated below.

FINANCIAL REVIEW

The key financial highlights of the Group for FYE 2019 as compared to the financial year ended 31 December 2018 ("FYE 2018") are as follows:-

	FYE 2019			FYE 2018			Variance		
	Continuing operations RM'000	Disposal group operations* RM'000	Total RM'000	Continuing operations RM'000	Disposal group operations* RM'000	Total RM'000	Continuing operations %	Disposal group operations* %	Total %
Revenue	454,168	138,183	592,351	508,124	260,545	768,669	(10.6)	(47.0)	(22.9)
Gross profit	30,228	10,637	40,865	49,950	25,262	75,212	(39.5)	(57.9)	(45.7)
Other operating income	22,426	3,623	26,049	5,882	5,419	11,301	281.3	(33.1)	130.5
Profit before tax	1,523	6,073	7,596	10,669	14,973	25,642	(85.7)	(59.4)	(70.4)
Profit attributable to owners of the parents	3,314	2,215	5,529	6,886	5,724	12,610	(51.9)	(61.3)	(56.2)

Note:

* *Pursuant to the corporate proposals as disclosed under Note 21 of the Audited Financial Statements for FYE 2019, the financial results of Tashin Holdings Berhad, Tashin Steel Sdn. Bhd. and Tashin Hardware Sdn. Bhd. ("Tashin Group") are classified as disposal group operations.*

The Group's financial performance for FYE 2019 experienced a decline mainly due to squeezed margin amidst stiff competition and coupled with low market demand. The Group's revenue for continuing operations for FYE 2019 was reduced by 10.6% or RM53.9 million to RM454.2 million, as compared to FYE 2018. Whereas, the revenue from the disposal group operations had reduced by RM122.4 million or 47.0% for FYE 2019 as compared to FYE 2018. These figures were recognised for the month of July 2019 only and not comparable with the preceding year 2018 as THB was listed on the ACE Market of Bursa Malaysia Securities on 1 August 2019 whereby THB Group is required to report under equity accounting method and recorded in share of results of associate.

Profit before taxation for FYE 2019 had declined due to weak market demand and unfavourable business conditions during FYE 2019 which resulted in poor performance of certain subsidiaries and the associate companies.

During the financial year under review, there was a significant improvement of 281.3% recorded in other operating income from RM5.9 million in FYE 2018 to RM22.4 million in FYE 2019. This was mainly due to recognition of investment gain upon listing of a subsidiary as a result of offer for sales ("OFS") of 29,071,000 ordinary shares held in THB during the initial public offering ("IPO") exercise at an offer price of RM0.58 per share of THB and has raised the proceeds amounted to RM16.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL REVIEW (cont'd)

During FYE 2019, the other expenses had increased by 155.2% to RM5.8 million as compared to RM2.3 million in FYE 2018. This was mainly due to substantial amount of provisions made for lower realisable value of inventories and accounts receivables as well as impairment of certain machineries during FYE 2019 which were in line with the requirements of accounting standards.

The Group's trade payable for FYE 2019 had increased to RM21.9 million as compared to RM16.3 million in FYE 2018. The Group's bank borrowings for FYE 2019 had reduced by 19.3% to RM181.4 million as compared to FYE 2018. The gross proceeds arising from the OFS had been substantially utilised to repay the bank borrowings of the Group. This has resulted that the Group's gearing ratio had improved from 0.78 times as at 31 December 2018 to 0.65 times as at 31 December 2019.

The Company had paid a single-tier final dividend of 0.5 sen per ordinary share in respect of FYE 2018 on 26 July 2019. The Board of Directors of the Company ("the Board") had recommended a single-tier final dividend of 1.0 sen per ordinary share for FYE 2019 which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company scheduled to be held on 27 July 2020.

Currently, the Company does not adopt any Dividend Policy. However, the Board strives to adopt a consistent approach in declaring dividends every financial year after considering various factors, such as future investment requirements, profitability and liquidity of the Company.

OPERATIONS REVIEW

In order to improve further on the Group's efficiency and ensuring sustainability, the Group continued to carry out acquisitions and operational changes as part of the long-term strategic action plans in order to enhance the Group's competitiveness and market position.

The corporate exercises undertaken by the Group for FYE 2019 are elaborated below:

i) Acquisition of warehouse and office building located at Kampung Baru, Subang

At the beginning of year 2019, the Group had completed its acquisition of warehouse and office building located at Kampung Baru, Subang where the Sale and Purchase Agreement was entered with Skyhub Technologies Sdn. Bhd. in March 2018. The new office and warehouse facility acquired had been occupied by Prestar Marketing Sdn. Bhd. ("PMKTG"), a wholly-owned subsidiary of the Company, for its business expansion.

Following the completion of the said acquisition, PMKTG had moved into the warehouse and office located at Kampung Baru, Subang and it is now fully operational at this larger facility.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW (cont'd)

ii) Merger of the Group's stamping and product-based operations

As part of the Group's strategic and operational planning, the Group had merged the stamping and product-based manufacturing operations of two (2) subsidiaries, namely Prestar Storage System Sdn. Bhd. ("PSSSB") and Prestar Manufacturing Sdn. Bhd. ("PMSB") into a single company during FYE 2019. As PSSSB is having the larger operational base, it was decided to transfer all the businesses and production facilities of PMSB into PSSSB. Thus, PSSSB has emerged as a larger subsidiary with estimated annual turnover of approximately RM65.0 million to RM70.0 million whilst PMSB remained as an investment holding company with investment in the Group's Indonesia operations. The merger of these two (2) stamping businesses have created better synergy and enhance the Group's operational efficiencies in managing stamping and product-based operations.

iii) Proposed listing of a subsidiary on the ACE Market of Bursa Malaysia Securities

After two (2) years of planning on the proposed IPO of its 51%-owned subsidiary, THB on the ACE Market of Bursa Malaysia Securities via a special vehicle company, THB had completed its IPO exercise and successfully listed on 1 August 2019. Following the completion of THB's IPO exercise, THB is now an associate company of Prestar with 34% equity interests in THB owned by Prestar. During the IPO, the Company had undertaken an OFS for 29,071,000 ordinary shares held in THB at an offer price of RM0.58 per share of THB and has raised an amount of RM16.9 million. The Company had utilised all the proceeds raised for repayment of its bank borrowings as well as the expenses related to OFS.

The successful IPO exercise has enabled the Company to unlock and crystallise the value of its investment in Tashin Steel Sdn. Bhd. via THB and enhance the shareholders' value at the Company and Group level. Going forward, the Company will continue to monitor the business performance of THB through its Board representatives in THB.

iv) Acquisition of freehold land and building

At the end of FYE 2018, PSSSB, a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement with GMS Purnamax (M) Sdn. Bhd. for the acquisition of all that piece of freehold land and building held under Individual Title Geran 86347, Lot No. 202, Seksyen 19, Bandar Rawang (formerly known as H.S.(D) No. 28291, P.T. No. 10363, Mukim Rawang), Daerah Gombak, Selangor, measuring approximately 8,093 square metres together with a three (3) storey building and a single storey warehouse, at a total purchase consideration of RM14.5 million.

The said acquisition is to cater for the business expansion of PSSSB in near future as well as streamlining the current production processes and warehousing requirements.

The said acquisition was completed on 18 October 2019.

v) Capital and information and communication technology ("ICT") expenditure

During FYE 2019, the Group had incurred a total capital expenditure ("CAPEX") of RM32.9 million for replacing, upgrading and expanding its machineries and facilities to boost efficiency and productivity as well as to enhance production output of the Group.

The breakdown of the total CAPEX amounting to RM32.9 million is as follows:

(a) RM1.2 million was incurred for the acquisition of new machineries and execution of additional facilities, which includes 3 in 1 feeder and used power press machine, monorail crane, pilling machine, kettle transfer car, zinc block, coil grab, weighbridge system and robot welding jig;

(b) RM1.7 million was incurred for the replacement and renewal of the existing obsolete machineries, buildings and related facilities, installation of racking system, renovation works for the factory located at Kampung Baru, Subang and replacement of minor items such as fixtures and fittings and office equipment;

(c) RM1.6 million was spent on purchasing of motor vehicles, delivery lorries, forklifts and trucks for rental business;

(d) RM13.0 million was paid for the final payment for the leasehold land at Kampung Baru, Subang and RM15.4 million was paid for the deposit, stamp duty and legal fees for the building located at Lot No. 202, Rawang; and

(e) RM0.945 million was incurred for maintenance and upgrading of ICT hardware and software as well as information technology human capital costs.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW (cont'd)

vi) Shares buy-back

During FYE 2019, the Company had repurchased 270,000 ordinary shares from the open market at an average price of RM0.418 per share and the total consideration for the shares brought back was RM109,383.18. These shares are being retained as treasury shares in accordance with Section 127 of the Companies Act 2016.

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities other than as disclosed above for FYE 2019.

MANAGING KEY RISKS

Similar to any business organisations, the Group faces several key risks that are relevant and related to the Group's operations. Although the Group had put in place the mitigation measures to tackle the business risks, it shall be acknowledged that there are some inherent business and operational risks that are beyond the Group's control. The key risks noted are as follows:

- Credit risks arise primarily from trade and other receivables as the coverage of the industries are wide and in-depth with the number of customers running in thousands for the entire Group. In order to mitigate the aforesaid risks, each subsidiary had established a sound credit appraisal system and to review the daily operating procedures with well written standard operating procedures. The debtors' ageing report is available through each subsidiary's computerised information system. It is being monitored closely to ensure appropriate and timely actions are taken as an effort to mitigate the credit risks. In addition, the Group's officer is also monitoring the overdue accounts regularly to keep minimal impact of credit risks on the Group.

- Other major risks at the Group level are the fire perils and fluctuations of foreign exchange ("FOREX") where most of our subsidiaries are encountering the aforesaid risks. The Group had put in place adequate insurance coverage to mitigate the risk of fire perils. The Group had also over the years, developed and implemented various action plans and protection measures to monitor and protect our facilities against fire perils. In addition, the audit and surveillance check on fire fighting equipment are also carried out regularly during the year 2019. Currency hedging techniques and policy as well as regular monitoring and reporting actions were also implemented to mitigate the risk on FOREX fluctuations. Detailed report on the risk management and internal control of the Group is presented in other section of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OUTLOOK

The duration and containment of wide spread pandemic, COVID-19 will be the main decisive factor that will impact and affect the business and economic outlook of the country and world economy. At the point of writing this statement, Malaysian government has been imposing nationwide lockdown under the Movement Control Order ("MCO") since 18 March 2020 where all non-essential services/businesses are not allowed to operate during this period. However, on 4 May 2020 the government has relaxed the MCO under the Conditional Movement Control Order ("CMCO") and allowed certain businesses to resume operation. The Group's businesses and operations had been drastically affected due to non-operational instruction during MCO and CMCO. Full financial impact can only be gauged after the post MCO/CMCO period. Meanwhile, Central Bank of Malaysia has also reduced its forecast of Malaysia's real Gross Domestic Product (GDP) growth from the original forecast of 4.8% to an estimated range of -2.0% to 0.5%. Thus, uncertainties remain and challenges abound whilst outlook is gloomy at this moment.

Against this backdrop, the Board envisages that the financial performance of the Group for the financial year 2020 will be unprecedentedly affected. Nevertheless, the Board will continue to take all necessary precautions and pragmatic approach in its strategic and operational planning in order to generate a satisfactory performance for the financial year 2020.

BOARD OF DIRECTORS' PROFILE

TOH YEW KEAT
Group Executive Chairman

Aged : 72, Male, Malaysian
Appointed to the Board on 12 July 1984

Mr. Toh Yew Keat ("Mr. Toh") is one of the founders of Prestar Resources Berhad ("Prestar" or "Company") Group ("the Group" or "Prestar Group"). He attended all four (4) Board meetings held in the financial year ended 31 December 2019. He is not a member of any Board Committee of the Company.

Mr. Toh has ventured into business after completing his secondary education. He has more than forty-five (45) years of experience in importation and distribution of material handling equipment, hardware products and building materials.

Mr. Toh is actively involved in formulating and implementing the Group's business policies and corporate strategies and contributes to the continued growth and profitability of the Group by identifying new business ventures.

Mr. Toh does not sit on the Board of other public companies and public listed companies. He is currently the Director of Prestar's subsidiaries and several other private limited companies.

Mr. Toh is the brother of Dato' Toh Yew Peng, the Group Managing Director, Mr. Toh Yew Kar, Group Executive Director, Mr. Toh Yew Seng, Group Executive Director and Mr. Toh Yew Chin, Executive Director of the Company. Dato' Toh Yew Peng is also the major shareholder of the Company.

DATO' TOH YEW PENG
Group Managing Director

Aged : 67, Male, Malaysian
Appointed to the Board on 12 July 1984
Member : Employees' Share Option Scheme ("**ESOS**") Committee

Dato' Toh Yew Peng ("Dato' Toh") is one of the founders of the Group. He attended all four (4) Board meetings held in the financial year ended 31 December 2019.

Dato' Toh has ventured into business after completing his secondary education. He has been the Group Managing Director of the Company since 1984 and is responsible for the strategic development and overall growth, profitability and management of the Group.

Dato' Toh travels extensively to keep abreast with the latest developments in the industry and constantly assesses new market prospects and opportunities for the Group.

Dato' Toh sits on the Board of Tall Group Berhad, a public company, and Tashin Holdings Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities Berhad. He is also the Director of Prestar's subsidiaries and several other private limited companies.

Dato' Toh is the brother of Mr. Toh Yew Keat, the Group Executive Chairman, Mr. Toh Yew Kar, Group Executive Director, Mr. Toh Yew Seng, Group Executive Director and Mr. Toh Yew Chin, Executive Director of the Company. Mr. Toh Yew Keat is also the major shareholder of the Company.

TOH YEW KAR
Group Executive Director

Aged : 61, Male, Malaysian
Appointed to the Board on 12 July 1984

Mr. Toh Yew Kar ("Mr. Toh") has been the Marketing Director of the Company since 1984. He attended all four (4) Board meetings held in the financial year ended 31 December 2019. He is not a member of any Board Committee of the Company.

Mr. Toh has ventured into business after completing his Pre-University studies at Taylor's College. Prior to his involvement in Prestar Group, he has obtained substantial experience and exposure in sales and marketing with a trading company in Osaka, Japan. He is responsible for the marketing affairs of the Company and is actively involved in the implementation of marketing strategies and development of new products and markets.

Mr. Toh does not sit on the Board of other public companies and public listed companies. He is currently the Director of Prestar's subsidiaries and several other private limited companies.

Mr. Toh is the brother of Mr. Toh Yew Keat, the Group Executive Chairman, Dato' Toh Yew Peng, Group Managing Director, Mr. Toh Yew Seng, Group Executive Director and Mr. Toh Yew Chin, Executive Director of the Company. Mr. Toh Yew Keat and Dato' Toh Yew Peng are also the major shareholders of the Company.

BOARD OF DIRECTORS' PROFILE (cont'd)

TOH YEW SENG
Group Executive Director

Aged : 58, Male, Malaysian
Appointed to the Board on 31 January 1986
Member : ESOS Committee

Mr. Toh Yew Seng ("Mr. Toh"), was appointed as the Group Executive Director of the Company in 1986 and prior to that, he was the General Manager of the Company from 1984 to 1985. He attended all four (4) Board meetings held in the financial year ended 31 December 2019.

Mr. Toh obtained his Bachelor of Arts majoring in Business Administration from Tunghai University, Taiwan. He has more than thirty (30) years of experience in various operation areas which covers sales and marketing, operation and production, administration and project management.

Currently, Mr. Toh is mainly involved in overseeing and managing the manufacturing activities of the Group at Rawang's production complex, where he is responsible for the overall planning and formulating of operation and manufacturing strategies as well as supply chain management.

Mr. Toh sits on the Board of Tashin Holdings Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities Berhad. He is also the Director of Prestar's subsidiaries and several other private limited companies.

Mr. Toh is the brother of Mr. Toh Yew Keat, the Group Executive Chairman, Dato' Toh Yew Peng, Group Managing Director, Mr. Toh Yew Kar, Group Executive Director and Mr. Toh Yew Chin, Executive Director of the Company. Mr. Toh Yew Keat and Dato' Toh Yew Peng are also the major shareholders of the Company.

TOH YEW CHIN
Executive Director

Aged : 56, Male, Singaporean
Appointed to the Board on 18 September 2009

Mr. Toh Yew Chin ("Mr. Toh") is the Director of Y. K. Toh Marketing (S) Pte. Ltd. ("YKTM") and Prestar Marketing Sdn. Bhd. Mr. Toh has ventured into business after completing his secondary education. He attended two (2) out of four (4) Board meetings held in the financial year ended 31 December 2019. He is not a member of any Board Committee of the Company.

Currently, Mr. Toh is responsible for the overall business planning and development of Prestar Marketing Sdn. Bhd. and YKTM.

Mr. Toh does not sit on the Board of other public companies and public listed companies.

Mr. Toh is the brother of Mr. Toh Yew Keat, the Group Executive Chairman, Dato' Toh Yew Peng, Group Managing Director, Mr. Toh Yew Kar, Group Executive Director and Mr. Toh Yew Seng, Group Executive Director of the Company. Mr. Toh Yew Keat and Dato' Toh Yew Peng are also the major shareholders of the Company.

TUAN HAJI FADZLULLAH SHUHAIMI BIN SALLEH
Independent Non-Executive Director

Aged : 62, Male, Malaysian
Appointed to the Board on 18 March 1995
Chairman : Remuneration Committee
Member : Audit Committee & Nomination Committee

Tuan Haji Fadzlullah Shuhaimi Bin Salleh ("Tuan Haji Fadzlullah Shuhaimi") obtained his Master in Computer Science from the University of Michigan, Ann Arbor, United States of America ("USA") in 1980 and a Master in Islamic Finance from the International Centre for Education in Islamic Finance (INCEIF), Kuala Lumpur in 2014. He was the Deputy President of Digital Equipment Corporation Users Society, Malaysia from 1991 to 1992. He attended all four (4) Board meetings held in the financial year ended 31 December 2019.

Tuan Haji Fadzlullah Shuhaimi has worked with Sime Darby Berhad, I & P Berhad and Shapadu Corporation Berhad, which he was primarily involved in the information technology department. Recently, he is lecturing Islamic Finance in Iowa, USA and Beirut, Lebanon.

Tuan Haji Fadzlullah Shuhaimi does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of other public companies and public listed companies.

BOARD OF DIRECTORS' PROFILE (cont'd)

MD. NAHAR BIN NOORDIN
Independent Non-Executive Director

Aged : 62, Male, Malaysian
Appointed to the Board on 18 June 1994
Member : Remuneration Committee

Encik Md. Nahar Bin Noordin ("Encik Nahar") obtained his Master in Business Administration (Finance) from California State University, USA in 1985 after having obtained a Bachelor of Science (Finance) from University of Pacific, USA in 1984. He attended all four (4) Board meetings held in the financial year ended 31 December 2019.

Encik Nahar started his career in Citibank N.A. ("Citibank"), Malaysia in 1986 and was attached to Citibank's investment and corporate banking division, handling various financial instruments. In 1990, he left Citibank as Assistant Vice President to join Metacorp Berhad, where he was initially responsible for financial and corporate matters but later took responsibility for the overall daily operations of Metacorp Berhad and assisted in the flotation of Metacorp Berhad on the Second Board (now known as ACE Market) of Bursa Malaysia Securities Berhad. He resigned as Deputy Managing Director of Metacorp Berhad in 1993 to venture into his own trading and investment holding businesses.

Encik Nahar does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of other public companies and public listed companies. He is a Director of several private limited companies.

DATO' LIM CHEANG NYOK
Independent Non-Executive Director

Aged : 51, Male, Malaysian
Appointed to the Board on 28 March 2002
Chairman : ESOS Committee & Nomination Committee
Member : Audit Committee

Dato' Lim Cheang Nyok ("Dato' Lim") is an advocate and solicitor and senior partner of Messrs. Lim & Yeoh. He attended all four (4) Board meetings held in the financial year ended 31 December 2019.

Dato' Lim graduated from Monash University in Melbourne, Australia with a Bachelor of Economics in 1988 and Bachelor of Law in 1990. He was called to the Malaysian Bar in 1992. Dato' Lim commenced his legal profession handling banking and commercial litigation matters.

Besides legal practice, Dato' Lim has been involved in various areas of business including information technology, mining and real property.

Dato' Lim does not have any family relationship with any Director and/or major shareholder of the Company. He sits on the Board of SBC Corporation Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad and several private limited companies.

LOU SWEE YOU
Independent Non-Executive Director

Aged : 76, Male, Malaysian
Appointed to the Board on 9 May 2008
Chairman : Audit Committee
Member : Remuneration Committee & Nomination Committee

Mr. Lou Swee You ("Mr. Lou") graduated from Nanyang University, Singapore with a Bachelor of Commerce (Accountancy) Degree and holds a Master of Business Administration Degree from Strathclyde Graduate Business School, Glasgow, Scotland. Besides being a Certified Internal Auditor, he is also a CFIIA, FIPA and FFA. He attended all four (4) Board meetings held in the financial year ended 31 December 2019.

Mr. Lou has spent more than thirty (30) years with a public listed company and had headed various functions including finance, secretarial practices, information system, human resource and internal auditing. He was the officer/director primarily responsible for the financial management of that company for more than twenty (20) years.

Mr. Lou was actively involved in internal audit activities and was a board member of The Institute of Internal Auditors Malaysia from 1998 to 2006. During those years, he held several positions included treasurer, secretary and vice president.

Mr. Lou does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of other public companies and public listed companies.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

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

List of convictions for offences within past five (5) years and public sanction or penalty imposed by the relevant regulatory bodies
None of the Directors of the Company has been convicted for offences within the past five (5) years, other than traffic offence, if any nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

PROFILE OF KEY SENIOR MANAGEMENT

- **TOH YEW KEAT**
  Group Executive Chairman
- **DATO' TOH YEW PENG**
  Group Managing Director
- **TOH YEW KAR**
  Group Executive Director
- **TOH YEW SENG**
  Group Executive Director
- **TOH YEW CHIN**
  Executive Director

The above key senior management are also members of the Board. Their profiles are set out in the Board of Directors' Profile of this Annual Report.

TOH POH KHUAN

Executive Director,
Prestar Marketing Sdn. Bhd. ("PMktg")
Aged: 71, Female, Malaysian

Ms. Toh Poh Khuan ("Ms. Toh") ventured into business after completing her secondary education. She has been the Finance cum Executive Director of PMktg since 1981, and is responsible for the day-to-day operations of PMktg in Northern region of Peninsular Malaysia. She was appointed as the Executive Director of PMktg on 20 September 1985.

Ms. Toh is the sister of Mr. Toh Yew Keat, the Group Executive Chairman, Dato' Toh Yew Peng, Group Managing Director, Mr. Toh Yew Kar, Group Executive Director, Mr. Toh Yew Seng, Group Executive Director and Mr. Toh Yew Chin, Executive Director of the Company. Mr. Toh Yew Keat and Dato' Toh Yew Peng are also the major shareholders of the Company. She sits on the Board of several private limited companies. She does not sit on the Board of any public companies and public listed companies.

KOAY KAH EE

Group Finance Director,
Prestar Resources Berhad ("Prestar")
Aged: 61, Male, Malaysian

Mr. Koay Kah Ee ("Mr. Koay") holds a Master in Business Administration (MBA) from University of Strathclyde, United Kingdom ("UK"). He is a fellow member of Chartered Institute of Management Accountants (CIMA), UK, fellow member of the Australia Certified Practicing Accountants (CPA Australia), Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA), Chartered Global Management Accountant (CGMA), member of the SOCSO Appellate Board (JRKS) of Ministry of Human Resources Malaysia and a CIMA Global Membership Assessor. He has more than thirty-six (36) years of experience in finance, accounting and corporate affairs and has been working in various industries such as plantation, trading, services and manufacturing with local companies and subsidiaries of multinational companies.

Mr. Koay joined Prestar Group in 1994 as the Group Finance and Administrative Manager. He is responsible for all the finance, accounting and corporate affairs of Prestar Group and was appointed as the Group Finance Director on 1 September 2008. He sits on the Board of Prestar Manufacturing Sdn. Bhd. ("PMSB"), Prestar Engineering Sdn. Bhd. ("PESB"), Prestar Steel Pipes Sdn. Bhd., Dai Dong Steel Sdn. Bhd. ("DDSSB") and Tashin Holdings Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities"). He is also the Senior Independent Non-Executive Director of Ajinomoto (Malaysia) Berhad, a public company listed on the Main Market of Bursa Malaysia Securities and JF Technology Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities and Independent Non-Executive Director of Eksons Corporation Berhad, a public company listed on the Main Market of Bursa Malaysia Securities.

Mr. Koay does not have any family relationship with any Director and/or major shareholder of the Company.

KENNY TOH JIN TAT

Executive Director,
Prestar Precision Tube Sdn. Bhd. ("PPTSB")
Aged: 44, Male, Malaysian

Mr. Kenny Toh Jin Tat ("Mr. Kenny Toh") holds a Bachelor in Business Administration, University of Texas A&M, United States of America ("USA"). Previously, he managed the export and operation functions of PMSB for eight (8) years since 1999 prior to his secondment to Prestar Industries (Vietnam) Co. Ltd. ("Prestar Vietnam"). He was the General Manager/Director of Prestar Vietnam from 2008 to 2011 to spearhead the manufacturing activities of Prestar Vietnam.

Mr. Kenny Toh was appointed as the Executive Director of PPTSB on 3 January 2012. He is currently responsible for the overall management and profitability of PPTSB – Carbon Steel Pipes division.

Mr. Kenny Toh is the son of Mr. Toh Yew Keat, the Group Executive Chairman and major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

ALAN TOH JIN JOO

Executive Director,
of PPTSB and DDSSB
Aged: 43, Male, Malaysian

Mr. Alan Toh Jin Joo ("Mr. Alan Toh") holds a Bachelor Degree of Science, University of Texas A&M, USA. He started his work as an Information Technology Manager of Prestar Group in year 2003. He was subsequently attached to the production and sales department of PPTSB - Stainless Steel division. He was appointed as the Executive Director of PPTSB and DDSSB on 1 December 2014. He is currently responsible for the sales activities of PPTSB and DDSSB.

Mr. Alan Toh is the son of Dato' Toh Yew Peng, the Group Managing Director and major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

ANDY TOH JIN HONG

Sales Director,
Prestar Storage System Sdn. Bhd. ("PSSSB")
Aged: 42, Male, Malaysian

Mr. Andy Toh Jin Hong ("Mr. Andy Toh") holds a Bachelor in Business Administration, University of Texas A&M, USA. He began his career with Chiho Hardware Sdn. Bhd. overseeing the business operation in Penang. He has more than seventeen (17) years of business experience dealing in household hardware and storage system. He joined PSSSB in 2008 as Assistant Production Manager and subsequently, promoted to Sales Manager in 2012. He was appointed as the Sales Director of PSSSB on 1 June 2016. He is currently responsible for the sales and administrative, shipping, export, design and engineering department of PSSSB.

Mr. Andy Toh does not have immediate family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

JASON TOH JIN HIN

Sales Director,
PPTSB
Aged: 38, Male, Malaysian

Mr. Jason Toh Jin Hin ("Mr. Jason Toh") ventured into business after completing his secondary education. He joined Prestar Group in 2002 and was formerly attached to POSCO-MKPC Sdn. Bhd., a 30%-owned associate company of the Company. He has vast experience in the field of sales and marketing. He was appointed as the Executive Director of PPTSB on 1 December 2014 and is currently responsible for the sales and marketing activities of PPTSB – Carbon Steel Pipes division.

Mr. Jason Toh is the son of Mr. Toh Yew Keat, the Group Executive Chairman and major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

LIM FONG KAN

Director,
Prestar Galvanising Sdn. Bhd. ("PGSB")
Aged: 54, Male, Malaysian

Mr. Lim Fong Kan ("Mr. Lim") ventured into business after completing his secondary education. He joined PMSB in 1995 as Engineering Manager. Prior to joining PMSB, he was attached to T & G Engineering Works and Magnum Engineering Works which involved in moulds and dies design and fabrication. He has more than twenty (20) years of experience in the areas of mould and dies, fabrication and engineering. He was appointed as Director of PGSB on 4 November 2009. He is responsible for the entire tooling division of PGSB on moulds and dies fabrication as well as maintenance and installation of machineries.

Mr. Lim does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

THEN KWEE HONG

Assistant General Manager,
Group Human Resources and Administration, Prestar
Aged: 55, Female, Malaysian

Ms. Then Kwee Hong ("Ms. Then") holds a Diploma in Human Resource Management from University Malaya. She joined Prestar Group in 2001 and appointed as the Assistant General Manager, Group Human Resources and Administration on 1 May 2016. She has more than twenty (20) years of experience in human resource management and is currently responsible for the human resource, administration and safety and security affairs of Prestar Group.

Ms. Then does not have any family relationship with any Director and/or major shareholder of the Company. She does not sit on the Board of any public companies and public listed companies.

SIOW KAM WAH

General Manager,
PESB
Aged: 41, Male, Malaysian

Mr. Siow Kam Wah ("Mr. Siow") holds a Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College. He joined PESB in September 2018 as General Manager. He has more than fifteen (15) years of experience in Sales and Marketing and Managerial positions. He is currently responsible for the business operations and profitability of PESB and overseeing the sales team.

Mr. Siow does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

KONG HONG LIM

Assistant General Manager,
PPTSB
Aged: 50, Male, Malaysian

Mr. Kong Hong Lim ("Mr. Kong") holds a Diploma in Technology (Material Engineering) from Tunku Abdul Rahman College. He joined Prestar Industries Sdn. Bhd. in May 1994 as Production Executive. He was subsequently transferred to PMSB and promoted to Plant Manager in 2001. He has more than twenty-five (25) years of experience in the manufacturing field. Currently, he is the Assistant General Manager for manufacturing division of PPTSB, overseeing the production, quality assurance and quality control, maintenance and warehousing operations and responsible on the Group's operations improvement.

Mr. Kong does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

Save as disclosed above, none of the key senior management has:

(a) any conflict of interest with the Company;
(b) any conviction for offences (other than traffic offences, if any) within the past five (5) years; and
(c) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

SUSTAINABILITY STATEMENT

INTRODUCTION

Prestar Resources Berhad ("Prestar" or "the Company") operates in a dynamic and competitive market. In response, sustainability forms part of our strategic imperative to achieve our long-term value. Prestar leverages on this sustainable development report to improve our stakeholders' engagement and for better respond to stakeholders' concerns, including emerging issues and risks.

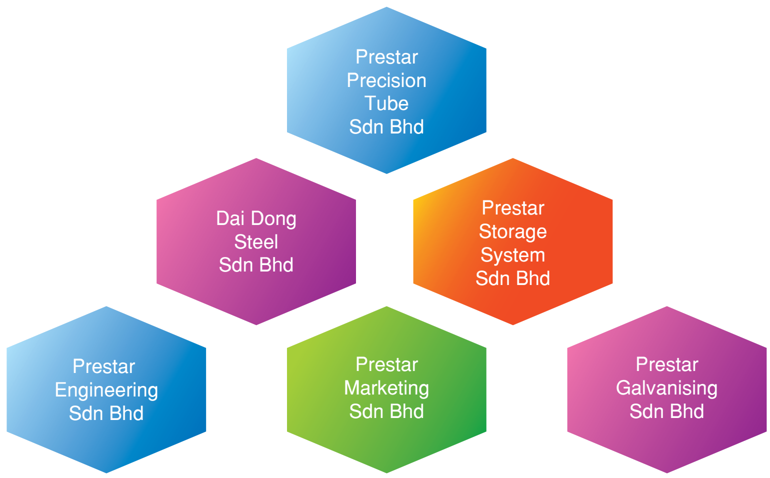
Our sustainability reporting is prepared in accordance with Bursa Malaysia Securities Berhad Main Market Listing Requirements and Global Reporting Initiative ("GRI") frameworks and standards. We undertake significant efforts to meet the core principles of the GRI standards.

REPORTING PERIOD

This statement outlines the aspect of Economic, Environmental and Social and includes all our sustainability efforts and initiatives in managing these sustainability matters during the period from 1 January 2019 to 31 December 2019.

REPORTING SCOPE

This statement includes Prestar and the following active subsidiaries ("the Group") which are located in Malaysia:



SUSTAINABILITY GOVERNANCE

Prestar has established a governance structure in the Group to manage sustainability, which we believe is the key to conserve a sustainable business. The structure effectively empowers us to manage our businesses, our decision-making processes, and implement sustainable actions across the Group.

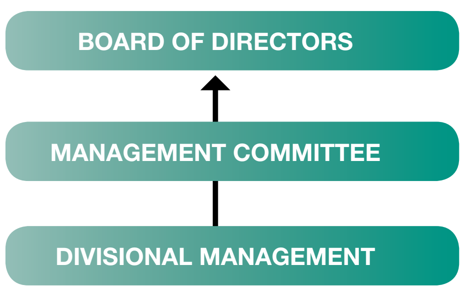
The roles of each level of the structure are as follows:

Board of Directors ("Board"):
The Board oversees the formation of strategies and their implementation.

Management Committee:
The Management Committee is chaired by Dato' Toh Yew Peng, the Group Managing Director. The Committee determines the strategies and action plans relating to sustainability matters to be presented to the Board for approval.

Divisional Management:
Representatives from various divisions consolidate, develop, coordinate and implement our sustainability initiatives across the Group.

Sustainability Structure



SUSTAINABILITY STATEMENT (cont'd)

STAKEHOLDER ENGAGEMENT

We identify our stakeholders as any party impacted by Prestar's business practices, directly or indirectly and who can influence Prestar and its decisions. We actively engage with our stakeholders through multiple channels of communication, enabling us to understand their expectations and obtain meaningful feedbacks on their interests and needs. This helps us to identify and prioritise the key sustainability matters.

A summary of our various stakeholders' engagements through different channels of communciation are set out below:

Stakeholders	Forms of Engagement	Stakeholders' Concern
Shareholders/ investors	• Annual general meetings • Extraordinary general meetings • Corporate announcements • Media releases	• Return on investment • Transparent reporting with credible data
Customers	• Daily engagements • Briefings • Site visits • Advertisements and media releases	• Product innovation • Competitive pricing • Reliable product and on-time delivery
Suppliers	• Tenders • Advertisements • Regular briefings • Visits • Supplier evaluations and registration	• Timely payouts • Procurement practices • Fair and sustainable practices
Financiers/ banks/ analysts	• Corporate announcements • Media	• Financial performance • Return on investment
Local authorities / Municipalities/ Regulators/ Government Ministries	• Compliance efforts, i.e. submission of reports • Regular visits • Events, i.e. corporate, government and conferences • Media releases	• Regulatory compliance • Corporate governance • Standards and certifications
Local community/ non-governmental organisations/ industry associations	• Corporate social responsibilities activities • Industry associations • Sponsorships and donations • Media releases • Website/social media	• Impact of operations on surrounding environment • Economic support • Community engagement
Employees	• Performance evaluation • Trainings and developments • Compensations and benefits • Corporate and community activities	• Competitive pay and benefit • Clear communications • Work-life balance • Career growth and opportunities • Caring culture

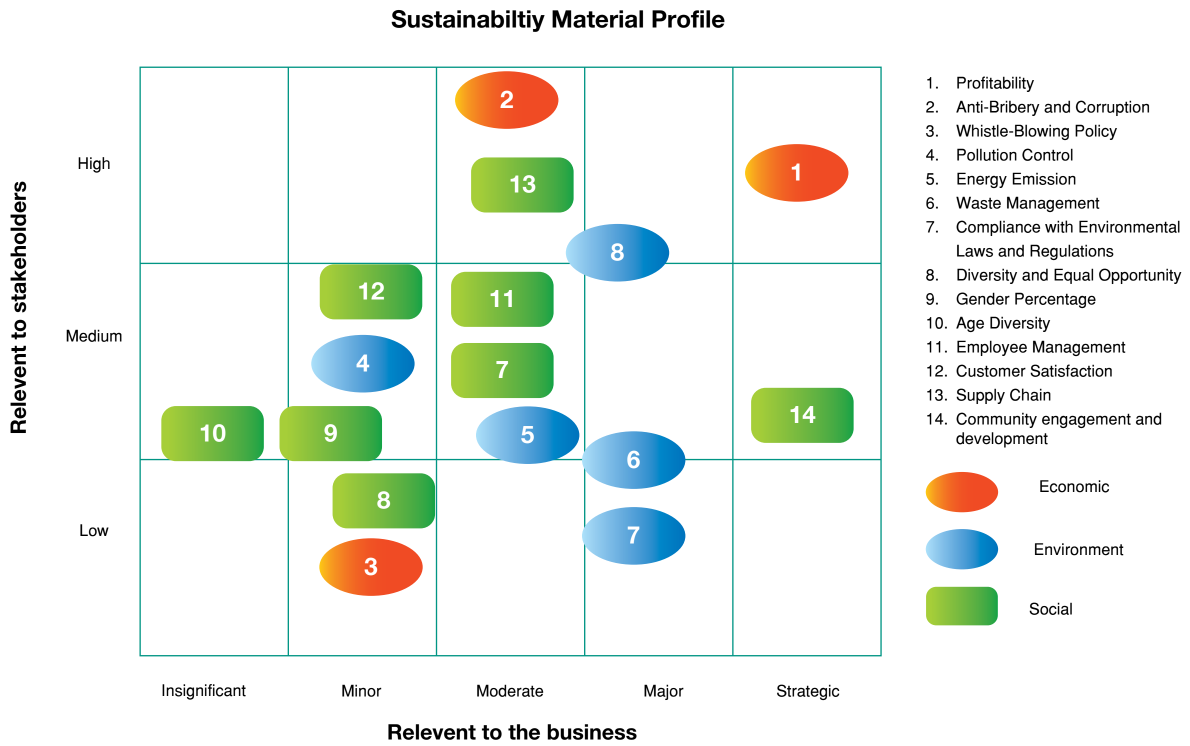
MATERIALITY ASSESSMENT

During financial year ended 31 December 2019 ("FYE2019"), we had updated our materiality matrix based on an internal review with our top key Senior Management and the overall business environment on the Group's business operations and risk areas, considering various internal and external exposures, as well as the degree of impact of each sustainability matter has on Prestar. We then combined the feedbacks obtained from the respective Heads of Department together with the outcome of the assessment, and its significance to Prestar for each sustainability matter to generate a materiality matrix profile.

Through the process, there were a total of fourteen (14) key material issues observed by us and profitability is categorised as high importance and strategic influence to the Group.

SUSTAINABILITY STATEMENT (cont'd)

MATERIALITY ASSESSMENT (cont'd)



These fourteen (14) material matters ranked highest amongst our Heads of Department. We had decided to place greater focus on these matters in the Sustainability Report. In future reporting, Prestar will continue to review the processes above, and expand the depth and scope of current reporting. The details of material sustainability matters are further explained in the following sections:

Economic

1. Profitability

At Prestar, we aspire to combine strong and sustainable growth with good profitability to generate extended value for our shareholders, and design the environment for continued positive long-term development. We believe that a sustainable business performance enables us to create values to our stakeholders – enhance values for our shareholders, create opportunities for employees and contribute to the communities in which we operate.

For details of our financial results, please refer to the Management Discussion and Analysis and the Audited Financial Statements in this Annual Report.

2. Anti-bribery and corruption

Prestar is committed to be fair and responsible business conduct and prohibits all forms of bribery and corruption, as well as any business conduct that could create the appearance of improper influence. Our policy on bribery and corruption includes all of our businesses with internal and external stakeholders. A half-day training session on anti-corruption was organised and conducted by an external trainer to raise the awareness among key Prestar's employees in connection with the new regulation of Malaysian Anti-Corruption Commission's Corporate Liability on Corruption's Mandatory Provisions on Anti-Bribery which come into force on 1 June 2020.

In addition, Prestar's Code of Conduct and Ethics for Directors is available on our corporate website at www.prestar.com.my while matters relating to employees' discipline are guided by the Employees' Discipline and Conduct Code. The employees' code of conduct is part of the employees handbook and it will be disseminated when the employees commence their employment contract with the Group.

MATERIALITY ASSESSMENT (cont'd)

Economic (cont'd)

3. Whistle-Blowing Policy

We practice an open and honest policy that stimulate our employees to report on any suspected misconduct, corporate misbehaviour and fraudulent activities. Our Whistle-Blowing Policy is established with the objective to stimulate our employees and others who have serious concerns about any aspect of our business operations to report those concerns through the whistle-blowing processes. The Whistle-Blowing Policy is available on our corporate website at www.prestar.com.my.

Environmental

Despite the great complexity of climate change on our natural world, Prestar strives to minimise the environmental impact of our operations in moving towards a safety and greener sustainable future. Our goal is to operate sustainably by minimising waste and utilising resources efficiently. We are constantly exploring new ideas and methods to reduce the environmental impacts of our operations, which in turn lower our costs, increase our operational efficiencies and enhance our corporate reputation.

4. Pollution control

During the process of galvanising, air pollution occurs at our factory site. In managing our air emission such as dust and acid fumes, we had installed a scrubber and dust controller system to reduce the exposure of air pollution and emission. The aforesaid system removes solid particles and process the dangerous emissions prior to release to outside atmosphere. The system also monitors the emission of total particulate matter, metals and gaseous substances.

We adopt strict measures for the emissions and strictly comply with the requirements of Department of Environment ("DoE") under the Ministry of Energy, Science, Technology, Environment and Climate Change. The last testing was conducted in September 2019 and the results of total particulate matter and metals from chimneys and gaseous substances emitted from the chimney are complied with the Environmental Quality (Clean Air) Regulations 2014.

5. Energy emission

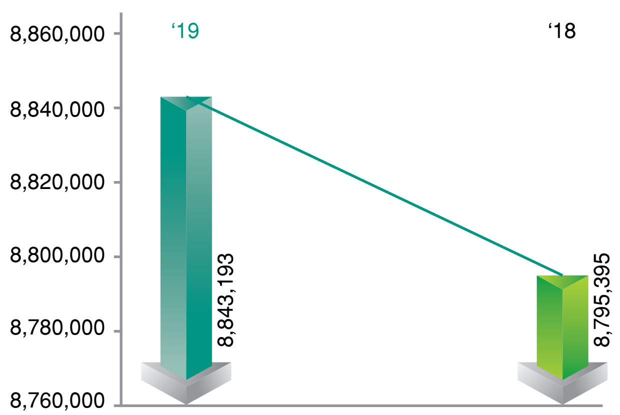
During FYE2019, our electricity consumption has increased approximately 0.54% from 8.795 million ("M") kWh in financial year ended 31 December 2018 ("FYE2018") to 8.843M kWh in FYE2019. The increase was mainly due to growth in our production processes during FYE2019. While we are constantly monitoring the external factors that could lead to the increase of energy consumption such as aging machineries, inefficient production processes and leakages, we are also exploring to incorporate new technologies to reduce the carbon footprint and to be more energy efficient into our operations.

On the same note, we continue to encourage our people to practice the following:

- Digitalisation process where the process of converting the used of papers into electronic version and the photocopy machines and computers that come with power saving settings feature.
- Switch off lights, air condition and other electrical appliances when they are not in use.
- Work within the working hours to minimise the use of electricity.

As part of our efforts to contribute to the development of a recycling-oriented society, Prestar promotes the effective use of resources and the reduction, reuse, recycling and restore wastes within the Group. Both our scheduled and unsecheduled wastes generated are as follows:

Energy Consumption



SUSTAINABILITY STATEMENT (cont'd)

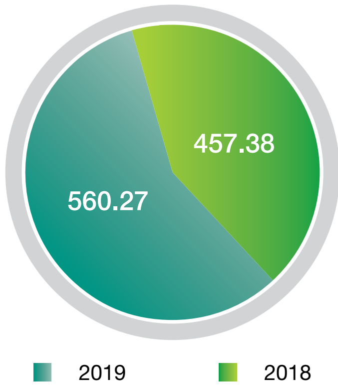
MATERIALITY ASSESSMENT (cont'd)

Environmental (cont'd)

6. *Waste management*

Prestar's efforts to sustainably waste management include supporting the reduction and prevention of waste generation, promoting and facilitating the reuse and safe recycling of waste. Prestar is committed to ensuring that waste is managed in an environmentally sound management system. This includes waste generated from production processes are disposed through a proper and licensed disposal contractor in accordance with the requirements by the DoE.

Scheduled Wastes



- ***Scheduled wastes***

For FYE2019, we had generated scheduled wastes comprising 560.27 metric tonne slightly higher than last year (FYE2018: 457.38 metric tonne). The increase of 22% was contributed by the overall output increases. Nonetheless, we ensure that our control in reducing the scheduled wastes which are zinc ash recovery, flux control and acid planning will help to reduce the generation of scheduled wastes.

- ***Unscheduled wastes***

Prestar is working towards recycling its used papers, glasses and plastics by selling them to the junkyard collectors. Recycled materials have value, which motivates people to collect it for sale to recycling centers. In addition to a financial incentive, there is also an environmental imperative. The recycling of papers, glasses and plastics enable us to preserve natural resources while requiring less energy to process than manufacture of new products using the original raw materials. Recycling emits less carbon dioxide and other harmful gasses. Most importantly, it saves costs and allows us to reduce our production expenses while creating more job opportunities.

7. *Compliance with environmental laws and regulations*

The Group is in compliance with most of the environmental laws and regulations and takes proactive steps to address any issues related to our environment. Our people are certified as a competent person who has both the knowledge to recognise a hazard and authority to take prompt corrective measures to eliminate it.

We are pleased to highlight that we have not been penalised for any environmental issues by any regulatory authorities during FYE2019 (FYE2018: NIL). We have continuously and regularly engage with DoE in ensuring that any issues raised by DoE are addressed and steps are taken to ensure that the environmental issues are mitigated to an acceptable level.

- ***Certification***

Our list of certifications awarded by the authorities includes:

Department Of Environment	• Certified Environmental Professional in Bag Filter Operation (CePBFO) • Certified Environmental Professional in Scrubber Operation (CePSO) • Certified Environmental Professional in Scheduled Waste Management (CePSWaM)
Atomic Energy Licensing Board	• Radiation Protection Officer

These certifications demonstrate our people are specifically trained to handle specific equipment and manage specific environmental requirements and standards, in particular compliance with the emission standards under the DoE regulations. These achievements highlight the Group's commitment to ensure that only trained and competent employees are allowed to operate and handle the equipment and manage the manufacturing processes in accordance with the highest manufacturing standards required.

MATERIALITY ASSESSMENT (cont'd)

Social

8. Diversity and equal opportunities

At Prestar, we recognise our employees as highly valued individuals and important contributors to the Group's sustainability efforts. Therefore, we strive to create the best working environment to ensure their talents are exploited at their full potential which allows them to shine. We believe that we must take action to care for our employees and ensure that they have a sense of belonging. This is the only way the Group can achieve sustainable development while retaining focus of our goals.

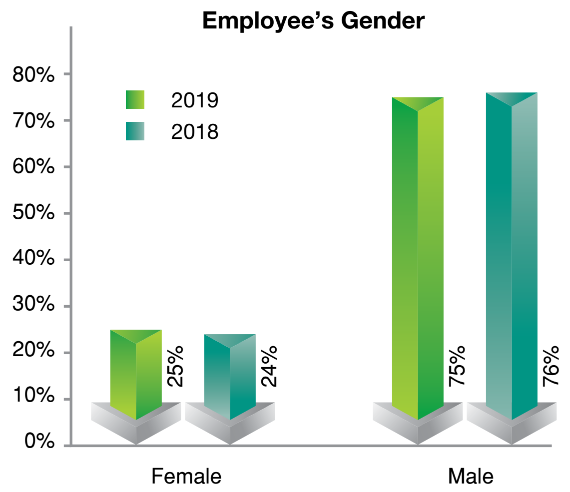
We have inaugurated many diversity initiatives focusing on the skill sets, experience and background of our employees, regardless of race, religion, sex, gender, national origin, disability status, or any other characteristics protected by human resource and human rights regulations.

Employment opportunities in Prestar are equal to all applicants with due regard to the diversity of skills, experience, age, ethnicity, and gender in the workplace.

9. Gender percentage

As at FYE2019, Prestar reported a total workforce of approximately 581 (FYE2018: 585) employees which included both full-time and contractual employees.

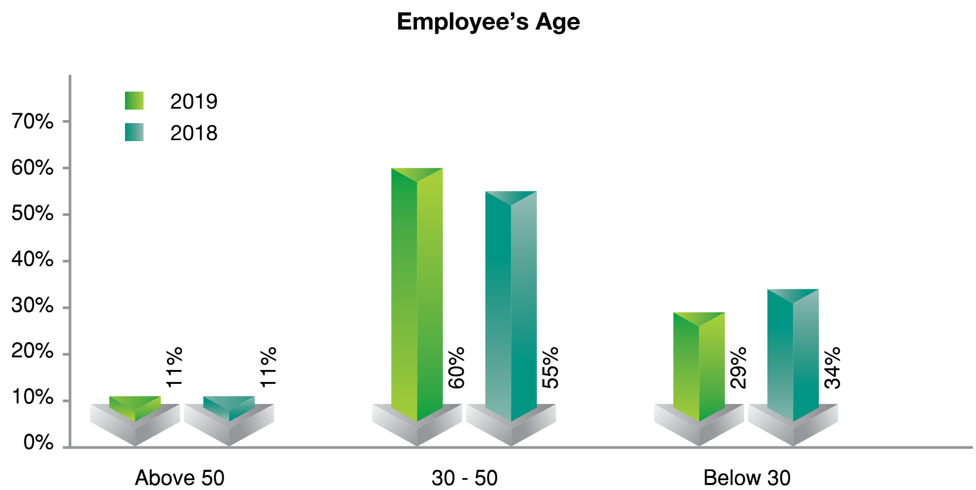
At Prestar, we encourage gender equality where both women and men are treated with respect and to have the same opportunities, rights and obligations. The Group's nature of business, being in the manufacturing industry is still a challenge, as this industry is still monopolised by male and most of our female employees work in administration. Our gender profile is consistent throughout FYE2019 at 25% (FYE2018: 24%) for female and male at 75% (FYE2018: 76%).



10. Age diversity

We have a young workforce with almost 90% are categorised below the age of 50. Approximately 29% (FYE2018: 34%) of our workforce comprises young people below the age of 30. These young employees are hardworking and ambitious. While 60% (FYE2018: 55%) of our workforce are between 30 to 50 years of age. The remaining 11% (FYE2018: 11%) of our employees are represented by our experienced employees aged 50 years and above, with their roles centering around providing guidance, direction and mentorship to our young employees.

The following chart shows the number of employees by age category:



MATERIALITY ASSESSMENT (cont'd)

Social (cont'd)

11. Employee management

Prestar is firmly committed to developing staff to achieve their best and maximise their potential. We believe that knowledge and skills are absolutely necessary and vital for building sustainable growth and powerful communities, thereby achieving the Group's supreme objectives.

During FYE2019, we provided professional and personal development, organisational and safety trainings for our employees. We recorded a total of 1,795 training hours for FYE2019 (FYE2018: 2,425) for 278 (FYE2018: 454) employees. Although the training hours have been reduced to 1,795 hours, in terms of training hours per employee, we have achieved almost 6 training hours per employee for FYE2019 as compared with 5.3 training hours per employee in FYE2018. Appended below are the types and number of training programmes that were carried out in FYE2019 and FYE2018. The decline in training hours was mainly due to lesser number of trainees in FYE2019, as during the year, we prioritised the safety trainings related to line leaders, supervisors and executives, whereas in FYE2018, trainings priority was given to workers as well as sending relevant employees to attend the public programmes rather than conducting in-house trainings by external trainers.

	FYE2019			FYE2018		
Training type	**Number of pax**	**Training hours**	**Total cost (RM)**	**Number of pax**	**Training hours**	**Total cost (RM)**
Professional and personal development	15	168	13,375	37	216	8,024
Organisational	50	609	47,683	177	1,264	21,882
Safety	213	1,018	20,467	240	945	2,150
Total	**278**	**1,795**	**81,525**	**454**	**2,425**	**32,056**

	FYE2019			FYE2018		
Training type	**Number of pax**	**Total Training hours**	**Total cost (RM)**	**Number of pax**	**Total Training hours**	**Total cost (RM)**
Internal	189	647	Nil	227	841	Nil
External	21	63	3,000	180	1,204	20,310
Public	68	1,085	78,525	47	380	11,746
Total	**278**	**1,795**	**81,525**	**454**	**2,425**	**32,056**

Employees are nominated by the individual business department heads to attend periodic internal and external training programmes. All external trainings were conducted by the outsourced consultants while our internal trainings were conducted by our own Prestar's employees, focused mainly on safety in the workplace.

With constant emphasis on safety during trainings and awareness sessions, these sessions help to identify ways to improve the health and safety of our employees. The Health and Safety Committee facilitates the management of occupational safety and health related initiatives.

MATERIALITY ASSESSMENT (cont'd)

Social (cont'd)

11. Employee management (cont'd)

The internal safety trainings that were carried out by Prestar for FYE2019 include:

Challenges remain, despite our best efforts to address and prevent incidents from happening. During FYE2019, the major accident cases have decreased by 21% to 15 cases, as compared to 19 cases in FYE2018. Overall, the total number of major cases loss time injury ("LTI") rate within the Group has increased by almost 83% to 288 days in FYE2019 from 157 days in FYE2018 (FYE2018:1%), as summarised below:

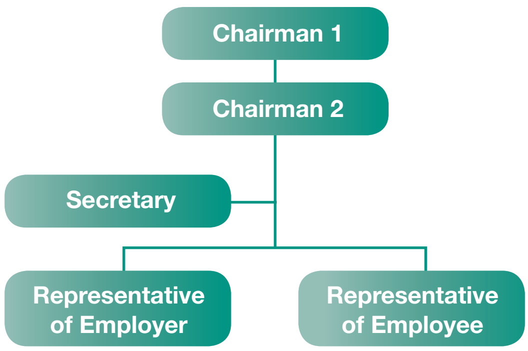
	Major (No. of cases)		Minor (No. of cases)		Near misses (No. of cases)	
Details	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Total accidents	15	19	25	21	4	5
Total LTI - Days	288	157	38.5	28.5	-	-

The increase in LTI cases was mainly due to replacement of senior foreign workers with an average working experience of more than five (5) years, and the new foreign workers with the least working experience in manufacturing sector.

Following the increase in LTI, we have implemented a range of initiatives, such as safety awareness trainings to leaders, supervisors and executives, increase our safety tool box briefing to every week for the workers who are using Hazard Identification, Risk Assessment and Risk Control and hazard findings from leaders and program supervisors with immediate effect. We will continue to investigate incidents thoroughly and implement action plans as well as best practices throughout the operations.

Work-related accidents are categorised into 'major' and 'minor' to enable swift responses and to accurately support our performance data on injury frequency rate for industrial accidents. Major work-related accidents are defined as accidents which cause employees to be on medical leave of more than four (4) days. A near miss accident is defined as unplanned accident that has potential to cause, but does not actually result in human injury, environmental or equipment damage, or an interruption to the Group's normal operations. A near miss accident is based on the report from the employees to management.

Prestar has established a Safety Committee for each of its subsidiary across the Group which comprises eight (8) representatives from employees and seven (7) representatives from employers. Each Safety Committee meets every quarterly. Every meeting requires the attendance from both representatives of employer and employee and cover topics from latest accident statistics and to report on inventory status and scheduled wastes. The Safety Committees also shared safety and health trainings and knowledge with each other.



SUSTAINABILITY STATEMENT (cont'd)

MATERIALITY ASSESSMENT (cont'd)

Social (cont'd)

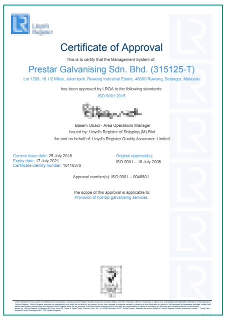
12. Product and service quality

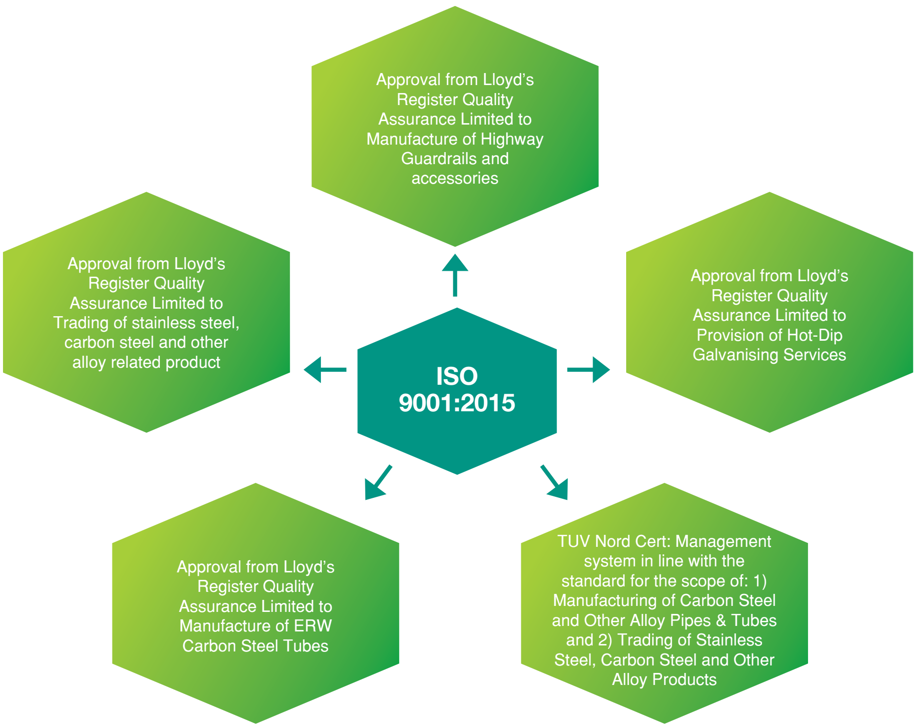
We persistently engage with our customers to understand their requirements and customise our solutions in order to meet their needs.

In FYE2019, we achieved the ISO 9001:2015 Quality Management System certification, which is an international standard that specifies the requirements for a quality management system when Prestar:

a) demonstrates its ability to consistently provide products and services that meet customer's needs and applicable statutory and regulatory requirements; and

b) aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.





Accredited certification ISO 9001 demonstrates that Prestar is abide by the international quality management system best practices.

Prestar believes that achieving these certification standards are essential not only to enhance confidence in Prestar's products and services but also to boost trust between our associate partners and suppliers in a supply chain.

SUSTAINABILITY STATEMENT (cont'd)

MATERIALITY ASSESSMENT (cont'd)

Social (cont'd)

13. Supply chain

Our contractors, vendors and suppliers are our most important resources in order to achieve the customer satisfaction and quality product.

Our procurement standard operating policy encompasses the business conduct of our employees to ensure all suppliers are treated fairly and in the best interest of Prestar. The procurement policy is designed to upkeep confidentiality and avoid conflict of interest when transacting with our suppliers. We engage with local suppliers where possible to support the local economy and minimise environmental impacts from transportation.

14. Community engagement and developments

Every year, we always giving back to the society through various form of aids whether cash or other types of contribution regardless of people's background and economic status. Our aid to the society goes beyond direct business interest and it is evident through our social engagements.

- Engaging with the local communities

- Dinner Together on Prestar employee Reunion Day
- Hari Raya Shopping and Buka Puasa
- Visit the Disabled Home, Persatuan Kebajikan OKU Hati Berganda, Selayang
- Prestar Movie Day and Lunch together with Orphans

- Promoting health and sport activities

- Blood Donation Campaign

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") is committed in ensuring that good corporate governance based on the practices and guidance as set out in the Malaysian Code on Corporate Governance ("MCCG") are practiced throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities and for the purpose of safeguarding the interests of its shareholders and stakeholders as well as the assets of the Group.

In line with this, the Board is committed to the Company's policy of managing the affairs of the Group with transparency, integrity and accountability by ensuring that a sound framework of the best corporate practices is in place at all levels of the Group's businesses and thus, discharging its principal responsibility towards protecting and enhancing long-term shareholders' value and stakeholders' interest.

This Corporate Governance Overview Statement ("CG Overview Statement") for the financial year ended 31 December 2019 ("FYE 2019") is made pursuant to Paragraph 15.25(1) of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") Main Market Listing Requirements ("Main LR") with guidance from Practice Note 9 of Bursa Malaysia Securities Main LR and the Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia Securities. This CG Overview Statement is to be read together with the comprehensive Corporate Governance Report ("CG Report") as published on the Company's website at www.prestar.com.my. The CG Report is based on a prescribed format as outlined under Paragraph 15.25(2) of Bursa Malaysia Securities Main LR.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Part I : Board responsibilities

1) Clear functions, roles and responsibilities of the Board and Management

i) The Board takes full responsibility for the overall performance of the Group by setting the strategic directions and objectives, formulating the policies and executing the key strategic action plans. The Board regularly review the Group's business operations and maintains full and effective control over the management of the Group.

The duties and responsibilities of the Board include determining the Group's overall strategic plans, performing periodic reviews of business and financial performance, as well as adopting and implementing practical risk management and internal control system within the Group.

The roles and duties of the Group Executive Chairman, Group Managing Director and Group Executive Directors are clearly identified and separated to ensure effective operations of the Group.

The Board has also delegated certain responsibilities to other Board Committees which operate within clearly defined terms of reference. The standing Board Committees include the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Employees' Share Option Scheme ("ESOS") Committee. It is the general policy of the Group that all major decisions be considered by the Board.

ii) The Board reviewed the sustainability, effectiveness and implementation of the strategic plans for the year and provided guidance and input to Management. In order to ensure the effective discharge of its functions and duties, the principal responsibilities of the Board include, among others, the following:

- Review and adopt strategic business continuity plans for the Company and the Group;
- Oversee and monitor the conduct of the Group's businesses and financial performance;
- Review and adopt the budgets and financial results of the Company and the Group as well as monitor the compliance with applicable accounting standards and the integrity and adequacy of the financial information disclosures;
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- Review the adequacy and integrity of the Company's and the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines; and
- Establish authority control parameters for the top management and Executive Directors of the Group for control and planning so as to safeguard the interests of the Group, and to facilitate the functioning of the Group's operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Part I : Board responsibilities (cont'd)

1) Clear functions, roles and responsibilities of the Board and Management (cont'd)

iii) Role of Company Secretaries

The Board is assisted by two (2) professional Chartered Company Secretaries (outsourced) who carry out the responsibilities of the company secretarial functions for the Group. The main duties of the Company Secretaries, among others, are as follows:

- Ensure compliance of Bursa Malaysia Securities Main LR and related statutory obligations and requirements as well as updating the Board regularly on all relevant changes to Bursa Malaysia Securities Main LR and statutory requirements;
- Attend Board meetings, Board Committees meetings and general meetings, and ensure the proper recording of proceedings as well as follow-up on matters arising from the aforesaid meetings;
- Ensure proper upkeep of statutory registers and records and maintain a secured retrieval system which stores meeting papers and minutes of meetings; and
- Assist the Chairman in the preparation for and conduct of various meetings of the Board and Board Committees.

Both Company Secretaries have the requisite credentials and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016.

iv) Access to information and advice

All Directors are provided with the agenda and information necessary for them to deal with prior to each Board meeting. Senior management team was invited to attend the Board meetings to provide the Board with detailed explanations and clarifications on certain matters that were tabled to the Board. The meeting papers include, amongst others, Quarterly Financial Report, Internal Audit Report, significant financial data and corporate issues, Risk Management Committee Progress Report, minutes of all Board Committees meetings, list of all announcements made, summary of Directors' dealings, list of all Board Circular Resolutions passed and any other matters requiring the Board's approval.

All Directors have full access to the advices and services of the Company Secretaries as well as access to the information within the Group, whether as a full Board or in their individual capacity for discharging their duties.

The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities.

2) Demarcation of responsibilities

i) Board Charter

The Board Charter sets out the roles, duties and responsibilities of the Board and the application of principles and practices of good corporate governance. The Board Charter was adopted by the Board on 25 April 2013 and the last review of the Board Charter by the Board was on 10 April 2018.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. Any subsequent amendments to the Board Charter can only be approved by the Board.

The Board Charter is available on the Company's corporate website at www.prestar.com.my.

3) Good business conduct and corporate culture

i) Code of Conduct and Ethics

The Board has established a Code of Conduct and Ethics which provides ethical guides on the standards of behaviour expected from all Directors of the Group, during the conduct of business for the Group. For all intents and purposes, all Directors shall always observe and ensure compliance with all applicable laws and regulations to which they are bound to observe in discharging their duties and responsibilities. The Code of Conduct and Ethics is available on the Company's corporate website at www.prestar.com.my.

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

Part I : Board responsibilities (cont'd)

3) Good business conduct and corporate culture (cont'd)

ii) Whistle Blowing Policy

The Board has established a Whistle Blowing Policy to uphold the Group's effort and commitment in doing business with ethics of honesty and integrity, henceforth, providing a transparent and confidential process in handling the whistle-blowing reports. The Whistle Blowing Policy will serve as an avenue for all employees and members of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interests of the stakeholders. The Whistle Blowing Policy is available on the Company's corporate website at www.prestar.com.my.

Part II: Board composition

4) Board's objectivity

i) Composition of the Board

The Board presently has nine (9) members and comprises five (5) Executive Directors including the Chairman of the Board and four (4) Independent Non-Executive Directors, which fulfils the prescribed requirement of one-third (1/3) of the Board to be independent as stated in Paragraph 15.02 of Bursa Malaysia Securities Main LR. However, the Board took note of the requirement of Practice 4.1 of the MCCG which requires at least half of the Board comprises Independent Non-Executive Directors and will take necessary action to fill up the vacancy when a more conducive business environment emerges.

The diverse background of the members of the Board who come from various fields such as legal, finance, commercial and technical experiences form invaluable assets to the Company.

The presence of Independent Non-Executive Directors fulfils the pivotal role in corporate accountability. The role of Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advices and judgements to take into account of the interests, not only of the Group, but also the stakeholders.

The profile of each Director is presented in another section of this Annual Report.

ii) Independent Non-Executive Directors, Board diversity and key Management

a) Tenure of Independent Non-Executive Director

At the time of writing this Statement, Tuan Haji Fadzlullah Shuhaimi Bin Salleh, Dato' Lim Cheang Nyok, Mr. Lou Swee You and Encik Md. Nahar Bin Noordin had served the Board as Independent Non-Executive Directors of the Company for more than twelve (12) years. During their tenure, they have continued to exercise their independence and carried out their professional duties in the best interests of the Company and shareholders.

b) Policy of Independent Non-Executive Director's tenure

The Company does not have a policy which limits the tenure of its Independent Non-Executive Directors to nine (9) years. The shareholders' approval is sought at every Annual General Meeting ("AGM") to retain the Independent Non-Executive Directors of the Company who have served the Board for more than nine (9) years. The Independent Non-Executive Directors who served more than twelve (12) years will be tabled to the shareholders for approval at every AGM through two (2)-tier voting process according to Practice 4.2 of the MCCG.

The NC has assessed and determined that the Independent Non-Executive Directors of the Company who will or have served the Board for more than twelve (12) years remained objective and independent. Based on the aforesaid assessment, the NC then recommended to the Board that the aforesaid Independent Non-Executive Directors should be retained as Independent Non-Executive Directors and the same to be tabled to the shareholders for approval through a two (2)-tier voting process at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Part II: Board composition (cont'd)

4) Board's objectivity (cont'd)

ii) Independent Non-Executive Directors, Board diversity and key Management (cont'd)

c) Diverse Board and Senior Management team

Appointment of Board and senior management are based on objective criteria, merit and due regard for diversity in skills, experience, age, cultural background and gender. Please refer to the Profile of Directors and the Management team in other sections of this Annual Report for further information.

d) Gender Diversity Policy

The Board acknowledges the importance of boardroom diversity, including gender diversity, to the effective functioning of the Board. As such, female representation on the Board will be considered when vacancies arise or suitable candidates are identified in line with the Group's strategic objectives.

The Board has established a Gender Diversity Policy and would ensure that there is no discrimination based on, but not limited to ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region, during the recruitment of new Directors. The Gender Diversity Policy is available on the Company's corporate website at www.prestar.com.my.

e) New candidates for Board's appointment

There is no candidate to be appointed to the Board during the FYE 2019. Any potential shortlisted candidate, whom is not known to the existing Board members, would be interviewed by the NC and thereafter, to meet with the Board for endorsement of appointment.

iii) NC

The NC consists of three (3) members, all of which are Independent Non-Executive Directors and the composition of the NC is as follows:

Members	Designation	Number of NC Meetings attended/held in the financial year under review
Dato' Lim Cheang Nyok	Chairman	1/1
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member	1/1
Mr. Lou Swee You	Member	1/1

The primary duties and functions of the NC are summarised as follows:

a) To identify new candidates for the Board after assessing the suitability of candidates based on the criteria adopted;
b) To consider and recommend to the Board, candidates for directorship, proposed by the Group Managing Director, any senior management, any Director or any shareholder;
c) To recommend the nominees to fill the seat on the Board Committees;
d) To assess the effectiveness of the Board as a whole, each individual Director and AC member and Committees of the Board; and
e) To consider and examine such other matters as the NC considers appropriate.

The main activities of the NC during the FYE 2019 include the following:-

a) Reviewed the required mix of skills, experience and other qualities of the Board;
b) Assessed the effectiveness of the Board as a whole and the Board Committees including the AC;
c) Assessed the contribution and performance of each individual Director and AC member;
d) Assessed the independency of the Independent Non-Executive Directors;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Part II: Board composition (cont'd)

4) Board's objectivity (cont'd)

iii) NC (cont'd)

e) Reviewed and recommended to the Board, the re-election of the Directors who shall retire at the AGM of the Company; and
f) Reviewed and recommended to the Board, the retention of the Independent Non-Executive Directors in accordance with the MCCG.

The full terms of reference of the NC, outlining the NC's objectives, composition, retirement and resignation, proceeding of meetings, authority and duties and responsibilities, is available on the Company's corporate website at www.prestar.com.my.

Reinforce independence: Annual assessment of independence of Directors

The Board adopts the concept of independence in tandem with the definition of Independent Non-Executive Director as prescribed under Paragraph 1.01 of Bursa Malaysia Securities Main LR. The Board also carries out an annual assessment of the independence of its Independent Non-Executive Directors through the assistance of the NC.

The Board considers that its Independent Non-Executive Directors provide an objective and independent views on various issues dealt with at the Board and Board Committees level. All the Independent Non-Executive Directors are independent of management and are free from any relationship that could materially interfere with the exercise of their independent judgement.

As for the non-compliance of Practice 4.1 of the MCCG where the Board shall comprise at least half Independent Non-Executive Directors, the Board is of the view that the current composition of Independent Non-Executive Directors is able to reflect the interests of minority shareholders of the Company fairly through the Board's representation. The Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

Re-election of Directors

In accordance with Clause 118 of the Company's Constitution, at least one-third (1/3) of the Directors, or the number nearest to one-third (1/3) shall retire from office provided always that all Directors including a Managing Director or Deputy Managing Director shall retire from office at least once in each three (3) years but shall be eligible for re-election.

Directors who are appointed by the Board to fill a casual vacancy shall hold office until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the AGM.

iv) ESOS Committee

In line with the implementation of the ESOS, an ESOS Committee was established by the Board on 21 April 2014 to oversee the administration as well as to ensure proper implementation of the ESOS in accordance with the By-Laws of the ESOS.

The members of the ESOS Committee are as follows:

Dato' Lim Cheang Nyok	Chairman (Independent Non-Executive Director)
Dato' Toh Yew Peng	Member (Group Managing Director)
Mr. Toh Yew Seng	Member (Group Executive Director)

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

Part II: Board composition (cont'd)

5) Overall Board effectiveness

i) Annual evaluation of the Board

The Board had through the NC undertakes the following assessments annually:

(a) Effectiveness of the Board as a whole and the Committees of the Board;
(b) Contribution and performance of the AC and each individual AC member;
(c) Contribution and performance of each individual Director; and
(d) Independence of the Independent Non-Executive Directors.

The outcome of the abovementioned annual assessments is disclosed in CG Report which is available on the Company's corporate website at www.prestar.com.my.

ii) Board Meetings

The Board intends to meet at least four (4) times a year, with additional meetings to be convened where necessary.

During the FYE 2019, a total of four (4) Board meetings were held and the details of each Director's attendance at the Board meetings are as follows:

Name of Directors	No. of Meetings attended	% of attendance
Mr. Toh Yew Keat	4 / 4	100
Dato' Toh Yew Peng	4 / 4	100
Mr. Toh Yew Kar	4 / 4	100
Mr. Toh Yew Seng	4 / 4	100
Mr. Toh Yew Chin	2 / 4	50
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	4 / 4	100
Encik Md. Nahar Bin Noordin	4 / 4	100
Dato' Lim Cheang Nyok	4 / 4	100
Mr. Lou Swee You	4 / 4	100

In the intervals between the Board meetings, the Board's approvals are obtained via circular resolutions for exceptional matters requiring urgent Board's decisions which are supported by the relevant information in order to form an informed decision. In order to facilitate the Directors' planning and time management, an annual meeting calendar is prepared and given to the Directors before the beginning of each financial year.

The Board is satisfied with the time commitment given by the Directors. All of the Directors do not hold more than five (5) directorships in the public listed companies as stipulated under Paragraph 15.06 of Bursa Malaysia Securities Main LR. If any Director wishes to accept a new directorship in the public listed companies, the Chairman will be informed beforehand together with indication of time that will be spent on new appointment.

iii) Directors' training

All Directors have attended the Mandatory Accreditation Programme and are encouraged to attend training programmes on a continual basis to enhance their knowledge and keep abreast with the latest technological market and recent developments in regulations and business practices.

The Board empowered the Directors of the Company to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's businesses and operations.

During the FYE 2019, the Directors had attended various talks and seminars organised by Bursa Malaysia Securities and other local training organisations as follows:

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Part II: Board composition (cont'd)

5) Overall Board effectiveness (cont'd)

iii) Directors' training (cont'd)

Attended by	Seminars/Programmes
Dato' Toh Yew Peng Mr. Toh Yew Seng	• Navigating the Minefields of Corporate and Personal Liabilities under Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009") • Performance Appraisal and Designation of Share Incentive Scheme Training
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	• Navigating the Minefields of Corporate and Personal Liabilities under MACC Act 2009 • Corporate Governance Programme: Demystifying the Diversity Conundrum: The Road to Business Excellence • Leadership Greatness in Turbulent Times: Building Corporate Longevity Seminar
Dato' Lim Cheang Nyok	• Introduction to Sports Law Seminar • Navigating the Minefields of Corporate and Personal Liabilities under MACC Act 2009
Mr. Lou Swee You	• Navigating the Minefields of Corporate and Personal Liabilities under MACC Act 2009 • Audit Oversight Board Conversation with AC
Mr. Toh Yew Keat Mr. Toh Yew Kar Mr. Toh Yew Chin Encik Md. Nahar Bin Noordin	• Navigating the Minefields of Corporate and Personal Liabilities under MACC Act 2009

In addition, the Company Secretaries, external auditors and internal auditors also update the Board on a regular basis the respective changes and amendments to regulatory requirements, laws and accounting standards to assist the Board to keep abreast of such developments.

Part III: Remuneration

6) Remuneration Policy

The Company has in place a Remuneration Policy for Directors and senior management which sets out the criteria applied in recommending their remuneration packages.

The objective of the Group's Remuneration Policy is to attract and retain the Directors and senior management that could lead the Group to achieve its long-term goals and enhance shareholders' value.

In the case of Executive Directors and senior management, the components of the remuneration packages are structured so as to link rewards to the corporate and individual performance. The level of remuneration of the Non-Executive Directors is reflective of their experience, time commitment and level of responsibilities as well as market norm and practices.

7) RC

The RC assists the Board in assessing the remuneration packages of the Executive Directors with a view to ensure that a competitive remuneration package is offered to attract and retain the talented individuals to serve as Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Part III: Remuneration (cont'd)

7) RC (cont'd)

The RC considers the principles recommended by MCCG in determining the Directors' remuneration whereby, the Executive Directors' remuneration is designed to link rewards to the Group's and individual's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. Additionally, in ensuring that the Directors' remuneration is in line with the market expectation and competition to retain and attract talents in the Group, reference is made to the Directors' remuneration offered by other public listed companies.

The RC reviews the Directors' fees and benefits and proposed to the Board for approval and recommendation to the shareholders for approval at the AGM.

The RC consists of three (3) members, all of which are Independent Non-Executive Directors, and the composition of the RC is as follows:

Members	Designation	Number of RC Meetings attended/held in the financial year under review
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Chairman	1/1
Encik Md. Nahar Bin Noordin	Member	1/1
Mr. Lou Swee You	Member	1/1

The full terms of reference of the RC, outlining the RC's objectives, composition, retirement and resignation, proceeding of meetings, authority and duties and responsibilities, is available on the Company's corporate website at www.prestar.com.my.

8) Directors' remuneration

Details remuneration of Directors of the Company comprising remuneration received/receivable from the Company and its subsidiaries during FYE 2019 are as follows:

(a) Company

Name of Directors	Fees (RM)	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in-kind (RM)	EPF and SOCSO (RM)	Total (RM)
Non-Executive Directors						
Encik Md. Nahar Bin Noordin	33,000	2,000	-	-	-	35,000
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	36,000	2,600	-	-	-	38,600
Dato' Lim Cheang Nyok	36,000	2,600	-	-	-	38,600
Mr. Lou Swee You	38,000	3,000	-	-	-	41,000
Total	143,000	10,200	0	0	0	153,200

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Part III: Remuneration (cont'd)

8) Directors' remuneration (cont'd)

(a) Company (cont'd)

Name of Directors	Fees (RM)	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in-kind (RM)	EPF and SOCSO (RM)	Total (RM)
Executive Directors						
Mr. Toh Yew Keat	17,000	-	-	-	-	17,000
Dato' Toh Yew Peng	15,000	1,050,120	320,196	35,500	151,337	1,572,153
Mr. Toh Yew Seng	15,000	-	168,067	-	31,939	215,006
Mr. Toh Yew Kar	15,000	-	-	-	-	15,000
Mr. Toh Yew Chin	20,000	-	-	-	-	20,000
Total	82,000	1,050,120	488,263	35,500	183,276	1,839,159
Total Company	225,000	1,060,320	488,263	35,500	183,276	1,992,359

(b) Group

Name of Directors	Fees (RM)	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in-kind (RM)	EPF and SOCSO (RM)	Total (RM)
Non-Executive Directors						
Encik Md. Nahar Bin Noordin	33,000	2,000	-	-	-	35,000
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	36,000	2,600	-	-	-	38,600
Dato' Lim Cheang Nyok	36,000	2,600	-	-	-	38,600
Mr. Lou Swee You	38,000	3,000	-	-	-	41,000
Total	143,000	10,200	0	0	0	153,200
Executive Directors						
Mr. Toh Yew Keat	17,000	571,595	48,267	30,695	68,870	736,427
Dato' Toh Yew Peng	35,500	1,378,404	352,869	35,500	191,069	1,993,342
Mr. Toh Yew Seng	35,500	1,120,224	296,185	35,200	270,153	1,757,262
Mr. Toh Yew Kar	15,000	665,113	97,911	20,525	85,438	883,987
Mr. Toh Yew Chin	20,000	404,735	-	-	72,391	497,126
Total	123,000	4,140,071	795,232	121,920	687,921	5,868,144
Total Group	266,000	4,150,271	795,232	121,920	687,921	6,021,344

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Part III: Remuneration (cont'd)

9) Remuneration of top five (5) senior management staff

For FYE 2019, the top five (5) senior management's remuneration components including salary, bonus, benefit-in-kind and other emoluments in bands of RM50,000.00 is disclosed in the CG Report which is available on the Company's website at www.prestar.com.my and through the announcement published on the website of Bursa Malaysia Securities.

Detail remuneration of top five (5) key Management team is not disclosed as the Board is of the view that the detail disclosures of individual remuneration information is sensitive and proprietary, and the information may be wrongly used or quoted by certain parties. The transparency and accountability aspects of corporate governance applicable to the remuneration of these staff are deemed appropriately served by the above disclosures.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

10) AC

The AC consists of three (3) Independent Non-Executive Directors, which complied with Paragraph 15.09(1)(c) of Bursa Malaysia Securities Main LR whereby the AC shall only consist of Non-Executive Directors and majority of whom are Independent Non-Executive Directors. In line with Practice 8.1 and Step-Up Practice 8.4 of MCCG, the AC of the Company comprises solely of Independent Non-Executive Directors and the Chairman of the AC, Mr. Lou Swee You, is not the Chairman of the Board. For detailed information on the AC with regards to its composition, activities and its report, please refer to the AC Report in this Annual Report.

None of the AC members was a former key audit partner of the Company. In line with the MCCG, the Board has adopted the revised terms of reference of the AC that no former key audit partner could be appointed as a member of the AC before observing a cooling-off period of at least two (2) years.

All members of the AC have the relevant accounting, finance and/or related financial experience and expertise to effectively discharge their duties. The qualification and experience of the individual AC member are disclosed in the Directors' Profile in this Annual Report.

11) Suitability, objectivity and independence of the external auditors

The Board, through the AC maintains a formal and transparent relationship with its external auditors in seeking professional advice. The AC meets with the external auditors without the presence of the Executive Board members and Management staff at least twice a year regarding audit planning, adequacy of controls, and other relevant audit and accounting issues.

The AC is assigned to assess, review and supervise the performance, suitability and independence of the external auditors. Evaluation of the external auditors is carried out on a yearly basis to determine its' continuance suitability and independence via a formal assessment form. The AC remains confident that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services provided to the Group.

The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accounts' By-Law (on Professional Ethics, Conduct and Practice).

12) Group Risk Management Committee ("GRMC")

The Board acknowledges that there are inherent risks associated with the business carried out by the Group. The GRMC assists the Board to continuously review the activities of the Group to identify key business and operational risks and where possible, implement policies and procedures to address such risks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

12) Group Risk Management Committee ("GRMC") (cont'd)

All subsidiaries have their own Risk Management Unit to review, monitor and assess risk portfolio composition of significant activities within each subsidiary. The Risk Management Unit provides the GRMC with periodical reports on the status of risk management in individual subsidiary. The GRMC reviews the Group's overall risks by assessing the adequacy and effectiveness of risk portfolio composition and risk mitigation controls to determine the desired exposures of each major area of risk on a periodic basis. The Risk Management Committee Progress Reports are further presented to the AC and thereafter, to the Board for their deliberations.

13) Sound risk management and internal audit function

The Board acknowledges its responsibility for establishing a sound system of internal control and risk management framework and practices which encompasses financial, operational and compliance control that aims to safeguard shareholders' investments and the Group's assets during its course of business.

The Group has outsourced its internal audit function to assist the AC in discharging their duties and responsibilities. On-going reviews are performed on quarterly basis to identify, evaluate, monitor and manage significant risks affecting the businesses and ensure that adequate and effective controls are in place. The internal auditors report their findings and recommendations to the AC during the quarterly AC meeting.

The Risk Management Unit of each subsidiary is actively identifying, assessing and monitoring the key business risks to safeguard shareholders' investments and the Group's assets by monitoring the internal control in place with the assistance of the AC.

The GRMC assists the AC and the Board by reviewing the Risk Management Reports of all subsidiaries of the Company. The Board is updated on the Group's internal control system which encompasses risk management practices as well as financial, operational and compliance control on a quarterly basis.

While the internal control system is devised to cater for the needs of the Group as well as risk management, such controls by their nature could only provide reasonable assurance but not absolute assurance against material misstatement or loss. Information on the Company's risk management framework and internal control system within the Group is presented in the Statement on Risk Management and Internal Control of this Annual Report.

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

14) Corporate reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board is committed to provide a balanced, fair and comprehensive assessment of the Company's state of affairs in relation to its financial performance. In order to achieve the above, adequate financial processes are in place, aimed at keeping the Group's accounting records and transactions in accordance with accepted accounting standards. This also helps to safeguard the preparation of annual financial statements which present a true and fair view of the state of affairs of the Group at the reporting dates.

The AC assists the Board by reviewing the financial statements with Management and the external auditors (when reviewing the yearly financial statements) to ensure the accuracy and adequacy of all the information to be disclosed as well as to ensure its compliance with the requirements of the rules and regulations of the authorities and approved accounting standards. The Group Finance Director also presented to the AC and the Board detailed presentations on the financial results, including performance against targets/budget.

The Statement of Directors' Responsibility pursuant to Bursa Malaysia Securities Main LR on its responsibilities in preparing the financial statements is set out in another section of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

15) Communication with stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders, investors and general public. The Annual Reports, press releases, quarterly results and timely announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance and also form an important channel of communication to reach shareholders and investors. In view thereof, effort has been taken to enhance the contents of the Annual Report in line with the MCCG and Bursa Malaysia Securities Main LR.

The Group Managing Director is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

The Company maintains a website at www.prestar.com.my for shareholders, investors and general public to access information on amongst others, the Group's profile, products, financial performance announcements and corporate information.

16) Encourage shareholder participation at general meetings

Participation at AGM

The AGM represents the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issue and to have a better understanding of the Group's businesses and corporate developments. Adequate notice period for the AGM of not less than twenty-eight (28) days is communicated to all the shareholders.

Before the commencement of the AGM, the Group Managing Director will either provide presentation, screening corporate video or brief verbal highlights to the shareholders on issues relating to the performance of the Group for the financial year under review as well as the outlook of the Group on its future performance and opportunities.

Healthy dialogues and interactions with the shareholders are greatly encouraged and no time limitation for shareholders to raise questions pertaining to the resolutions being proposed and the operations of the Group.

The Board is supported by the external auditors, Company Secretaries, legal and financial advisers, and senior management staff, where applicable, who are also present at the AGM to communicate with the shareholders, investors and media as well as to respond to the queries raised.

Poll voting

Bursa Malaysia Securities Main LR require that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all general meetings from 1 July 2016 onwards.

The Company had conducted its poll voting on all resolutions since 2017 AGM and will continue on such practice for all future general meetings.

This CG Overview Statement and the CG Report are made in accordance with a resolution of the Board passed on 14 May 2020.

ADDITIONAL COMPLIANCE INFORMATION

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

1. UTILISATION OF PROCEEDS

The Company's 51%-owned subsidiary, Tashin Holdings Berhad ("THB") was successfully listed on the ACE Market of Bursa Malaysia Securities on 1 August 2019. Following the completion of THB's initial public offering ("IPO") exercise, THB has now become an associate of the Company with 34% equity interest owned by the Company. The Company had undertaken an offer for sale ("OFS") for 29,071,000 ordinary shares held in THB during the IPO exercise at an offer price of RM0.58 per share and has raised an amount of RM16.86 million.

The proceeds were fully utilised by the Company for repayment of bank borrowings amounting to RM16.34 million and expenses related to OFS amounting to RM0.52 million within a month according to the estimated timeframe for utilisation.

The utilisation of proceeds as disclosed above should be read in conjunction with the Circular to Shareholders dated 25 February 2019.

2. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2019, Messrs. BDO PLT, the External Auditors have rendered audit and non-audit services to the Company and its subsidiaries ("the Group"). The breakdown of the fees payable to the External Auditors is as follows:-

	Audit fee (RM)	Non-audit fee (RM)
Company	33,500	12,400
Group		
- Continuing operations	187,700	12,400
- Disposal group operations	30,666	1,333

3. MATERIAL CONTRACTS INVOLVING DIRECTORS', CHIEF EXECUTIVE'S AND MAJOR SHAREHOLDERS' INTERESTS

There was no material contracts entered into by the Group involving the interests of the Directors, chief executive and major shareholders during the financial year under review.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPTs")

The information on RRPTs for the financial year under review is disclosed under Note 32 of the Audited Financial Statements for the financial year ended 31 December 2019 in this Annual Report.

5. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS was approved by the shareholders at the Extraordinary General Meeting held on 17 December 2013 and was subsequently implemented on 21 April 2014.

There was no ESOS being exercised during the financial year ended 31 December 2019. Details of the ESOS of the Company are disclosed under Note 31 of the Audited Financial Statements for the financial year ended 31 December 2019 in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Prestar Resources Berhad ("Board") acknowledges the importance of maintaining a sound risk management and internal control system within the Company and its subsidiaries ("the Group") and is pleased to provide the following Statement on Risk Management and Internal Control of the Group, which has been prepared in accordance with the Statement on Risk Management and Internal Control Guidelines: Guidelines for Directors of Listed Issuers issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") as well as Part II of Principle B, Intended Outcome 9.0, Practices 9.1 and 9.2 and Guidances 9.1 and 9.2 as set out in the Malaysian Code on Corporate Governance and Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities ("Main LR").

BOARD RESPONSIBILITY

The Board is committed and acknowledges its overall responsibility for maintaining a sound risk management and internal control systems and for reviewing their adequacy and effectiveness continually so as to safeguard all its stakeholders' interests and protect the Group's assets. The system of risk management and internal control covers not only financial controls but risk management, organisational, operational, fraud prevention and compliance controls. The Board ensures the adequacy and effectiveness of the system through regular review and monitoring. However, such a system is designed to manage the Group's risks within an acceptable risk profile rather than eliminate the risk of failure in order to achieve the goals and objectives of the Group. Hence, the system of risk management and internal control could only provide reasonable but not absolute assurance against material misstatement, fraud and potential losses.

The Board affirms that the Group has in place an on-going process of identifying, evaluating, monitoring and managing the principal risks affecting the achievement of its business objectives throughout the financial year under review. The Board has delegated the review of adequacy and effectiveness of the internal control system to the Audit Committee ("AC"), which in turn delegated the tasks to the Group Risk Management Committee ("GRMC"). Hence, through the AC, the Board is kept informed of all significant control issues brought to the attention of the AC by Management, the internal audit function ("IAF") and also the external auditors. The Board is working closely with the AC in reviewing and improving the internal controls as well as addressing the potential risks of the Group from time to time.

RISK MANAGEMENT FRAMEWORK AND PROCESS

Risk management is an integral part of the overall management process. Therefore, the Group has established and put in place a risk management framework to promote effective risk management within the Group for identifying, evaluating and managing significant risks faced by the Group systematically during the financial year under review.

As mentioned above, the responsibility to oversee the risk management framework is delegated to the GRMC which is responsible to ensure that all the principal risks of the Group are properly addressed and managed within its acceptable level. The GRMC is supported by various Risk Management Units of its subsidiaries. The GRMC reports to the AC and the Board.

The GRMC constantly assess and identify risks and put in place necessary controls and mitigation plans to address and maintain the risks at an appropriate level acceptable to the Group throughout the financial year under review.

All significant risks identified and relevant controls and mitigation plans taken by Management are documented in the risk management progress reports and the same be compiled and tabled to the AC and the Board for deliberations.

ADEQUATE PROCEDURES ("APs") MITIGATING CORPORATE LIABILITY

The new provision of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 will come into force on 1 June 2020, encompasses duty on the Directors, controllers and Management of the Group to encourage compliance with anti-corruption laws and ensure that APs are in place to detect, prevent and minimise any possible corrupt practices that might be committed by any employees of the Group. In light of this, the Group has embarked on establishing the APs based on the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department.

As at to-date, the Group has conducted two (2) trainings related to the provisions of corporate liability for its Directors and top and middle level Management. The next action plans of the Group are conducting corruption risk assessment, setting-up control measures with updates on our existing Whistleblowing Policy and drafting and implementing of Anti-bribery & Anti-Corruption Policy. Besides, the Group will systematically review and monitor the progress and enforcement of the APs with on-going training and communication to all levels of the employees. The list of preventive actions is not exhaustive, as any measure that can prevent corruption is encouraged and the relevant new policies will be adopted to ensure the APs carried out are effective and relevant.

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

INTERNAL AUDIT FUNCTION

The IAF is carried out by external professional firm based on the internal audit plan and ad-hoc assignments approved by the AC.

The scope of works of the IAF includes but not limited to the following:

- Review and assess the adequacy, efficiency and effectiveness of the Group's internal control system.
- Review the extent of compliance of the Group with the policies, standard operating procedures and other laws and regulations which possibly cause significant impact to the business operations of the Group.
- Report significant issues in relation to the business operations and activities of the Group and make recommendations for improvements in the internal audit reports to the AC.
- Conduct follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by Management and reports the same to the AC.
- Highlight any irregularities to the AC.

During the financial year under review, no material issues were highlighted by the IAF.

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

In addition to the risk management and internal audit, the Group has established various controls to review the adequacy, effectiveness and integrity of the internal control system. Such controls include:

- A budgeting process where budgets are prepared by the operating business units for subsequent monitoring and tracking of variances and performance.
- Documented Quality Management System accredited by various International Organisation for Standardisation (ISO) certification bodies on four (4) subsidiaries' quality management system on various manufacturing and trading activities.
- Quarterly review of financial results and operational matters by the AC and the Board.
- Policies and standard procedures of various operating business units within the Group are properly documented for operational guidance and compliance. These policies and procedures are reviewed and updated when necessary to maintain its effectiveness at all times.
- Corporate finance and treasury matters are controlled centrally and monitored on a weekly, monthly and quarterly basis.
- Formal authorisation limit for various level of personnel is established in order to minimise the risk of unauthorised transactions.
- Monthly management report on key business indicators and performance results on each subsidiary is reported to Management and the Executive Directors. These would enable Management and the Executive Directors to review the performance of each subsidiary on a monthly basis.

During the financial year under review, there were no material losses incurred as a result of weaknesses in the internal control and the Board is satisfied that the on-going process of regular reviewing, evaluating and monitoring of the risk management and internal control system are reasonably effective and adequate within the Group, except for POSCO-MKPC Sdn. Bhd. and Tashin Holdings Berhad ("THB") and its group of companies, which are the associated companies of the Company. THB was listed on the ACE Market of Bursa Malaysia Securities on 1 August 2019 with proper system of internal controls and risk management system being implemented.

The Board has received assurance from the Group Managing Director and Group Finance Director that the Company's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model and internal control system adopted by the Group.

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

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main LR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process and the review adopted by the Board on the adequacy and integrity of the risk management and internal control of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 25 February 2020.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of Prestar Resources Berhad ("Prestar" or "Company") is pleased to present the following report on the Audit Committee ("AC" or "Committee") and its activities during the financial year ended 31 December 2019 ("FYE 2019").

The Board has approved this AC Report by a resolution dated 25 February 2020.

1. CONSTITUTION

The AC of Prestar has been established since 16 August 1995.

2. COMPOSITION OF THE AC AND MEETINGS ATTENDANCE

The Committee comprises three (3) members, which consist of all Independent Non-Executive Directors. This meet the requirements of Paragraphs 15.09(1)(a) and (b) of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities").

During the FYE 2019, the AC held a total of five (5) meetings. The members of the AC and their attendance at the meetings are set out below:

Name	Designation	Attendance	Percentage
Mr. Lou Swee You	Chairman / Independent Non-Executive Director	5/5	100%
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member / Independent Non-Executive Director	5/5	100%
Dato' Lim Cheang Nyok	Member / Independent Non-Executive Director	5/5	100%

3. SUMMARY OF KEY ACTIVITIES FOR THE FYE 2019

During the FYE 2019, the main activities undertaken by the AC were as follows:

a) Reviewed the unaudited quarterly financial results of the Company and its Group of Companies and thereafter, submitted to the Board for approval and release to Bursa Malaysia Securities.

b) Reviewed the audited year-end financial statements of the Company and its Group of Companies and thereafter, submitted to the Board for consideration and approval.

c) Met twice with the external auditors in the absence of the Executive Directors and Management to discuss on the audit strategy and scope of audit plan prior to the commencement of annual audit and also the audit issues and recommendations raised by them after the audit.

d) Reviewed the audit reports of the external auditors and management letters in relation to the audit including Management's responses arising from the audit.

e) Reviewed the principal risks and the risk management actions reported by the Group Risk Management Committee and the Subsidiary Risk Management Unit.

f) Reviewed the AC Report and the Statement on Risk Management and Internal Control and thereafter, recommended the same to the Board for inclusion in the annual report.

g) Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") and Proposed New Shareholders' Mandate for RRPTs and thereafter, recommended the same to the Board for approval.

h) Reviewed the related party transactions and recurrent related party transactions on a quarterly basis.

i) Reviewed the performance of the internal audit function, annual internal audit plan and internal audit reports presented by the internal auditors and considered the major findings highlighted by the internal auditors and the responses from Management.

j) Reviewed the suitability and independence of the external auditors vide a formalised external auditors evaluation form and upon reviewed and being satisfied with the results of the said assessment, the same had been recommended to the Board for approval.

AUDIT COMMITTEE REPORT (cont'd)

4. TERMS OF REFERENCE

The Terms of Reference of the AC that was revised and adopted on 23 May 2018, outlining the AC's objectives, composition, retirement and resignation, proceeding of meeting, authority and duties and responsibilities, is available at the Company's website at www.prestar.com.my.

5. KEY AUDIT MATTERS ("KAM")

Under the new and revised auditor reporting standards released by the International Auditing and Assurance Standards Board in 2016, auditors are required to disclose KAM in their auditor's report, leading to a more informative and tailored reporting specific to the circumstances of each entity and engagement. KAM are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period.

During the audit process in the FYE 2019, the issue related to the Impairment of Trade Receivables was raised by the Company's external auditors as KAM. The audit responses to address the abovesaid issue by the Company's external auditors were set out in the Independent Auditors' Report ("IAR"). For detail information on KAM, please refer to the IAR in this Annual Report.

6. STATEMENT ON INTERNAL AUDIT FUNCTION ("IAF")

The IAF is outsourced and undertaken by an external professional firm i.e., Axcelasia Columbus Sdn. Bhd., to conduct regular reviews and assessments on the adequacy, efficiency, and effectiveness of the Company and its subsidiaries' internal control system. The IAF reports directly to the AC. The IAF is responsible to conduct reviews in accordance with the internal audit plan or other ad-hoc assignments which are approved by the AC.

The AC meets quarterly to review the internal audit findings and to discuss on the corrective action plans in order to ensure that the control weaknesses highlighted in the internal audit reports are appropriately addressed by Management. In addition, the IAF carries out follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by Management. The progression status of the corrective action plans is also reported to the AC on a quarterly basis.

For the FYE 2019, the IAF has successfully conducted the following audits in accordance with their Internal Audit Plan 2019 which was approved by the AC and agreed on the timing, frequency and scope of internal audit services to be rendered:

Audit activities	Audit entity/area
Review of inventory management, billing, credit control and collections	1. Dai Dong Steel Sdn. Bhd. 2. Prestar Engineering Sdn. Bhd.
Review of inventory, production management and occupational safety and health management system	1. Prestar Galvanising Sdn. Bhd. 2. Prestar Precision Tube Sdn. Bhd.

The cost incurred in maintaining the IAF for the FYE 2019 was approximately RM69,000.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In respect of the preparation of the Audited Financial Statements of Prestar Resources Berhad ("the Company") for the financial year ended 31 December 2019 ("FYE 2019")

The Directors are required by the Companies Act 2016 ("the Act") to lay before the Company's shareholders at the Annual General Meeting, its Audited Financial Statements (which include the Consolidated Statements of Financial Position and the Consolidated Statements of Profit or Loss and other Comprehensive Income) of the Company and its subsidiaries ("the Group") for each financial year, prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Act and Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Audited Financial Statements of the Group for FYE 2019 are set out from pages 60 to 142 of this Annual Report.

The Directors are responsible for ensuring that the Audited Financial Statements of the Group are prepared in accordance with the accounting records of the Group so as to give a true and fair view of the state of affairs of the Group as at 31 December 2019, and of the results of their operations and cash flows for the year ended on that date.

In preparing the Audited Financial Statements for FYE 2019, the Directors have reviewed and consistently applied the suitable accounting policies throughout the financial year. In the cases where judgements and estimations were made, they were based on reasonableness and prudence assumptions.

The Directors also have a general responsibility for taking such steps that are available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a Directors' Resolution in Writing, dated 14 May 2020.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of renting out properties and investment holding. The principal activities of the subsidiaries are mainly manufacturing of steel related products, the details of which are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year from continuing operations	3,261	12,755
Profit for the financial year from disposal group operations	4,343	-
	7,604	12,755
Profit for the financial year attributable to:		
Owners of the Company:		
- from continuing operations	3,314	12,755
- from disposal group operations	2,215	-
	5,529	12,755
Non-controlling interests	2,075	-
	7,604	12,755

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

(a) Interim single tier cash dividend of 1.0 sen per share, amounting to approximately RM1,957,000 in respect of the previous financial year paid on 30 January 2019.

(b) Final single tier cash dividend of 0.5 sen per share, amounting to approximately RM978,000 in respect of the previous financial year paid on 26 July 2019.

The Directors propose a final single tier cash dividend of 1.0 sen per share, amounting to approximately RM1,950,000 in respect of the financial year ended 31 December 2019, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS' REPORT (cont'd)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company implements an ESOS, which is in force for a period of ten (10) years until 20 April 2024 ("the option period"). The main features of the ESOS are as follows:

(a) Eligible Directors and employees are those who are confirmed employees of the Group before the date of offer;

(b) The maximum number of options to be offered under the ESOS based on the issued and paid-up ordinary share capital as at 31 December 2019 for ordinary shares previously issued under the ESOS is 26,077,100;

(c) The total number of options to be issued under the ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital of Prestar Resources Berhad (excluding Treasury shares) at any point of time during the tenure of the ESOS;

(d) The exercise of options granted will be staggered over a period of two (2) to five (5) years depending on the number of options granted;

(e) The option price of a new ordinary share under the ESOS shall be the five (5)-day weighted average market prices of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer with a discount of not more than ten percent (10%) of the weighted average market price, or at the value of the ordinary shares of RM0.50, whichever is higher;

(f) The options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

(g) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company.

The details of the options over ordinary shares of the Company are as follows:

		[---------------------- Number of options over ordinary shares					----------------------]
		Outstanding as at	Movements during the [-----------financial year------------]			Outstanding as at	Exercisable as at
	Option price	1.1.2019	Granted	Exercised	Lapsed	31.12.2019	31.12.2019
	RM	'000	'000	'000	'000	'000	'000
Date of offer							
2014 options	0.53/0.83	1,600	-	-	(188)	1,412	1,412

DIRECTORS

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

Prestar Resources Berhad

Toh Yew Keat*
Dato' Toh Yew Peng*
Toh Yew Kar*
Toh Yew Seng*
Toh Yew Chin*
Tuan Haji Fadzlullah Shuhaimi Bin Salleh
Md. Nahar Bin Noordin
Dato' Lim Cheang Nyok
Lou Swee You

Subsidiaries of Prestar Resources Berhad

Alan Toh Jin Joo
Andy Toh Jin Hong
Jason Toh Jin Hin
Kenny Toh Jin Tat
Koay Kah Ee
Lim Choon Teik#
Lim Fong Kan
Toh Poh Khuan

* These Directors of the Company are also the Directors of certain subsidiaries of the Company.

#Lim Choon Teik ceased to be the Director of the subsidiaries of the Company with effect from 23 April 2019 following the cessation of Tashin Hardware Sdn. Bhd. and Tashin Steel Sdn. Bhd. as subsidiaries of the Company on 23 April 2019.

DIRECTORS' REPORT (cont'd)

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 30 May 2019, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

(i) The number of shares to be repurchased and/or held as treasury shares shall not exceed 10% of its existing issued and paid-up share capital of the Company;

(ii) The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company based on latest audited and unaudited financial statements; and

(iii) The Directors may retain the shares so repurchased as treasury shares and may resell the treasury shares and/or distribute them as share dividend and/or cancel them in a manner they deem fit in accordance with the provisions of the Companies Act 2016 in Malaysia and listing requirements and applicable guidelines of Bursa Malaysia Securities Berhad.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Details of the treasury shares are disclosed in Note 15(e) to the financial statements.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2019 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	[------------------- Number of ordinary shares		-------------------]
	Balance as at 1.1.2019	**Bought**	**Sold**	**Balance as at 31.12.2019**
Shares in the Company				
Direct interests				
Toh Yew Keat	4,386,717	-	-	4,386,717
Dato' Toh Yew Peng	7,835,600	54,400	-	7,890,000
Toh Yew Kar	2,672,276	-	-	2,672,276
Toh Yew Seng	3,356,252	-	-	3,356,252
Toh Yew Chin	2,697,276	-	-	2,697,276
Md. Nahar Bin Noordin	1,716,000	116,000	(100,000)	1,732,000
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	135,000	-	-	135,000
Dato' Lim Cheang Nyok	194,000	-	-	194,000
Lou Swee You	189,000	-	-	189,000
Indirect interests				
Toh Yew Keat *	72,560,500	700,900	-	73,261,400
Dato' Toh Yew Peng **	72,650,500	700,900	-	73,351,400

	[----------- Number of options over ordinary shares		-----------]
	Balance as at 1.1.2019	**Granted**	**Exercised**	**Balance as at 31.12.2019**
Share options in the Company				
Toh Yew Kar	250,000	-	-	250,000

* Indirect interest by virtue of his interests in Fabulous Essence Sdn. Bhd., Y.K. Toh Property Sdn. Bhd., and Janice Toh Mei Ling.

** Indirect interest by virtue of his interests in Fabulous Essence Sdn. Bhd., Y.K. Toh Property Sdn. Bhd. and Alan Toh Jin Joo.

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

By virtue of their interests in the ordinary shares of the Company, all the Directors except for Toh Yew Kar, Toh Yew Seng, Toh Yew Chin, Tuan Haji Fadzlullah Shuhaimi Bin Salleh, Md. Nahar Bin Noordin, Dato' Lim Cheang Nyok and Lou Swee You are deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

(i) remuneration received or due and receivable by certain Directors from the related corporations in their capacity as Directors or executives of those related corporations; and

(ii) deemed benefits arising from related party transactions as disclosed in Note 32 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object 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 except for the share options granted pursuant to the ESOS as mentioned in Note 31 to the financial statements.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 26 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Group and the Company for the financial year ended 31 December 2019 was RM8,900.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature 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; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of reporting period is disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2019 are disclosed in Note 25 to the financial statements.

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

Dato' Toh Yew Peng
Director

Toh Yew Seng
Director

Kuala Lumpur
14 May 2020

STATEMENT BY DIRECTORS/STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 60 to 142 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions 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 the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Toh Yew Peng
Director

Toh Yew Seng
Director

Kuala Lumpur
14 May 2020

STATUTORY DECLARATION

I, Koay Kah Ee (CA 4167), being the officer primarily responsible for the financial management of Prestar Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 60 to 142 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
14 May 2020)

Koay Kah Ee

Before me:

No. W663
Baloo A/L T. Pichai
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRESTAR RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prestar Resources 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 60 to 142.

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 ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Impairment of trade receivables

Gross trade receivables of the Group as at 31 December 2019 were RM103.2 million as disclosed in Note 13 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Audit response

Our audit procedures included the following:

a) Recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;

b) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and

c) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRESTAR RESOURCES BERHAD (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, 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 ability of the Group and of the Company 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

a) 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.

b) 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 internal control of the Group and of the Company.

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRESTAR RESOURCES BERHAD (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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):

e) 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.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lee Wee Hoong
03316/07/2021 J
Chartered Accountant

Kuala Lumpur
14 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	4	112,932	121,402	49,576	50,415
Right-of-use assets	5	26,769	-	12,554	-
Investment properties	6	1	1	-	-
Other receivables	13	-	-	2,084	850
Investments in subsidiaries	7	-	-	86,782	82,782
Investments in associates	8	113,501	44,691	25,158	16,965
Intangible assets	9	1,675	1,675	-	-
		254,878	167,769	176,154	151,012
Current assets					
Inventories	11	120,229	140,976	-	-
Derivative assets	12	12	-	-	-
Trade and other receivables	13	114,868	149,762	577	633
Current tax assets		2,014	1,707	95	-
Cash and bank balances	14	21,996	18,867	424	1,002
		259,119	311,312	1,096	1,635
Assets held for sale	21	3,924	174,762	-	10,200
TOTAL ASSETS		517,921	653,843	177,250	162,847
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	106,608	106,608	106,608	106,608
Treasury shares	15	(7,829)	(7,720)	(7,829)	(7,720)
Reserves	16	185,872	181,337	33,142	21,365
		284,651	280,225	131,921	120,253
Non-controlling interests	7(d)	129	66,007	-	-
TOTAL EQUITY		284,780	346,232	131,921	120,253

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (cont'd)

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	17	21,831	9,360	9,435	399
Lease liabilities	5	3,459	-	246	-
Deferred tax liabilities	10	6,232	8,036	1,134	1,096
Retirement benefit obligations	19	4,009	3,798	1,367	1,304
		35,531	21,194	12,182	2,799
Current liabilities					
Trade and other payables	20	34,331	29,810	3,134	4,573
Derivative liabilities	12	151	245	-	-
Borrowings	17	159,534	215,515	29,860	35,146
Lease liabilities	5	3,388	-	153	-
Current tax liabilities		206	268	-	76
		197,610	245,838	33,147	39,795
Liabilities associated with assets held for sale	21	-	40,579	-	-
TOTAL LIABILITIES		233,141	307,611	45,329	42,594
TOTAL EQUITY AND LIABILITIES		517,921	653,843	177,250	162,847

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

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Continuing operations					
Revenue	24	454,168	508,124	6,534	9,050
Cost of sales		(423,940)	(458,174)	(1,537)	(1,332)
Gross profit		30,228	49,950	4,997	7,718
Other income		22,426	5,882	14,854	114
Selling and distribution expenses		(2,918)	(2,854)	-	-
Administrative expenses		(32,309)	(31,163)	(4,144)	(3,369)
Other expenses		(5,775)	(2,263)	(812)	(156)
Finance costs		(10,876)	(10,838)	(2,493)	(1,746)
Interest income		543	518	101	-
Share of profit of associates, net of tax	8(e)	204	1,437	-	-
Profit before tax	25	1,523	10,669	12,503	2,561
Taxation	27	1,738	(3,983)	252	(367)
Profit for the financial year from continuing operations		3,261	6,686	12,755	2,194
Disposal group operations					
Profit for the financial year from disposal group operations, net of tax	21(b)	4,343	11,223	-	-
Profit for the financial year		7,604	17,909	12,755	2,194
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Continuing operations					
Foreign currency translations		(13)	31	-	-
Total other comprehensive (loss)/ income, net of tax		(13)	31	-	-
Total comprehensive income		7,591	17,940	12,755	2,194
Profit attributable to:					
Owners of the parent					
Continuing operations		3,314	6,886	12,755	2,194
Disposal group operations		2,215	5,724	-	-
		5,529	12,610	12,755	2,194

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (cont'd)

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-controlling interests					
Continuing operations		(53)	(200)	-	-
Disposal group operations		2,128	5,499	-	-
		2,075	5,299	-	-
		7,604	17,909	12,755	2,194
Total comprehensive income attributable to:					
Owners of the parent					
Continuing operations		3,301	6,917	12,755	2,194
Disposal group operations		2,215	5,724	-	-
		5,516	12,641	12,755	2,194
Non-controlling interests					
Continuing operations	7	(53)	(200)	-	-
Disposal group operations	7	2,128	5,499	-	-
		2,075	5,299	-	-
		7,591	17,940	12,755	2,194

	Note	Group 2019	Group 2018
Earnings per ordinary share attributable to equity holders of the Company (sen)			
Basic:			
Continuing operations	29	1.69	3.51
Disposal group operations	29	1.14	2.91
		2.83	6.42
Diluted:			
Continuing operations	29	1.69	3.51
Disposal group operations	29	1.14	2.91
		2.83	6.42

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	[--------Non-distributable			--------]	Distributable			
Group	**Share capital RM'000**	**Exchange translation reserve RM'000**	**Share options reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total attributable to owners of the parent RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Balance as at 1 January 2019	106,608	(2)	1,192	(7,720)	180,147	280,225	66,007	346,232
Adjustment on initial application of MFRS 16 (Note 38.1)	-	-	-	-	(3)	(3)	(1)	(4)
Balance as at 1 January 2019, as restated	106,608	(2)	1,192	(7,720)	180,144	280,222	66,006	346,228
Profit for the financial year	-	-	-	-	5,529	5,529	2,075	7,604
Other comprehensive loss, net of tax	-	(13)	-	-	-	(13)	-	(13)
Total comprehensive income	-	(13)	-	-	5,529	5,516	2,075	7,591
Transactions with owners								
Shares buy-back	-	-	-	(109)	-	(109)	-	(109)
Dividends to owners of the Company (Note 28)	-	-	-	-	(978)	(978)	-	(978)
Dividend to non-controlling interest of a subsidiary (Note 7(e))	-	-	-	-	-	-	(1,225)	(1,225)
Disposal of interest of subsidiaries	-	-	-	-	-	-	(66,720)	(66,720)
Winding up of a subsidiary (Note 7(g)(iii))	-	-	-	-	-	-	(7)	(7)
Total transactions with owners	-	-	-	(109)	(978)	(1,087)	(67,952)	(69,039)
Balance as at 31 December 2019	106,608	(15)	1,192	(7,829)	184,695	284,651	129	284,780

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (cont'd)

	[------------------	------------------Non-distributable	------------------	------------------]	Distributable			
Group	**Share capital RM'000**	**Share premium RM'000**	**Exchange translation reserve RM'000**	**Share options reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total attributable to owners of the parent RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Balance as at 1 January 2018	103,411	3,058	(33)	1,212	(5,873)	175,390	277,165	60,708	337,873
Profit for the financial year	-	-	-	-	-	12,610	12,610	5,299	17,909
Other comprehensive income, net of tax	-	-	31	-	-	-	31	-	31
Total comprehensive income	-	-	31	-	-	12,610	12,641	5,299	17,940
Transactions with owners									
Shares buy-back	-	-	-	-	(1,847)	-	(1,847)	-	(1,847)
Dividends to owners of the Company (Note 28)	-	-	-	-	-	(7,853)	(7,853)	-	(7,853)
Ordinary shares issued pursuant to ESOS (Note 15)	139	-	-	(20)	-	-	119	-	119
Total transactions with owners	139	-	-	(20)	(1,847)	(7,853)	(9,581)	-	(9,581)
Transfer pursuant to Companies Act 2016*	3,058	(3,058)	-	-	-	-	-	-	-
Balance as at 31 December 2018	106,608	-	(2)	1,192	(7,720)	180,147	280,225	66,007	346,232

* Pursuant to the Companies Act 2016, the credit balance in the share premium account had been transferred to the share capital account.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Company	[---Non-distributable---		---]	Distributable	
	Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2019	106,608	(7,720)	1,192	20,173	120,253
Profit for the financial year	-	-	-	12,755	12,755
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	12,755	12,755
Transactions with owners:					
Dividends (Note 28)	-	-	-	(978)	(978)
Shares buy-back	-	(109)	-	-	(109)
Total transactions with owners	-	(109)	-	(978)	(1,087)
Balance as at 31 December 2019	106,608	(7,829)	1,192	31,950	131,921

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (cont'd)

Company	[----------Non-distributable----------			]	Distributable	
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2018	103,411	3,058	(5,873)	1,212	25,832	127,640
Profit for the financial year	-	-	-	-	2,194	2,194
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,194	2,194
Transactions with owners:						
Dividends (Note 28)	-	-	-	-	(7,853)	(7,853)
Ordinary shares issued pursuant to ESOS (Note 15)	139	-	-	(20)	-	119
Shares buy-back	-	-	(1,847)	-	-	(1,847)
Total transactions with owners	139	-	(1,847)	(20)	(7,853)	(9,581)
Transfer pursuant to Companies Act 2016*	3,058	(3,058)	-	-	-	-
Balance as at 31 December 2018	106,608	-	(7,720)	1,192	20,173	120,253

* Pursuant to the Companies Act 2016, the credit balance in the share premium account had been transferred to the share capital account.

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

STATEMENTS OF CASH FLOWS
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
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation from:					
- Continuing operations		1,523	10,669	12,503	2,561
- Disposal group operations	21(b)	6,073	14,973	-	-
Adjustments for:					
Depreciation of property, plant and equipment	4,21	8,156	11,437	1,134	1,173
Depreciation of right-of-use assets	5,21	2,321	-	236	-
Fair value adjustment on derivative instruments	12(c)	(106)	331	-	-
Gain on disposal of property, plant and equipment		(60)	(108)	-	(47)
Gross dividend income from subsidiaries	24	-	-	(1,275)	(4,110)
Gross dividend income from an associate	24	-	-	(215)	(777)
Impairment losses on amount owing by a subsidiary	13(k)	-	-	88	25
Impairment losses on property, plant and equipment	4	1,626	-	-	-
Impairment losses on trade and other receivables	13(j)	2,251	740	-	-
Interest expense	21, 25	11,688	13,727	2,493	1,746
Interest income	21, 25	(687)	(708)	(101)	(39)
Inventories written down	11(b)	3,989	2,377	-	-
Gain on disposal of subsidiaries	7(g)(iv)	(16,388)	-	(14,854)	-
Property, plant and equipment written off	4	1,175	59	-	-
Retirement benefit obligations	19	211	244	63	73
Reversal of impairment losses on trade and other receivables	13(j)	(1,150)	(424)	-	-
Reversal of write down of inventories	11(c)	(1,670)	(36)	-	-
Winding up of subsidiary	7(g)(iii)	(7)	-	-	-
Share of profit of associates, net of tax	8(e)	(204)	(1,437)	-	-
Unrealised loss/(gain) on foreign exchange	21,25	110	(336)	-	-
Operating profit before changes in working capital		18,851	51,508	72	605
Decrease/(Increase) in inventories		18,428	(24)	-	-
Decrease/(Increase) in trade and other receivables		31,830	7,270	(126)	(90)
Increase/(Decrease) in trade and other payables		4,521	(46,989)	485	(719)
Cash generated from/(used in) operations		73,630	11,765	431	(204)
Tax refunded		2,393	-	292	-
Tax paid		(2,828)	(12,206)	(173)	(393)
Net cash from/(used in) operating activities		73,195	(441)	550	(597)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (cont'd)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(1,107)	(1,235)
Additions of interest in subsidiary	7(g)(i)	-	-	(4,000)	-
Dividend received, from subsidiaries		-	-	1,275	4,110
Dividend received, from associate		215	777	215	777
Interest received		687	708	101	39
Proceeds from disposal of interest in subsidiaries, net of cash and cash equivalent	7(g)(iv)	115	-	16,861	-
Proceeds from disposal of property, plant and equipment		62	395	-	74
Purchase of property, plant and equipment	4(f)	(7,545)	(17,453)	(86)	(7,328)
Net cash (used in)/from investing activities		(6,466)	(15,573)	13,259	(3,563)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(11,128)	(13,727)	(2,472)	(1,746)
Net repayments of hire purchase liabilities		-	(3,810)	-	(140)
Repayments of term loans		(2,971)	(7,615)	(1,704)	(6,069)
Net proceeds from issuance of ordinary shares		-	119	-	119
Net (repayment)/drawdown of other borrowings		(55,301)	4,440	(7,000)	-
Payments of lease liabilities		(4,966)	-	(167)	-
Dividends paid		(2,935)	(5,896)	(2,935)	(5,896)
Dividends paid to non-controlling interests	7(e)	(1,225)	-	-	-
Shares buy-back		(109)	(1,847)	(109)	(1,847)
Net cash used in financing activities		(78,635)	(28,336)	(14,387)	(15,579)
Net decrease in cash and cash equivalents		(11,906)	(44,350)	(578)	(19,739)
Effects of exchange rate differences		8	(22)	-	-
Cash and cash equivalents at beginning of financial year		32,567	76,939	1,002	20,741
Cash and cash equivalents at end of financial year	14(d)	20,669	32,567	424	1,002
Cash and cash equivalents transferred to disposal group operations		-	(14,823)	-	-
		20,669	17,744	424	1,002

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities (Note 5) RM'000	Term loans (Note 17) RM'000	Hire purchase liabilities (Note 18) RM'000	Other borrowings* (Note 17) RM'000
At 1 January 2019, as previously reported	-	3,428	10,765	209,559
Effects of adoption of MFRS 16 (Note 38.1)	11,253	-	(10,765)	-
At 1 January 2019, as restated	11,253	3,428	-	209,559
Cash flows:				
Repayment of lease liabilities	(4,966)	-	-	-
Repayment of term loan	-	(2,971)	-	-
Repayment of other borrowings	-	-	-	(55,301)
Non-cash flows:				
Term loan arrangement				
- property, plant and equipment	-	13,267	-	-
- right-of-use assets	-	12,056	-	-
Unwinding of interest	560	-	-	-
At 31 December 2019	6,847	25,780	-	154,258
At 1 January 2018	-	11,043	9,230	205,119
Cash flows:				
Repayment of hire purchase liabilities	-	-	(3,810)	-
Repayment of term loan	-	(7,615)	-	-
Drawdown of other borrowings	-	-	-	4,440
Non-cash flows:				
Hire purchase arrangement				
- property, plant and equipment	-	-	5,345	-
At 31 December 2018	-	3,428	10,765	209,559

* Other borrowings exclude bank overdrafts.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (cont'd)

Company	**Lease liabilities (Note 5) RM'000**	**Term loans (Note 17) RM'000**	**Hire purchase liabilities (Note 18) RM'000**	**Other borrowings* (Note 17) RM'000**
At 1 January 2019, as previously reported	-	-	545	35,000
Effects of adoption of MFRS 16 (Note 38.1)	545	-	(545)	-
At 1 January 2019, as restated	545	-	-	35,000
Cash flows				
Repayment of lease liabilities	(167)	-	-	-
Repayment of term loan	-	(1,704)	-	-
Repayment of other borrowings	-	-	-	(7,000)
Non-cash flows:				
Term loan arrangement				
- property, plant and equipment	-	943	-	-
- right-of-use assets	-	12,056	-	-
Unwinding of interest	21	-	-	-
At 31 December 2019	399	11,295	-	28,000
At 1 January 2018	-	6,069	685	35,000
Cash flows				
Repayment of term loan	-	(6,069)	-	-
Repayment of hire purchase liabilities	-	-	(140)	-
At 31 December 2018	-	-	545	35,000

* Other borrowings exclude bank overdrafts.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

1. CORPORATE INFORMATION

Prestar Resources Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. The principal place of business of the Company is located at Lot 1298, 16½ Miles, Jalan Ipoh, Rawang Industrial Estate, 48000 Rawang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2019 comprise the financial statements of the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 14 May 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of renting out properties and investment holding. The principal activities of the subsidiaries are mainly manufacturing of steel related products, the details of which are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company as set out on pages 60 to 142 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 38.1 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* and IC Interpretation 23 *Uncertainty over Income Tax Treatments* for the first time during the current financial year, using the cumulative effect method as at 1 January 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2019 RM'000	Effects of adoption of MFRS 16 (Note 38.1) RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Impairment loss RM'000	Reclassification RM'000	Reclassification of asset held for sale (Note 21) RM'000	Balance as at 31.12.2019 RM'000
Carrying amount										
Freehold land	21,238	-	-	-	-	-	-	10,000	(3,428)	27,810
Buildings	29,635	-	943	-	-	(1,013)	-	12,343	(496)	41,412
Plant and machinery	43,231	(9,707)	1,738	(1)	(466)	(2,291)	(560)	2,426	-	34,370
Office equipment	943	-	428	(1)	(5)	(248)	-	-	-	1,117
Furniture, fittings and renovations	1,749	-	304	-	(15)	(668)	-	37	-	1,407
Motor vehicles and forklifts	12,232	(6,791)	1,577	-	(496)	(1,266)	-	-	-	5,256
Moulds, tools and equipment	1,574	-	190	-	(187)	(571)	-	-	-	1,006
Construction-in-progress	10,800	-	15,632	-	(6)	-	(1,066)	(24,806)	-	554
	121,402	(16,498)	20,812	(2)	(1,175)	(6,057)	(1,626)	-	(3,924)	112,932

	<--------- As at 31 December 2019 ---------->		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	27,810	-	27,810
Buildings	54,152	(12,740)	41,412
Plant and machinery	78,240	(43,870)	34,370
Office equipment	4,387	(3,270)	1,117
Furniture, fittings and renovations	7,838	(6,431)	1,407
Motor vehicles and forklifts	15,778	(10,522)	5,256
Moulds, tools and equipment	3,970	(2,964)	1,006
Construction-in-progress	2,178	(1,624)	554
	194,353	(81,421)	112,932

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Balance as at 1.1.2018 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Reclassifi-cation RM'000	Reclassification of asset held for sale (Note 21) RM'000	Balance as at 31.12.2018 RM'000
Carrying amount								
Freehold land	21,238	-	-	-	-	-	-	21,238
Buildings	50,204	270	-	-	(1,854)	-	(18,985)	29,635
Leasehold land	3,587	-	-	-	(477)	-	(3,110)	-
Plant and machinery	59,020	2,457	(11)	(59)	(3,964)	5,506	(19,718)	43,231
Office equipment	846	571	(2)	-	(273)	-	(199)	943
Furniture, fittings and renovations	1,866	462	(7)	-	(706)	236	(102)	1,749
Motor vehicles and forklifts	14,789	3,603	(267)	-	(3,698)	-	(2,195)	12,232
Moulds, tools and equipment	1,536	636	-	-	(465)	56	(189)	1,574
Construction-in-progress	2,551	14,799	-	-	-	(5,798)	(752)	10,800
	155,637	22,798	(287)	(59)	(11,437)	-	(45,250)	121,402

	<------------ As at 31 December 2018 ------------>		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	21,238	-	21,238
Buildings	41,634	(11,999)	29,635
Leasehold land	-	-	-
Plant and machinery	85,116	(41,885)	43,231
Office equipment	4,334	(3,391)	943
Furniture, fittings and renovations	8,767	(7,018)	1,749
Motor vehicles and forklifts	27,956	(15,724)	12,232
Moulds, tools and equipment	8,514	(6,940)	1,574
Construction-in-progress	11,360	(560)	10,800
	208,919	(87,517)	121,402

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Balance as at 1.1.2019 RM'000	Effects of adoption of MFRS 16 (Note 38.1) RM'000	Additions RM'000	Disposal RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Reclassifi-cation RM'000	Balance as at 31.12.2019 RM'000
Carrying amount								
Freehold land	15,293	-	-	-	-	-	-	15,293
Buildings	26,556	-	943	-	-	(868)	6,978	33,609
Office equipment	127	-	84	-*	-*	(39)	-	172
Furniture, fittings and renovations	700	-	2	-	-	(218)	-	484
Motor vehicles	761	(734)	-	-	-	(9)	-	18
Construction-in-progress	6,978	-	-	-	-	-	(6,978)	-
	50,415	(734)	1,029	-	-	(1,134)	-	49,576

	<------------ As at 31 December 2019 ------------>		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	15,293	-	15,293
Buildings	45,403	(11,794)	33,609
Office equipment	504	(332)	172
Furniture, fittings and renovations	2,474	(1,990)	484
Motor vehicles	59	(41)	18
	63,733	(14,157)	49,576

** Amount is immaterial to disclose*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Balance as at 1.1.2018 RM'000	Additions RM'000	Disposal RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2018 RM'000
Carrying amount						
Freehold land	15,293	-	-	-	-	15,293
Buildings	27,306	-	-	-	(750)	26,556
Office equipment	127	35	-	-	(35)	127
Furniture, fittings and renovations	623	315	-	-*	(238)	700
Motor vehicles	938	-	(27)	-	(150)	761
Construction-in-progress	-	6,978	-	-	-	6,978
	44,287	7,328	(27)	-	(1,173)	50,415

	<------------ As at 31 December 2018 --------->		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	15,293	-	15,293
Buildings	37,481	(10,925)	26,556
Office equipment	483	(356)	127
Furniture, fittings and renovations	2,510	(1,810)	700
Motor vehicles	1,004	(243)	761
Construction-in-progress	6,978	-	6,978
	63,749	(13,334)	50,415

* *Amount is immaterial to disclose*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

(b) After initial recognition, property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Buildings	20 - 50 years
Leasehold land	48 - 50 years
Plant and machinery	5 - 20 years
Office equipment	5 - 10 years
Furniture, fittings and renovations	5 - 10 years
Motor vehicles and forklifts	5 - 6 years
Moulds, tools and equipment	7 years

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents machinery under installation and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

(c) At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period 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. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

(d) During the financial year, the Group carried out a review of the recoverable amount of plant and machinery and construction-in-progress due to the deterioration in operating results following the market downturn. The review led to the recognition of an impairment of RM1,626,000 that has been recognised in profit or loss and included in other expenses. The recoverable amount of the plant and machinery and construction-in-progress has been determined on the basis of their value-in-use. The value-in-use was determined using a pre tax discount rate of 5.50%.

(e) As at the end of the reporting period, certain freehold land and buildings of the Group with a carrying amount of RM66,111,000 (2018: RM51,599,000) and certain freehold land and buildings of the Company with a carrying amount of RM41,101,000 (2018: RM41,849,000) has been charged as securities for banking facilities granted to the Group and the Company as disclosed in Note 17(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(f) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Purchase of property, plant and equipment	20,812	22,798	1,029	7,328
Financed by term loan/hire purchase arrangements	(13,267)	(5,345)	(943)	-
Cash payments on purchase of property, plant and equipment	7,545	17,453	86	7,328

(g) The carrying amount of the property, plant and equipment of the Group and of the Company under hire purchase and finance leases at the end of the reporting period is as follows:

	Group		Company	
Carrying amount	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Plant and machinery	-	9,287	-	-
Motor vehicles and forklifts	-	8,765	-	734
	-	18,052	-	734

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 18 to the financial statements.

5. LEASES

The Group as lessee

Right-of-use assets

Carrying amount	**Balance as at 1.1.2019 RM'000**	**Effects of adoption of MFRS 16 (Note 38.1) RM'000**	**Additions RM'000**	**Depreciation RM'000**	**Balance as at 31.12.2019 RM'000**
Leasehold land	-	-	12,056	(94)	11,962
Buildings	-	484	-	(159)	325
Machineries	-	9,707	-	(422)	9,285
Motor vehicles	-	6,791	-	(1,594)	5,197
	-	16,982	12,056	(2,269)	26,769

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

5. LEASES (cont'd)

Lease liabilities

Carrying amount	**Balance as at 1.1.2019 RM'000**	**Effects of adoption of MFRS 16 (Note 38.1) RM'000**	**Lease payments RM'000**	**Interest expense RM'000**	**Balance as at 31.12.2019 RM'000**
Leasehold land	-	-	-	-	-
Buildings	-	488	(173)	16	331
Machineries	-	4,643	(1,987)	241	2,897
Motor vehicles	-	6,122	(2,806)	303	3,619
	-	11,253	(4,966)	560	6,847

Represented by:	**2019 RM'000**
Current liabilities	3,388
Non-current liabilities	3,459
	6,847
Lease liabilities owing to financial institutions	6,516
Lease liabilities owing to non-financial institutions	331
	6,847

The Company as lessee

Right-of-use assets

Carrying amount	**Balance as at 1.1.2019 RM'000**	**Effects of adoption of MFRS 16 (Note 38.1) RM'000**	**Additions RM'000**	**Depreciation RM'000**	**Balance as at 31.12.2019 RM'000**
Leasehold land	-	-	12,056	(94)	11,962
Motor vehicles	-	734	-	(142)	592
	-	734	12,056	(236)	12,554

Lease liabilities

Carrying amount	**Balance as at 1.1.2019 RM'000**	**Effects of adoption of MFRS 16 (Note 38.1) RM'000**	**Lease payments RM'000**	**Interest expense RM'000**	**Balance as at 31.12.2019 RM'000**
Leasehold land	-	-	-	-	-
Motor vehicles	-	545	(167)	21	399

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

5. LEASES (cont'd)

Represented by:	**2019** **RM'000**
Current liabilities	153
Non-current liabilities	246
	399
Lease liabilities owing to financial institutions	399

The Group and the Company as lessee

(a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	99 years
Buildings	1- 2 years
Machineries	5 - 20 years
Motor vehicles	5 - 6 years

(b) During the financial year, the Group and the Company acquired leasehold land amounted to RM12,056,000 which financed through term loan.

(c) The Group and the Company have certain leases of machineries and office equipment with lease term of 12 months or less and low value leases of office equipment of RM20,000 and below. The Group and the Company applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

(d) The following are the amounts recognised in profit or loss:

	Group **2019** **RM'000**	**Company** **2019** **RM'000**
Depreciation charge of right-of-use assets (included in cost of sales)	2,269	236
Interest expense on lease liabilities (included in finance cost)	560	21
Expense relating to short-term leases (included in administration expenses)	142	-
Expense relating to leases of low-value assets (included in administration expenses)	15	-
	2,986	257

(e) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM4,966,000 and RM167,000 respectively.

(f) The Group and the Company leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's and the Company's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As at 31 December 2019, there is no undiscounted potential future rental payment that is not included in the lease term.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

6. INVESTMENT PROPERTIES

	Group 2019 RM'000	Group 2018 RM'000
At cost		
Balance as at 1 January/31 December	283	283
Accumulated depreciation		
Balance as at 1 January	(42)	(42)
Depreciation charge for the financial year	-	-
Balance as at 31 December	(42)	(42)
Accumulated impairment losses		
Balance as at 1 January	(240)	(240)
Impairment for the financial year	-	-
Balance as at 31 December	(240)	(240)
Net carrying amount as at 31 December	1	1

(a) Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs.

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

(b) After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period for the investment properties is fifty (50) years.

(c) At the end of each reporting period, the carrying amount of an item of the investment properties are assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period 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 investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

(d) Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

6. INVESTMENT PROPERTIES (cont'd)

(e) Direct operating expenses arising from non-income generating investment properties during the financial year are as follows:

	Group 2019 RM'000	Group 2018 RM'000
Quit rent and assessment	-*	-*

* *Amount is immaterial to disclose*

(f) The fair value of investment properties of the Group not carried at fair value are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Freehold land and buildings	-	-	49	49
2018				
Freehold land and buildings	-	-	49	49

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 December 2019 and 31 December 2018.

(ii) The fair value of investment properties at Level 3 not carried at fair value was assessed by the Directors as at the end of the reporting period by reference to external valuation report and of previous sales of similar properties in the vicinity on a price per square foot basis.

7. INVESTMENTS IN SUBSIDIARIES

	Company 2019 RM'000	Company 2018 RM'000
At cost		
Unquoted shares	97,033	93,033
Less: Accumulated impairment losses	(10,251)	(10,251)
	86,782	82,782

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) Details of the subsidiaries, of which all are incorporated in Malaysia unless otherwise stated, are as follows:

Name of company	Effective equity interest 2019 %	2018 %	Principal activities
Prestar Manufacturing Sdn. Bhd. * ("PMSB")	100	100	Manufacture and export of material handling equipment such as wheelbarrows and hand trucks and changed to investment holdings on June 2019.
Prestar Marketing Sdn. Bhd. * ("PMktgSB")	100	100	Importer and distributor of general hardware, tools, material handling equipment and forklifts.
Prestar Engineering Sdn. Bhd. * ("PESB")	100	100	Manufacture, supply and install guardrails and related products.
Prestar Steel Pipes Sdn. Bhd. * ("PSPSB")	100	100	Dormant.
Prestar Precision Tube Sdn. Bhd. * ("PPTSB")	100	100	Manufacture of a wide range of steel pipes and tubes.
Dai Dong Steel Sdn. Bhd. * ("DDSB")	100	100	Import and trading of steel materials and general hardware products.
Prestar Storage System Sdn. Bhd. * ("PSSSB")	100	100	Manufacture, installation and export of all kinds of material handling equipment, structural steel works, pallet racking systems, wheelbarrows and hand trucks.
Tashin Steel Sdn. Bhd. * ("TSSB")	-	51	Manufacture, reprocess and trading of steel related products.
Subsidiary of Prestar Precision Tube Sdn. Bhd			
PT Prestar Precision Tube **^@ ("PTPPT") (winded-up in August 2019)	-	75	Dormant.
Subsidiary of Prestar Engineering Sdn. Bhd.			
Prestar Galvanising Sdn. Bhd. * ("PGSB")	97	95	General hot-dip galvanising and coating of metal products and threaded items, fabrication of moulds and dies, maintenance and installation of machinery.
Subsidiary of Tashin Steel Sdn. Bhd.			
Tashin Hardware Sdn. Bhd. * ("THSB")	-	51	Trading of steel material and general hardware products.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) Details of the subsidiaries, of which all are incorporated in Malaysia unless otherwise stated, are as follows (cont'd):

Name of company	Effective equity interest 2019 %	2018 %	Principal activities
Subsidiary of Prestar Manufacturing Sdn. Bhd.			
PT Prestar MHE **^@ ("PTMHE")	90	90	Importing and trading of wheelbarrow and other material handling equipment products.
Subsidiary of Prestar Storage System Sdn. Bhd.			
PT Prestar MHE **^@ ("PTMHE")	10	10	Importing and trading of wheelbarrow and other material handling equipment products.

* *Audited by BDO PLT Malaysia.*
** *Consolidated using management financial statements.*
^ *Not required to be audited under the local legislation.*
@ *Incorporated in Indonesia.*

(b) Investments in subsidiaries are stated in the separate financial statements at cost less accumulated impairment losses.

For each business combination, the Group measures at the acquisition date components of non-controlling interest in the acquire that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

(c) In the previous financial year, the cost of investment in TSSB of RM10,200,000 was classified as assets held for sale pursuant to the proposed listing of Tashin Holdings Berhad on the ACE Market.

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(d) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	THB (Note 7g(iv))	TSSB	THSB	PGSB	PTPPT	TOTAL
2019						
NCI percentage of ownership interest and voting interest	49%*	49%*	49%*	3%	25%	
Carrying amount of NCI (RM'000)	-	-	-	129	-	129
(Loss)/Profit allocated to NCI (RM'000)	(286)	1,643	771	(50)	(3)	(2,075)
Total comprehensive (loss)/income allocated to NCI (RM'000)	(286)	1,643	771	(50)	(3)	(2,075)
2018						
NCI percentage of ownership interest and voting interest		49%	49%	5%	25%	
Carrying amount of NCI (RM'000)		58,331	7,487	180	9	66,007
Profit/(Loss) allocated to NCI (RM'000)		2,994	2,505	(200)	-	5,299
Total comprehensive income/(loss) allocated to NCI (RM'000)		2,994	2,505	(200)	-	5,299

* up to the disposal date

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2019	TSSB RM'000	THSB RM'000	PGSB RM'000	PTPPT RM'000	TOTAL RM'000
Assets and liabilities					
Non-current assets	-	-	9,523	-	9,523
Current assets	-	-	5,413	-	5,413
Non-current liabilities	-	-	(3,575)	-	(3,575)
Current liabilities	-	-	(8,559)	-	(8,559)
Net assets	-	-	2,802	-	2,802
Results					
Revenue	128,069	33,633	15,382	-	177,084
Profit/(Loss) for the financial year	3,440	1,573	(1,763)	(14)	3,236
Total comprehensive income/(loss)	3,440	1,573	(1,763)	(14)	3,236
Cash flows (used in)/from operating activities	(21,386)	(2,734)	3,304	-	(20,816)
Cash flows from/(used in) investing activities	4,507	(4,956)	(3,302)	-	(3,751)
Cash flows from/(used in) financing activities	14,699	34,411	(491)	-	48,619
Net (decrease)/increase in cash and cash equivalents	(2,180)	26,721	(489)	-	24,052
Dividends paid to NCI	(1,225)	-	-	-	(1,225)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (cont'd):

	TSSB RM'000	THSB RM'000	PGSB RM'000	PTPPT RM'000	TOTAL RM'000
2018					
Assets and liabilities					
Non-current assets	72,416	3,482	9,570	-	85,468
Current assets	114,615	20,791	6,143	15	141,564
Non-current liabilities	(9,788)	(440)	(2,245)	-	(12,473)
Current liabilities	(34,940)	(7,651)	(9,290)	-	(51,881)
Net assets	142,303	16,182	4,178	15	162,678
Results					
Revenue	238,451	73,883	13,883	-	326,217
Profit/(Loss) for the financial year	6,310	5,109	(3,714)	-	7,705
Total comprehensive income/(loss)	6,310	5,109	(3,714)	-	7,705
Cash flows from/(used in) operating activities	19,630	7,813	(2,100)	-	25,343
Cash flows from/(used in) investing activities	2,350	(3,469)	3,203	-	2,084
Cash flows used in financing activities	(28,669)	(7,388)	(942)	-	(36,999)
Net (decrease)/increase in cash and cash equivalents	(6,689)	(3,044)	161	-	(9,572)
Dividends paid to NCI	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(f) The carrying amounts of assets to which significant restrictions apply are as follows:

	2019 RM'000	2018 RM'000
Cash and cash equivalents	7,121	5,151
Buildings	10,505	5,243
Freehold land	23,428	13,428
	41,054	23,822

The above restrictions arose from bank covenants as follows:

(i) A covenant of banking facilities undertaken by PESB, a subsidiary of the Company, restricts the ability of the subsidiary to declare dividends to its shareholders if the subsidiary is making loss after tax, and any future dividend payments in excess of 50% of its net profit after tax for the financial year shall require the bank's consent.

(ii) A covenant of banking facilities undertaken by DDSB, a subsidiary of the Company, restricts the ability of the subsidiary to declare dividends of more than 50% of its current year profit after tax to its shareholders without the bank's consent.

(iii) The covenant of banking facilities undertaken by PSSSB and PMktgSB, restricts the ability of the subsidiaries to dispose or transfer the ownership of their freehold land and building.

(g) Other details of investments in subsidiaries

(i) During the financial year, PSSSB had issued and alloted 4,000,000 new ordinary shares to the Company at issue price of RM1.00 per share by cash consideration of RM4,000,000. Following the acquisition, the PSSSB remains as fully owned subsidiary of the Company.

(ii) Accretion of equity interest in a subsidiary of the Company

During the financial year, PGSB had issued and alloted 4,000,000 new ordinary shares to PESB at issue price of RM1.00 per share by way of capitalisation of the partial amount owing by the PGSB to PESB to the extent of RM4,000,000. Following the acquisition, the PESB now holds 97% equity interest in PGSB.

(iii) Winding up of a subsidiary of the Company

On 5 August 2019, PTPPT had completed members' voluntary winding up, which resulted in a gain of RM7,000 upon the completion of the winding up process.

(iv) Disposal of interest in subsidiaries

During the financial year, the Company had disposed off its interest in subsidiaries, TSSB and THSB via an exchange of 147,727,619 new ordinary shares in Tashin Holdings Berhad ("THB") for the purpose of Initial Public Offering ("IPO"). As part of IPO scheme, 29,071,000 of THB shares held by the Company representing 51% of equity interest in THB were subsequently sold, in the open market for a total cash consideration of RM16,861,000. The disposal resulting gain of RM14,854,000 to the Company. Following the disposal, the Company now held 34% equity interest in THB, resulting in THB became an associate of the Company post completion.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(g) Other details of investments in subsidiaries (cont'd)

(iv) Disposal of interest in subsidiaries (cont'd)

The value of assets and liabilities of THB recorded in the consolidated financial statements as at the date of disposal of THB are as follows:

	RM'000
Property, plant and equipment	43,458
Right-of-use assets	53
Trade receivables	53,184
Inventories	89,101
Amount due from related companies	192
Other receivables, deposits and prepayments	1,387
Cash and bank balances	16,746
Trade payables	(17,420)
Other payables, deposits and accruals	(3,927)
Derivative liabilities	(59)
Amount due to related companies	(7)
Lease liabilities	(54)
Current tax liabilities	(267)
Deferred tax liabilities	(4,415)
Borrowings	(41,958)
Net assets	136,014
Non-controlling interests	(66,720)
	69,294
Capitalised as investment in associate	(68,821)
Gain on disposal of subsidiaries	16,388
	16,861
Cash balances of subsidiaries disposed	(16,746)
Net cash inflow from disposal of subsidiaries	115

8. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At cost:				
Unquoted equity shares	16,965	16,965	16,965	16,965
Share of post acquisition reserves, net of dividends received	29,083	27,726	-	-
	46,048	44,691	16,965	16,965
Quoted equity shares	68,821	-	8,193	-
Share of post acquisition reserves, net of dividends received	(1,368)	-	-	-
	113,501	44,691	25,158	16,965

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

8. INVESTMENTS IN ASSOCIATES (cont'd)

	Group and Company 2019 RM'000	2018 RM'000
Market value:		
Quoted equity shares in Malaysia	33,817	-

(a) Investments in associates are measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.

(b) The details of the associates are as follows:

Name of Company	Effective equity interest 2019 %	2018 %	Principal activities
POSCO-MKPC Sdn. Bhd. ("MKPC") *	30	30	Slitting, shearing and sales of steel sheets and coils.
Tashin Holdings Berhad ("THB") **	34	-	Investment holding company.

* *Not audited by BDO PLT Malaysia.*
** *Audited by BDO PLT Malaysia.*

(c) The financial statements of the above associates are coterminous with those of the Group, which are 31 December 2019.

(d) The summarised financial information of the associates are as follows:

2019	MKPC RM'000	THB RM'000	TOTAL RM'000
Assets and liabilities			
Non-current assets	70,749	70,719	141,468
Current assets	362,037	182,488	544,525
Non-current liabilities	(4,163)	(10,517)	(14,680)
Current liabilities	(274,808)	(54,599)	(329,407)
Net assets	153,815	188,091	341,906
Results			
Revenue	696,974	99,995	796,969
Profit/(Loss) for the financial year	5,240	(4,023)	1,217
Total comprehensive income/(loss)	5,240	(4,023)	1,217
Cash flows from/(used in) operating activities	14,792	(24,910)	(10,118)
Cash flows used in investing activities	(517)	(279)	(796)
Cash flows (used in)/from financing activities	(47,625)	48,262	637
Net (decrease)/increase in cash and cash equivalents	(33,350)	23,073	(10,277)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

8. INVESTMENTS IN ASSOCIATES (cont'd)

(d) The summarised financial information of the associates are as follows (cont'd):

2018	**MKPC RM'000**	**THB RM'000**	**TOTAL RM'000**
Assets and liabilities			
Non-current assets	71,692	-	71,692
Current assets	350,406	-	350,406
Non-current liabilities	(2,478)	-	(2,478)
Current liabilities	(270,327)	-	(270,327)
Net assets	149,293	-	149,293
Results			
Revenue	672,075	-	672,075
Profit for the financial year	4,789	-	4,789
Total comprehensive income	4,789	-	4,789
Cash flows used in operating activities	(45,599)	-	(45,599)
Cash flows used in investing activities	(412)	-	(412)
Cash flows used in financing activities	(7,670)	-	(7,670)
Net decrease in cash and cash equivalents	(53,681)	-	(53,681)

(e) The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows:

2019	**MKPC RM'000**	**THB RM'000**	**TOTAL RM'000**
Share of net assets of the Group	46,048	67,453	113,501
Elimination of unrealised profits	-	-	-
Carrying amount in the statements of financial position	46,048	67,453	113,501
Share of results of the Group for the financial year			
The Group's share of profit/(loss)/other comprehensive income/(loss)	1,572	(1,368)	204
Dividend income from associate	215	-	215

2018	**MKPC RM'000**	**THB RM'000**	**TOTAL RM'000**
Share of net assets of the Group	44,691	-	44,691
Elimination of unrealised profits	-	-	-
Carrying amount in the statements of financial position	44,691	-	44,691
Share of results of the Group for the financial year			
The Group's share of profit/other comprehensive income	1,437	-	1,437
Dividend income from associate	777	-	777

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

9. INTANGIBLE ASSETS

2019	Balance as at 1.1.2019 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2019 RM'000
Group			
Carrying amount			
Goodwill	1,675	-	1,675

	<--------- As at 31 December 2019 --------->		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill	2,803	(1,128)	1,675
Development costs	589	(589)	-
	3,392	(1,717)	1,675

2018	Balance as at 1.1.2018 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2018 RM'000
Group			
Carrying amount			
Goodwill	1,675	-	1,675

	<--------- As at 31 December 2018 --------->		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill	2,803	(1,128)	1,675
Development costs	589	(589)	-
	3,392	(1,717)	1,675

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

9. INTANGIBLE ASSETS (cont'd)

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

Goodwill arising from business combinations has been allocated to two (2) individual cash-generating units ("CGU") for impairment testing, as follows:

	Manufacturing (CGU 1) RM'000	Trading (CGU 2) RM'000	Total RM'000
Goodwill, gross	1,799	1,004	2,803
Less: Impairment losses	(668)	(460)	(1,128)
Goodwill, net	1,131	544	1,675

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using discounted cash flow projections from financial budgets approved by the Directors covering a five (5) year period. The pre-tax discount rate applied to the cash flow projections and forecasted growth rates used to extrapolate cash flows for the five (5) year period are as follows:

	CGU 1		CGU 2	
	2019 %	2018 %	2019 %	2018 %
Growth rates	3.0	5.0	5.0	12.0
Pre-tax discount rates	5.5	5.8	5.5	5.3

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

9. INTANGIBLE ASSETS (cont'd)

(a) Goodwill (cont'd)

A reasonable change in the above assumptions would not cause any impairment loss on goodwill. The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

(i) Growth rates

The forecasted growth rates applied to the cash flow projections of CGU 1 and CGU 2 are based on the most recent financial budgets approved by the Directors covering a five (5) year period.

(ii) Pre-tax discount rates

Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess the operating performance of the respective CGUs and to evaluate future investment proposals. The discount rates used are pre-tax and reflect the overall weighted average cost of capital of the Group.

Based on the calculations, there were no further impairment losses on the CGUs as the recoverable amounts of the CGUs were higher than their carrying amounts as at the end of the reporting period. Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other expenses line item.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Capitalised development costs are amortised on a straight line basis over a period of ten (10) years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

Development costs represent costs incurred in the development of high quality steel pipes prior to the commencement of commercial production.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

10. DEFERRED TAX

Deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Balance as at 1 January	8,036	10,319	1,096	1,059
Recognised in profit or loss:				
- Continuing operations (Note 27)	(1,804)	813	38	37
- Disposal group operations	-	599	-	-
Reclassification to disposal groups held for sale (Note 21)	-	(3,695)	-	-
Balance as at 31 December	6,232	8,036	1,134	1,096

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Presented after appropriate offsetting:				
Deferred tax liabilities, net	6,232	8,036	1,134	1,096
Deferred tax assets, net	-	-	-	-
	6,232	8,036	1,134	1,096

(a) Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

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

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

10. DEFERRED TAX (cont'd)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group	**Property, plant and equipment RM'000**
At 1 January 2019	8,036
Recognised in profit or loss	(1,804)
At 31 December 2019	6,232
At 1 January 2018	10,339
Recognised in profit or loss	
- Continuing operations	(813)
- Disposal group operations	(1,490)
At 31 December 2018	8,036

Deferred tax assets of the Group	**Unused tax losses RM'000**	**Total RM'000**
At 1 January 2019	-	-
Recognised in profit or loss	-	-
At 31 December 2019	-	-
At 1 January 2018	20	20
Recognised in profit or loss	(20)	(20)
At 31 December 2018	-	-

Deferred tax liabilities of the Company	**Property, plant and equipment RM'000**
At 1 January 2019	1,096
Recognised in profit or loss	38
At 31 December 2019	1,134
At 1 January 2018	1,059
Recognised in profit or loss	37
At 31 December 2018	1,096

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

10. DEFERRED TAX (cont'd)

(c) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2019 RM'000	2018 RM'000
Unused tax losses		
- Expires by 31 December 2025	1,129	1,129
- Expires by 31 December 2026	1,450	-
Unabsorbed capital allowances	3,155	3,145
Other temporary differences	982	-
	6,716	4,274

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

11. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
At cost		
Raw materials	52,433	56,627
Work-in-progress	13,305	23,589
Manufacturing and trading inventories	27,172	49,560
	92,910	129,776
At net realisable value		
Raw materials	4,944	7,638
Work-in-progress	245	246
Manufacturing and trading inventories	22,130	3,316
	27,319	11,200
	120,229	140,976

(a) Cost of inventories is determined on the weighted average basis. The cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and manufacturing and trading inventories include the cost of raw materials, direct labour and a proportion of production overheads based on normal operating capacity of the production facilities.

(b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM398,951,000 (2018: RM404,844,000). In addition, the amounts recognised in cost of sales include inventories written down of RM3,989,000 (2018: RM852,000) for continuing operations and RM Nil (2018: RM1,525,000) for disposal group operations.

(c) The Group reversed RM102,000 (2018: RM36,000) for continuing operations and RM1,568,000 (2018: RM Nil) for disposal group operations. The reversal of the written down of inventories recorded in the previous financial year that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

12. DERIVATIVE FINANCIAL INSTRUMENTS

Group 2019	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
Forward currency contracts	24,030	12	(151)
2018			
Forward currency contracts	41,477	-	(245)

(a) Derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.

(b) Forward currency contracts have been entered into to operationally hedge receivables and forecast purchases denominated in foreign currencies that are expected to realise or occur at various dates within three (3) months (2018: three (3) months) from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components have been determined based on the difference between the contracted rate and the forward exchange rate as applicable to a contract of similar amount and maturity profile at the end of the reporting period.

(c) During the financial year, the Group recognised net gain of RM106,000 (2018: net loss of RM331,000) arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 34 to the financial statements.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current				
Non-trade				
Amount owing by a subsidiary	-	-	2,084	850
Current				
Trade				
- Third parties	103,074	128,722	-	-
- Associates	132	83	-	-
	103,206	128,805	-	-
Less: Impairment losses	(2,925)	(1,511)	-	-
	100,281	127,294	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-trade				
Other receivables	9,055	14,886	355	239
Deposits	464	252	13	13
Amount owing by a subsidiary	-	-	307	400
	9,519	15,138	675	652
Less: Impairment losses	-	-	(113)	(25)
	9,519	15,138	562	627
	109,800	142,432	562	627
Prepayments	5,068	7,330	15	6
Total current receivables	114,868	149,762	577	633
Total receivables	114,868	149,762	2,661	1,483
Total receivables, net of prepayment	109,800	142,432	2,646	1,477

(a) Trade and other receivables (excluding prepayments) are classified as financial assets measured at amortised cost.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2018: 30 to 120 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) The amounts owing by associates are subject to normal trade credit terms.

(d) Amount owing by a subsidiary represent advances bearing interest rate of 3.45% per annum (2018:3.95% per annum) and current amount owing by a subsidiary repayable within 12 months (2018: 12 months) and non-current amount owing by a subsidiary repayable within 5 years (2018: 3 years).

(e) Included in prepayments of the Group is an amount of RM2,066,000 (2018: RM3,029,000) made to suppliers for purchase of raw materials.

(f) The currency exposure profile of trade and other receivables (net of prepayments) are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	106,062	135,942	2,646	1,477
US Dollar	2,763	4,919	-	-
Euro	374	392	-	-
Singapore Dollar	92	-	-	-
Indonesian Rupiah	509	1,179	-	-
	109,800	142,432	2,646	1,477

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2019 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(g) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

(h) The Group use an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the average historical bad debts write-offs rate and general rate based on the length of time invoices are overdue. The trade receivables have been grouped based on shared credit risk characteristics and the days past due.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group has identified the gross domestic products ("GDP"), inflation rate and unemployment rate as the key macroeconomic factors. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

(i) Lifetime expected loss provision for trade receivables are as follows:

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net Balance RM'000
2019			
Current (not past due)	81,534	(345)	81,189
1-30 days past due	9,735	(95)	9,640
31-60 past due	4,354	(96)	4,258
61-90 past due	2,922	(109)	2,813
	98,545	(645)	97,900
Credit impaired			
More than 90 days past due	1,846	(81)	1,765
Individually impaired	2,815	(2,199)	616
	103,206	(2,925)	100,281

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net Balance RM'000
2018			
Current (not past due)	99,362	(226)	99,136
1-30 days past due	10,879	(75)	10,804
31-60 past due	5,254	(38)	5,216
61-90 past due	8,176	(119)	8,057
	123,671	(458)	123,213
Credit impaired			
More than 90 days past due	1,373	(21)	1,352
Individually impaired	3,761	(1,032)	2,729
	128,805	(1,511)	127,294

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(i) Lifetime expected loss provision for trade receivables are as follows (cont'd):

Individually impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

(i) when there is a breach of financial covenants by the counterparty; or
(ii) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

As at the end of each reporting period, the credit risks exposures relating to trade receivables of the Group are summarised in the table below:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Maximum exposure	100,281	127,294
Collateral obtained	71,850	95,135
Net exposure to credit risk	28,431	32,159

The above collaterals are credit insurance obtained by the Group.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(j) The reconciliation of movements in the impairment losses are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Trade receivables		
At 1 January	1,511	2,189
Receivable on disposal group operations	329	(966)
Charge for the financial year	2,251	740
Reversal of impairment losses	(1,150)	(424)
Written off	(16)	(28)
At 31 December	2,925	1,511

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(k) Impairment for amount owing by a subsidiary, other receivables and deposits are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The Group has identified the gross domestic products ("GDP"), inflation rate and unemployment rate as the key macroeconomic factors. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by the subsidiary and other receivables are adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the subsidiary and other receivables.

The Group assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly and defaulted in payments which has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

It requires management to exercise significant judgement in determining the probability of default by subsidiary, appropriate forward looking information and significant increase in credit risk.

Movements in the impairment allowance for amount owing by a subsidiary are as follows:

Company	**12-month ECL RM'000**	**Lifetime ECL - not credit impaired RM'000**	**Total RM'000**
At 1 January 2019	25	-	25
Transfer to lifetime ECL - not credit impaired	(25)	25	-
Charge for the financial year	-	88	88
At 31 December 2019	-	113	113

Company	**12-month ECL RM'000**	**Lifetime ECL - not credit impaired RM'000**	**Total RM'000**
At 1 January 2018	-	-	-
Charge for the financial year	25	-	25
At 31 December 2018	25	-	25

(l) No expected credit loss is recognised arising from other receivables as it is negligible.

(m) Information on financial risks of trade and other receivables and deposits are disclosed in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

14. CASH AND BANK BALANCES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	21,996	18,367	424	1,002
Fixed deposits with licensed banks	-	500	-	-
	21,996	18,867	424	1,002

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	21,695	18,269	424	1,002
US Dollar	90	23	-	-
Thai Baht	105	53	-	-
Indonesian Rupiah	106	522	-	-
	21,996	18,867	424	1,002

(c) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	21,996	18,367	424	1,002
Fixed deposits with licensed banks	-	500	-	-
Bank overdrafts (Note 17)	(1,327)	(1,123)	-	-
Cash and cash equivalent classified as held for sale (Note 21)	-	14,823	-	-
As reported in statements of cash flows	20,669	32,567	424	1,002

(e) In the previous financial year, fixed deposits of the Group had maturity period of one (1) month which bore interest of 3.20%.

(f) Information on financial risks of cash and bank balances is disclosed in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

15. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid				
Balance as at 1 January	204,831	106,608	204,626	103,411
Issued pursuant to the employee share options scheme	-	-	205	139
Transfer from share premium account pursuant to the Companies Act 2016	-	-	-	3,058
Balance as at 31 December	204,831	106,608	204,831	106,608

(a) Ordinary shares are classified as equity instruments and recorded at the nominal value.

(b) The Company did not issue any new shares during the financial year. In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 204,626,000 ordinary shares to 204,831,000 ordinary shares by way of issuance of 205,000 new ordinary shares at exercise prices ranging from RM0.53 to RM0.83 each for pursuant to the exercise of employee share options.

(c) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

(d) With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. In the previous financial year, balance within the share premium account of RM3,058,000 was transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016.

(e) Treasury shares

(i) When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently it shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Companies Act 2016 in Malaysia.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

(ii) The shareholders of the Company, by an ordinary resolution passed at its Annual General Meeting held on 26 June 2003, approved the plan of the Company to repurchase its own shares and the approval had been renewed in subsequent Annual General Meetings. The Directors are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan is in the best interests of the Company and its shareholders.

Of the total 204,831,000 (2018: 204,831,000) issued and fully paid ordinary shares as at 31 December 2019, 9,397,000 (2018: 9,127,000) amounting to RM7,829,000 (2018: RM7,720,000) are held as treasury shares by the Company. As at 31 December 2019, the number of outstanding ordinary shares in issue net of treasury shares is 195,434,000 (2018: 195,704,000) ordinary shares.

During the financial year, treasury shares held amounting to RM109,000 were resold. Treasury shares have no rights to voting, dividends or participation in other distributions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

16. RESERVES

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-distributable				
Exchange translation reserve	(15)	(2)	-	-
Share options reserve	1,192	1,192	1,192	1,192
	1,177	1,190	1,192	1,192
Distributable				
Retained earnings	184,695	180,147	31,950	20,173
	185,872	181,337	33,142	21,365

(a) Exchange translation reserve

Exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Share options reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

Details of the Group's Employee Share Option Scheme is disclosed in Note 31 to the financial statements.

17. BORROWINGS

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current liabilities				
Secured				
Trade financing	7,337	7,430	-	-
Revolving credits	28,000	35,000	28,000	32,000
Hire purchase liabilities (Note 18)	-	3,976	-	146
Term loans	3,949	857	1,860	-
Unsecured				
Bank overdrafts	1,327	1,123	-	-
Trade financing	103,421	148,629	-	-
Revolving credit	15,500	18,500	-	3,000
	159,534	215,515	29,860	35,146

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

17. BORROWINGS (cont'd)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current liabilities				
Secured				
Hire purchase liabilities (Note 18)	-	6,789	-	399
Term loans	21,831	2,571	9,435	-
	21,831	9,360	9,435	399
Total borrowings				
Secured				
Trade financing	7,337	7,430	-	-
Revolving credits	28,000	35,000	28,000	32,000
Hire purchase liabilities (Note 18)	-	10,765	-	545
Term loans	25,780	3,428	11,295	-
Unsecured				
Bank overdrafts (Note 14(d))	1,327	1,123	-	-
Trade financing	103,421	148,629	-	-
Revolving credit	15,500	18,500	-	3,000
	181,365	224,875	39,295	35,545

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) All borrowings are denominated in RM.

(c) The bank borrowings of the Group and of the Company (other than hire purchase liabilities as further disclosed in Note 18 to the financial statements) are secured by means of:

Group

(i) first and third party registered legal charge over the Group's freehold land and buildings as disclosed in Note 4(e) to the financial statements; and

(ii) corporate guarantee issued by the Company and personal guarantee by certain Directors of the subsidiaries.

Company

The bank borrowings of the Company are secured by a first legal charge over the freehold land and buildings of the Company as disclosed in Note 4(e) to the financial statements.

(d) Restriction arose from bank covenants is as follow:

A covenant of banking facilities undertaken by the Company, restricts the ability of the subsidiary to declare dividends to its shareholders if the subsidiary is making loss after tax.

(e) Information on financial risks of borrowings of the Group and of the Company is disclosed in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

18. HIRE PURCHASE LIABILITIES – SECURED

The hire purchase liabilities are repayable over the following periods:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Minimum hire purchase payments:				
- Not later than one (1) year	-	4,545	-	167
- Later than one (1) year and not later than five (5) years	-	7,269	-	422
	-	11,814	-	589
Less: Future interest charges	-	(1,049)	-	(44)
Present value of hire purchase liabilities	-	10,765	-	545
Repayable as follows:				
- Current liabilities (Note 17)	-	3,976	-	146
- Non-current liabilities (Note 17)	-	6,789	-	399
	-	10,765	-	545

Movements of hire purchase liabilities upon adoption of MFRS 16 are as follows:

	Group RM'000	Company RM'000
At 31 December 2018, as previously reported	10,765	545
Effects of adoption of MFRS 16 (Note 38.1)	(10,765)	(545)
At 1 January 2019, as restated	-	-

19. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Present value of unfunded defined benefit obligations	4,009	3,798	1,367	1,304

The movements during the financial year in the amounts recognised in the statements of financial position in respect of the retirement benefit obligations are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Balance as at 1 January	3,798	3,554	1,304	1,231
Past service costs recognised in profit or loss	211	244	63	73
Balance as at 31 December	4,009	3,798	1,367	1,304

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

19. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

The principal actuarial assumptions used are as follows:

	2019	2018
Discount rate	5.10%	5.10%
Salary increment rate	5.00%	5.00%

The impact on changes of each significant actuarial assumption while holding all other assumptions constant as at the end of the reporting period are as follows:

	2019 RM'000	2018 RM'000
Discount rate increase by 1%	-126	-144
Discount rate decrease by 1%	+137	+157
Salary increment rate increase by 1%	+145	+139
Salary increment rate decrease by 1%	-137	-131

(a) The Company operates an unfunded defined benefit plan for eligible employees of the Company. The benefits payable on retirement are generally based on the length of service and basic monthly salary of the eligible employee. The first valuation was carried out on 21 November 2017 and subsequently updated on 26 January 2018.

(b) The amount recognised as a liability in respect of defined benefit plan is the present value of the defined benefit obligations at the reporting date.

(c) The defined benefit obligation is measured using the projected unit credit actuarial cost method.

(d) The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

(e) The net changes in the defined benefit liabilities are recognised as a cost of defined benefit plan.

(f) Settlement of defined benefit schemes are recognised in the period when the settlement occurs.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables				
Third parties	17,986	13,080	-	-
Associate	3,972	3,239	-	-
	21,958	16,319	-	-
Other payables				
Third parties	5,646	3,676	64	85
Amounts owing to subsidiaries	-	-	1,459	1,423
Associate	324	324	324	324
Accruals	6,403	9,491	1,287	2,741
	12,373	13,491	3,134	4,573
	34,331	29,810	3,134	4,573

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

20. TRADE AND OTHER PAYABLES

(a) Trade and other payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2018: 30 to 120 days) from date of invoice.

(c) The amount owing to an associate (trade) is subject to normal trade credit terms.

(d) Amounts owing to subsidiaries and associate (non-trade) represent advances and payments made on behalf which are unsecured, payable upon demand in cash and cash equivalents and interest-free.

(e) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Ringgit Malaysia	31,339	28,429	3,134	4,573
Thai Baht	-	85	-	-
US Dollar	2,392	802	-	-
Singapore Dollar	199	438	-	-
Japanese Yen	350	-	-	-
Indonesian Rupiah	51	56	-	-
	34,331	29,810	3,134	4,573

(f) Information on financial risks of trade and other payables is disclosed in Note 35 to the financial statements.

21. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Assets held for sale				
- property, plant and equipment (a)	3,924	-	-	-
- disposal group (b)	-	174,762	-	-
- subsidiaries	-	-	-	10,200
	3,924	174,762	-	10,200
Liabilities associated with assets held for sale				
- disposal group (b)	-	40,579	-	-
Net assets held for sale	3,924	134,183	-	10,200

(a) Property, plant and equipment

Property, plant and equipment held for sale relates to freehold land and builidngs of a subsidiary which was undergoing of disposal process. The details of the freehold land and buildings are disclosed in Note 36(b) to the financial statements.

(b) Disposal group

During the Company's extraordinary general meeting held on 20 March 2019, the shareholders of the Company had approved the proposed listing of Tashin Steels Sdn. Bhd. and its subsidiary (collectively known as "Tashin Group") on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") (collectively, "Proposed Listing"). Bursa securities had vide its letter dated 12 December 2018 approved the admission to the Official List and listing of and quotation of the entire enlarged share capital of the Tashin Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

21. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (cont'd)

(b) Disposal group (cont'd)

Accordingly, in the previous financial year, the assets and liabilities of Tashin Group were classified as disposal group held for sale and the financial results of Tashin Group were classified as disposal group operations.

The Proposed Listing completed during the financial year and the effect of disposal of Tashin Group is disclosed in Note 7(g)(iv) to the financial statements.

The assets and associated liabilities held for sale as at 31 December 2018 were as follows:

	Note	Tashin Group RM'000
Assets held for sale		
Property, plant and equipment	4	45,250
Inventories		64,809
Trade and other receivables		49,880
Cash and bank balances	14	14,823
		174,762
Liabilities associated with assets held for sale		
Borrowings		18,213
Deferred tax liabilities	10	3,695
Trade and other payables		17,928
Derivative liabilities		125
Current tax liabilities		618
		40,579

Analysis of the results of the disposal group operations recognised in the Group's profit or loss were as follows:

	2019 RM'000	2018 RM'000
Statements of Profit or Loss and Other Comprehensive Income		
Revenue	138,183	260,545
Cost of sales	(127,546)	(235,283)
Gross profit	10,637	25,262
Other operating income	3,623	5,419
Selling and distribution expenses	(1,489)	(2,846)
General and administrative expenses	(5,810)	(9,057)
Other expenses	(220)	(1,106)
Finance cost	(812)	(2,889)
Interest income	144	190
Profit before tax	6,073	14,973
Tax expense	(1,730)	(3,750)
Total comprehensive income	4,343	11,223

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

21. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (cont'd)

(b) Disposal group (cont'd)

An analysis of the results of the disposal group operations were as follows:

	Group	
	2019 RM'000	2018 RM'000
Profit before tax is arrived at after charging:		
Auditors' remuneration	-	41
Depreciation		
- property, plant and equipment	2,099	3,670
- right-of-use assets	52	-
Interest expenses on:		
- trade financing	805	2,731
- lease interest	5	-
- revolving credits	-	112
- term loans	2	25
- hire purchase	-	21
Loss on disposal of property, plant and equipment	-	7
Rental of:		
- equipment	-	2
- premises	-	116
- forklifts	-	36
And crediting:		
Interest income	144	190
Realised gain on foreign exchange	-	9
Unrealised gain on foreign exchange	-	4

Analysis of the cash flows of the disposal group operations were as follows:

	2019 RM'000	2018 RM'000
Statements of Cash Flows		
Net cash (used in)/from operating activities	(18,294)	27,437
Net cash used in investing activities	(163)	(1,118)
Net cash from/(used in) financing activities	20,380	(36,052)
Net increase/(decrease) in cash and cash equivalents	1,923	(9,733)
Cash and cash equivalents at beginning of the financial year	14,823	24,556
Cash and cash equivalents at the date of disposal/end of the financial year	16,746	14,823

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

22. COMMITMENTS

(a) Operating lease commitments

(i) The Group as lessee

The Group had entered into non-cancellable lease agreements for premises, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The lease terms do not contain restrictions on the activities of the Group concerning dividends or additional debt. Certain lease terms entered into by subsidiaries include restrictions on further leasing. The Group has aggregate future minimum lease commitment as at the end of each reporting period as follows:

		2018		
Group	**2019 RM'000**	**Continuing operations RM'000**	**Disposal group operations RM'000**	**Total RM'000**
Not later than one (1) year	-	163	62	225
Later than one (1) year and not later than five (5) years	-	77	4	81
	-	240	66	306

(ii) The Group and the Company as lessor

The Group and the Company had entered into non-cancellable lease agreements on certain premises and forklifts.

The Group and Company have aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Year 1	1,920	2,959	1,978	2,797
Year 2	1,529	1,082	-	1,978
Year 3	1,038	993	-	129
Year 4	518	551	-	129
Year 5	-	518	-	130
Year 6 onwards	-	-	-	2,048
	5,005	6,103	1,978	7,211

(b) Capital commitments

Group	**2019 RM'000**	**2018 RM'000**
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	-	26,790
Approved but not contracted for	5,269	-
	5,269	26,790

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

23. CONTINGENT LIABILITIES

	Company	
	2019	**2018**
	RM'000	**RM'000**
Unsecured:		
- Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	381,989	403,999

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

24. REVENUE

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers				
Sale of goods	447,828	501,029	-	-
Other revenue:				
Gross dividend income from:				
- subsidiaries	-	-	1,275	4,110
- an associate	-	-	215	777
Rental income	6,340	7,095	5,044	4,163
	454,168	508,124	6,534	9,050

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the products has been transferred to the customer and coincides with the delivery of products and acceptance by customers.

Some contracts for the sale of goods provide customers with a right of return the goods within a specified period. Under MFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group uses the expected value method to estimate goods that will not be returned.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

(b) Dividend income

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

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

(d) Disaggregation of revenue from contract with customers has been presented in the operating segments, Note 33 to the financial statements. No revenue was recognised over time.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

25. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- current year	207	179	33	32
Interest expenses on:				
- trade financing	6,476	7,365	-	-
- revolving credits	2,753	2,293	1,763	1,421
- bank overdrafts	120	175	28	58
- term loans	967	419	681	217
- hire purchase	-	586	-	28
- lease liabilities	560	-	21	-
- subsidiary	-	-	-	22
Rental of:				
- equipment	-	9	-	-
- premises	-	326	-	-
- forklifts	-	53	-	-
Realised loss on foreign exchange	-	293	-	-
Retirement benefit obligations	211	224	63	73
Unrealised loss on foreign exchange	110	-	-	-
And crediting:				
Gain on disposal of property, plant and equipment	60	115	-	47
Net gain on disposal of a subsidiary	16,388	-	14,854	-
Interest income:				
- deposits with licensed banks	543	518	8	-
- subsidiaries	-	-	93	39
Realised gain on foreign exchange	85	-	-	-
Unrealised gain on foreign exchange	-	332	-	-

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

26. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive:				
Fees	82	82	82	82
Emoluments other than fees	7,384	7,482	1,722	1,322
Non-executive:				
Fees	143	138	143	138
Emoluments other than fees	10	10	10	10
	7,619	7,712	1,957	1,552

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

26. DIRECTORS' REMUNERATION (cont'd)

The estimated monetary value of benefits-in-kind received or receivable by the Directors otherwise than in cash from the Group and the Company amounted to RM157,000 (2018: RM165,000) and RM36,000 (2018: RM42,000) respectively.

27. TAXATION

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Continuing operations				
Current tax expense based on profit for the financial year:				
- income tax	900	4,258	50	340
- over provision in prior years	(834)	(1,088)	(340)	(10)
	66	3,170	(290)	330
Deferred tax (Note 10)				
Relating to origination and reversal of temporary differences	(2,871)	488	38	37
Under provision in prior years	1,067	325	-	-
	(1,804)	813	38	37
	(1,738)	3,983	(252)	367

	Group	
	2019 RM'000	2018 RM'000
Disposal group operations		
Current tax expense based on profit for the financial year:		
- income tax	-	3,357
- Under/(Over) provision in prior years	1,010	(205)
	1,010	3,152
Deferred tax:		
Relating to origination and reversal of temporary differences	-	619
Under/(Over) provision in prior years	720	(21)
	720	598
	1,730	3,750

(a) Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2018: twenty-four percent (24%)) of the estimated taxable profits for the fiscal year.

(b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

27. TAXATION (cont'd)

(c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Profit before tax	1,523	10,669	12,503	2,561
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	366	2,561	3,001	615
Tax effects in respect of:				
- Non-allowable expenses	1,650	1,687	1,010	950
- Non-taxable income	(4,573)	-	(3,923)	(1,188)
- Deferred tax assets not recognised	586	498	-	-
	(1,971)	4,746	88	377
Over provision of tax expenses in prior year	(834)	(1,088)	(340)	(10)
Under provision of deferred tax in prior years	1,067	325	-	-
	(1,738)	3,983	(252)	367

(d) Tax on each component of other comprehensive income is as follows:

	Group					
		2019			**2018**	
	Before tax RM'000	**Tax effect RM'000**	**After tax RM'000**	**Before tax RM'000**	**Tax effect RM'000**	**After tax RM'000**
Items that may be reclassified subsequently to profit or loss						
Foreign currency translations	(13)	-	(13)	31	-	31

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

28. DIVIDENDS

	Group and Company			
	2019		2018	
	Gross dividend per share sen	Amount of dividend net of tax RM'000	Gross dividend per share sen	Amount of dividend net of tax RM'000
In respect of financial year ended 31 December 2017				
- Final cash dividend	-	-	3.0	5,896
In respect of financial year ended 31 December 2018				
- Interim cash dividend	-	-	1.0	1,957
- Final cash dividend	0.5	978	-	-
	0.5	978	4.0	7,853

(a) Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

(b) As approved by shareholders at an Annual General Meeting held on 30 May 2019, a final single tier dividend of 0.5 sen per share, amounting to approximately RM978,000 in respect of financial year ended 31 December 2018 was paid on 26 July 2019.

The Directors propose a final single tier cash dividend of 1.0 sen per share, amounting to approximately RM1,950,000 in respect of the financial year ended 31 December 2019, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

29. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per ordinary share for the financial year is calculated by dividing the consolidated profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting the treasury shares.

The following table reflects the profit and share data used in the computation of basic earnings per ordinary share:

	Group	
	2019	2018
Profit attributable to equity holders of the parent (RM'000)		
- Continuing operations	3,314	6,886
- Disposal group operations	2,215	5,724
	5,529	12,610
Weighted average number of ordinary shares outstanding (adjusted for treasury shares) ('000)	195,686	196,559
Basic earnings per ordinary share (sen)		
- Continuing operations	1.69	3.51
- Disposal group operations	1.14	2.91
	2.83	6.42

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

29. EARNINGS PER SHARE (cont'd)

(b) Diluted earnings per share

Diluted earnings per ordinary share for the financial year is calculated by dividing the consolidated profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares and adjusted for the number of ordinary shares that could have been issued under the Employees' Share Option Scheme ("ESOS"). The details of ESOS are disclosed in Note 31 to the financial statements.

The following table reflects the profit and share data used in the computation of diluted earnings per ordinary share:

	Group	
	2019	**2018**
Profit attributable to equity holders of the parent (RM'000)		
- Continuing operations	3,314	6,886
- Disposal group operations	2,215	5,724
	5,529	12,610
Weighted average number of ordinary shares used in the calculation of basic earnings per ordinary share ('000)	195,686	196,559
Effects of dilution due to the ESOS ('000)	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	195,686	196,559
Diluted earnings per ordinary share (sen)		
- Continuing operations	1.69	3.51
- Disposal group operations	1.14	2.91
	2.83	6.42

30. EMPLOYEE BENEFITS

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Salaries, wages and bonuses	34,622	33,620	2,849	2,218
Defined contribution plan	3,715	3,490	349	346
Defined benefit plan	211	244	62	74
Other employee benefits	2,569	1,844	65	16
	41,117	39,198	3,325	2,654

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM7,394,000 (2018: RM7,492,000) and RM1,732,000 (2018: RM1,332,000) respectively.

31. EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions but excluding the impact of any non-market performance and service vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

31. EMPLOYEES SHARE OPTION SCHEME ("ESOS") (cont'd)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital at nominal value, and any excess would be recognised in equity, with the introduction of the Companies Act 2016 effective 31 January 2017.

The Employees Share Options Scheme ("ESOS") came into effect on 21 April 2014. The ESOS shall be in force for a period of ten (10) years until 20 April 2024 ("the option period"). The main features of the ESOS are as follows:

(a) Eligible Directors and employees are those who are confirmed employees of the Group before the date of offer;

(b) The maximum number of options to be offered under the ESOS based on the issued and paid-up ordinary share capital as at 31 December 2019 for ordinary shares previously issued under the ESOS is 26,077,100;

(c) The total number of options to be issued under the ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital of Prestar Resources Berhad (excluding Treasury shares) at any point of time during the tenure of the ESOS;

(d) The exercise of options granted will be staggered over a period of two (2) to five (5) years depending on the number of options granted;

(e) The option price of a new ordinary share under the ESOS shall be the five (5)-day weighted average market prices of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer with a discount of not more than ten percent (10%) of the weighted average market price, or at the market value of the ordinary shares of RM0.50, whichever is higher;

(f) The options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

(g) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company.

The details of the options over ordinary shares of the Company are as follows:

	[-------------------------- Number of options over ordinary shares					---------------------------]
	Outstanding as at 1.1.2019	Movement during the [---------------- financial year		------------------]	Outstanding as at 31.12.2019	Exercisable as at 31.12.2019
		Granted	Exercised	Lapsed		
2019						
2014 options ('000)	1,600	-	-	(188)	1,412	1,412
Weighted average exercise prices (RM)	0.68	-	-	0.56	0.70	0.70
Weighted average remaining contractual life (months)	64					52

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

31. EMPLOYEES SHARE OPTION SCHEME ("ESOS") (cont'd)

	[---- Number of options over ordinary shares ----]					
	Outstanding as at 1.1.2018	[---- **Movement during the financial year** ----] **Granted**	**Exercised**	**Lapsed**	**Outstanding as at 31.12.2018**	**Exercisable as at 31.12.2018**
2018						
2014 options ('000)	1,855	-	(205)	(50)	1,600	1,600
Weighted average exercise prices (RM)	0.57	-	0.58	0.53	0.68	0.68
Weighted average remaining contractual life (months)	76					64

The details of share options outstanding at the end of the reporting period are as follows:

	Weighted average exercise price 2019 RM	**2018 RM**	**Exercise period**
2014 options	0.70	0.58	9.5.2014 - 20.4.2024

The fair value of share options granted during the previous financial year was estimated by an independent professional valuer using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSs"). The fair value of share options measured at grant date and the assumptions are as follows:

	2014
Fair value of share options at the following grant dates (RM):	
9 May 2014	0.09
Weighted average share price (RM)	0.56
Weighted average exercise price (RM)	0.53 – 0.83
Expected volatility (%)	28.73
Expected life (years)	10
Risk free rate (%)	3.17
Expected dividend yield (%)	3.45

32. RELATED PARTIES TRANSACTIONS

(a) Identities of related parties

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

The Company has controlling related party relationships with its direct, indirect subsidiaries, and its associate.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

32. RELATED PARTIES TRANSACTIONS (cont'd)

(a) Identities of related parties (cont'd)

The Group also has related party relationships with the following parties:

Related parties	Relationship
Chiho Hardware Sdn. Bhd.	A company in which Toh Yew Chin, Dato' Toh Yew Peng, Toh Yew Seng, Toh Yew Keat, Toh Yew Kar are also Directors and shareholders
Syarikat Kwong Nam Hin Sdn. Bhd.	A company in which Dato' Toh Yew Peng and Toh Yew Keat are also Directors and shareholders
Wei Giap Hardware Sdn. Bhd.	A company in which Dato' Toh Yew Peng, Toh Yew Keat and Toh Yew Kar are also Directors and shareholders
Wei Sheng Hardware Sdn. Bhd.	A company in which Toh Yew Kar is also a Director and shareholder
YK Toh (M) Sdn. Bhd.	A company in which Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng and Toh Yew Chin are also Directors and shareholders
YK Toh Marketing (S) Pte. Ltd.	A company in which Toh Yew Chin is also a Director and shareholder
Tashin Steel Sdn. Bhd.	A subsidiary of an associate, Tashin Holdings Berhad.

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year:

	Company	
	2019 RM'000	**2018 RM'000**
Transactions with subsidiaries:		
Gross dividend income	(1,275)	(4,110)
Interest paid	-	22
Rental income	(3,436)	(2,556)
Interest income	(93)	(39)
Transactions with an associate:		
POSCO-MKPC Sdn. Bhd.		
Rental income	(1,607)	(1,607)
Dividend income	(215)	(777)

	Group	
	2019 RM'000	**2018 RM'000**
Transactions with an associate:		
POSCO-MKPC Sdn. Bhd.		
Sales of goods	(257)	(431)
Purchase of goods	34,954	79,636
Rental income	(1,607)	(1,607)
Dividend income	(215)	(777)
Tashin Steel Sdn. Bhd.		
Sales of goods	(21)	-
Purchase of goods	656	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

32. RELATED PARTIES TRANSACTIONS (cont'd)

(b) Significant related party transactions (cont'd)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year (cont'd):

	Group	
	2019 RM'000	**2018 RM'000**
Transactions with companies in which the substantial shareholders have financial interests:		
Chiho Hardware Sdn. Bhd.		
Sales of goods	(634)	(802)
Purchases	29	10
Wei Giap Hardware Sdn. Bhd.		
Sales of goods	-	(58)
Purchases	-	58
Wei Sheng Hardware Sdn. Bhd.		
Sales of goods	-	(52)
YK Toh (M) Sdn. Bhd.		
Rental paid	33	33
Transactions with a company in which Toh Yew Keat and Dato' Toh Yew Peng have financial interests:		
Syarikat Kwong Nam Hing Sdn. Bhd.		
Sales of goods	(36)	(38)
Transactions with companies in which Toh Yew Chin has financial interests:		
YK Toh Marketing (S) Pte. Ltd.		
Sales of goods	(4,483)	(5,485)
Purchases	1,842	2,666

The related party transactions described above were carried out on negotiated terms and conditions mutually agreed with the respective related parties.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Directors (whether executive or otherwise) of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

32. RELATED PARTIES TRANSACTIONS (cont'd)

(c) Compensation of key management personnel (cont'd)

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Short term employee benefits	7,991	7,344	2,602	1,604
Contributions to defined contribution plan	1,221	1,338	332	242
	9,212	8,682	2,934	1,846

Executive Directors of the Group and the Company and other key management personnel have been granted the following number of options under the Employee Share Options Scheme ("ESOS"):

	Group		Company	
	2019 '000	**2018 '000**	**2019 '000**	**2018 '000**
As at 1 January	518	615	250	324
Grant	-	-	-	-
Exercised	-	(97)	-	(74)
Lapsed	-	-	-	-
As at 31 December	518	518	250	250

The terms and conditions of the share options are detailed in Note 31 to the financial statements.

33. OPERATING SEGMENTS

Prestar Resources Berhad and its subsidiaries are principally engaged in investment holding, trading and manufacturing of steel related products.

Prestar Resources Berhad has arrived at three (3) reportable segments that are organised and managed separately based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

Investment	:	Investment holding, long term investment in quoted shares and property investment
Trading	:	Sales of hardware and steel related products
Manufacturing	:	Manufacturing of steel related products

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and goodwill. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one (1) period for each reportable segment.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

33. OPERATING SEGMENTS (cont'd)

2019

	Investment RM'000	Trading RM'000	Manufacturing RM'000	Continuing operations Total RM'000	Disposal group operations Total RM'000	Total RM'000
Revenue						
Total revenue	6,534	144,914	370,809	522,257	161,702	683,959
Inter-segment revenue	(4,927)	(6,681)	(56,481)	(68,089)	(23,519)	(91,608)
Revenue from external customers	1,607	138,233	314,328	454,168	138,183	592,351
Finance costs	(2,400)	(2,522)	(5,954)	(10,876)	(812)	(11,688)
Interest income	8	74	461	543	144	687
Net finance expense	(2,392)	(2,448)	(5,493)	(10,333)	(668)	(11,001)
Depreciation	1,369	2,684	4,273	8,326	2,151	10,477
Segment profit/(loss) before income tax	**14,338**	**(4,081)**	**(7,258)**	**2,999**	**6,033**	**9,032**
Share of profit of associates	204	-	-	204	-	204
Taxation	252	93	1,393	1,738	(1,730)	8
Other material non-cash items:						
Impairment losses on trade and other receivables	-	361	1,890	2,251	-	2,251
Reversal of impairment losses on trade and other receivables	-	(208)	(613)	(821)	(329)	(1,150)
Reversal of written down of inventories	-	-	(102)	(102)	(1,568)	(1,670)
Gain on disposal of property, plant and equipment	(1)	(8)	(51)	(60)	-	(60)
Impairment of property, plant and equipment	-	-	(1,626)	(1,626)	-	(1,626)
Inventories written down	-	1,021	2,968	3,989	-	3,989
Unrealised (gain)/loss on foreign exchange	-	(1)	111	110	-	110
Capital expenditure	13,085	2,000	17,783	32,868	-	32,868
Segment assets	**176,438**	**88,413**	**245,457**	**510,308**	**-**	**510,308**
Segment liabilities	**44,195**	**53,739**	**128,769**	**226,703**	**-**	**226,703**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

33. OPERATING SEGMENTS (cont'd)

2018

	Investment RM'000	Trading RM'000	Manufacturing RM'000	Continuing operations Total RM'000	Disposal group operations Total RM'000	Total RM'000
Revenue						
Total revenue	9,050	176,886	400,524	586,460	312,333	898,793
Inter-segment revenue	(7,443)	(7,313)	(63,580)	(78,336)	(51,788)	(130,124)
Revenue from external customers	1,607	169,573	336,944	508,124	260,545	768,669
Finance costs	(1,707)	(3,253)	(5,878)	(10,838)	(2,889)	(13,727)
Interest income	-	36	482	518	190	708
Net finance expense	(1,707)	(3,217)	(5,396)	(10,320)	(2,699)	(13,019)
Depreciation	1,173	2,777	3,817	7,767	3,670	11,437
Segment profit before income tax	**2,561**	**2,150**	**9,190**	**13,901**	**14,973**	**28,874**
Share of profit of an associate	1,437	-	-	1,437	-	1,437
Taxation	(367)	(838)	(2,778)	(3,983)	(3,750)	(7,733)
Other material non-cash items:						
Impairment losses on trade and other receivables	-	19	695	714	26	740
Reversal of impairment losses on trade and other receivables	-	(113)	(203)	(316)	(108)	(424)
Reversal of write down of inventories	-	-	-	(36)	-	(36)
(Loss)/Gain on disposal of property, plant and equipment	(47)	(50)	(18)	(115)	7	(108)
Inventories written down	-	229	623	852	1,525	2,377
Unrealised gain on foreign exchange	-	(1)	(332)	(333)	(3)	(336)
Capital expenditure	7,327	2,363	11,674	21,364	1,434	22,798
Segment assets	**96,366**	**111,509**	**267,824**	**475,699**	**174,762**	**650,461**
Segment liabilities	**41,421**	**68,653**	**148,654**	**258,728**	**40,579**	**299,307**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

33. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2019 RM'000	2018 RM'000
Revenue		
Total revenue for reportable segments	683,959	898,793
Elimination of inter-segmental revenues	(91,608)	(130,124)
	592,351	768,669
Less: Revenue from disposal groups operations	(138,183)	(260,545)
Revenue of the Group per statements of profit or loss and other comprehensive income	454,168	508,124
Profit for the financial year		
Total profit or loss for reportable segments	9,032	28,874
Elimination of inter-segment profits	(1,436)	(3,232)
Profit before tax	7,596	25,642
Taxation	8	(7,733)
Profit for the financial year of the Group per statements of profit or loss and other comprehensive income	7,604	17,909
Assets		
Total assets for reportable segments	510,308	475,699
Tax assets	2,014	1,707
Goodwill	1,675	1,675
Assets held for sale	3,924	174,762
Assets of the Group per statements of financial position	517,921	653,843
Liabilities		
Total liabilities for reportable segments	226,703	258,728
Tax liabilities	6,438	8,304
Liabilities held for sale	-	40,579
Liabilities of the Group per statements of financial position	233,141	307,611

Geographical information

The business activities of the Group are predominantly located in Malaysia and as such segment reporting by geographical location is not presented.

Major customers

The Group does not have major customers with revenue equal to or more than ten percent (10%) of the revenue of the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

34. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2019 and 31 December 2018.

The Group monitors capital on the basis of the Group's consolidated gearing ratio which is total external debts divided by consolidated net tangible assets. The Group has a target gearing ratio of 1.50 times. External debts comprise borrowings and lease liabilities owing to financial institutions. Consolidated net tangible assets represents shareholders' funds (excluding non-controlling interests) less intangible assets and net deferred tax.

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Borrowings	181,365	224,875	39,295	35,545
Lease liabilities	6,847	-	399	-
	188,212	224,875	39,694	35,545
Shareholders' funds (excluding non-controlling interests)	284,651	280,225	131,921	120,253
Less: Intangible assets	(1,675)	(1,675)	-	-
Add: Net deferred tax	6,232	8,036	1,134	1,096
Net tangible assets	289,208	286,586	133,055	121,349
Gearing ratio	0.65	0.78	0.30	0.29

The Group maintains a gearing ratio that complies with debt covenants and regulatory requirements in countries where the Group operates. This includes minimum capital requirements and the requirement to maintain legal reserves which are non-distributable.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement for the financial year ended 31 December 2019.

(b) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of these borrowings has been determined using discounted cash flows technique. The discount rates used are based on the current market rate available for similar borrowings.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Methods and assumptions used to estimate fair value (cont'd)

(ii) Obligation under finance lease and non-current amount owing by a subsidiary

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of each reporting period.

(iii) Derivatives

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the end of the reporting period.

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

(c) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value hierarchy (cont'd)

The carrying amount of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2019										
Group										
Financial assets										
Financial assets at fair value through profit or loss										
- Forward currency contracts	-	12	-	12	-	-	-	-	12	12

34. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value hierarchy (cont'd)

The carrying amount of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments. (cont'd).

The table below analyses other financial instruments at fair value (cont'd).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
2019										
Group										
Financial liabilities										
Financial liabilities at fair value through profit or loss										
- Forward currency contracts	-	151	-	151	-	-	-	-	151	151
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	#	#	#	#

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

34. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value hierarchy (cont'd)

The carrying amount of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments. (cont'd).

The table below analyses other financial instruments at fair value (cont'd).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2018										
Group										
Financial liabilities										
Financial liabilities at fair value through profit or loss										
- Forward currency contracts	-	-	245	245	-	-	-	-	245	245
Other financial liabilities										
- Hire purchase liabilities	-	-	-	-	-	8,791	-	8,791	8,791	10,765
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	#	#	#	-

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

34. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The carrying amount of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments. (cont'd).

The table below analyses other financial instruments at fair value (cont'd).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2019										
Company										
Financial assets										
Amount owing by a subsidiary	-	-	-	-	-	1,913	-	-	1,913	2,084
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	#	#	#	-
2018										
Company										
Financial assets										
Amount owing by a subsidiary	-	-	-	-	-	802	-	-	802	850
Other financial liabilities										
- Hire purchase liabilities	-	-	-	-	-	493	-	493	493	545
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	#	#	#	-

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

34. FINANCIAL INSTRUMENTS (cont'd)

(e) The following table shows a reconciliation of Level 3 fair values:

	Group	
	2019 RM'000	2018 RM'000
Financial assets		
Balance as at 1 January	-	60
Gains and losses recognised in profit or loss		
- Other expenses (unrealised)	-	-
- Other expenses (realised)	-	(60)
Balance as at 31 December	-	-
Financial liabilities		
Balance as at 1 January	245	100
Gains and losses recognised in profit or loss		
- Other expenses (unrealised)	-	245
- Other expenses (realised)	(245)	(100)
Balance as at 31 December	-	245

(f) The following table shows the sensitivity analysis for the Level 3 fair value measurements.

	Group	
	2019 RM'000	2018 RM'000
Profit after tax		
- Increase by 3% (2018: 3%)	-	946
- Decrease by 3% (2018: 3%)	-	(946)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from credit risk, liquidity risk and cash flow risk, interest rate risk and foreign currency risk.

Financial risk management is carried out through risk review programmes, internal control systems and adherence to the Group financial risk management policies. The Board regularly reviews these risks and approves such policies that cover the management of these risks. The exposure of the Group to financial risks and the management of its related exposures are as follows:

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit. The credit period is generally for a period of 30 days, extending up to 120 days for major customers. Each customer has a maximum credit limit and the Group seeks to minimise and monitor the credit risk via strictly limiting its associations to business customers with high creditworthiness. Trade receivables are monitored on an ongoing basis through the management reporting procedures of the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(i) Credit risk (cont'd)

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Information regarding trade and other receivables is disclosed in Note 13 to the financial statements. The Group does not have any significant concentration of credit risk related to any individual customers or counterparty.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

Prudent liquidity risk management is applied by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining the flexibility in funding by keeping committed credit lines available.

The table below summaries the maturity profile of the liabilities of the Group and the Company at the end of each reporting period based on contractual undiscounted repayment obligations:

2019 **Group**	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Financial liabilities				
Borrowings	162,599	19,073	6,589	188,261
Lease liabilities	3,504	3,499	-	7,003
Trade and other payables	34,331	-	-	34,331
Derivatives liabilities	151	-	-	151
Total undiscounted financial liabilities	200,585	22,572	6,589	229,746
Company				
Financial liabilities				
Borrowings	31,923	8,705	2,049	42,677
Lease liabilities	168	254	-	422
Trade and other payables	3,134	-	-	3,134
Total undiscounted financial liabilities	35,225	8,959	2,049	46,233

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(ii) Liquidity and cash flow risk (cont'd)

2018 **Group**	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Financial liabilities				
Borrowings	216,084	9,840	-	225,924
Trade and other payables	29,810	-	-	29,810
Derivatives liabilities	245	-	-	245
Total undiscounted financial liabilities	246,139	9,840	-	255,979
Company				
Financial liabilities				
Borrowings	35,190	399	-	35,589
Trade and other payables	4,573	-	-	4,573
Total undiscounted financial liabilities	39,763	399	-	40,162

(iii) Interest rate risk

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

The income and operating cash flows of the Group are independent of changes in market interest rates. Interest rate exposure arises mainly from the bank borrowings of the Group and is managed through effective negotiation with financial institutions for best available rates.

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as it is not affected by changes in interest rates.

Sensitivity analysis for interest rate risk

Group

As at 31 December 2019, if interest rates at the date had been 100 basis points lower with all variables held constant, post-tax profit for the year would have been RM206,000 (2018: RM34,000) higher, arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher with all variables held constant, post-tax profit would have been RM206,000 (2018: RM34,000) lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Company

As at 31 December 2019, if interest rates at the date had been 100 basis points lower with all variables held constant, post-tax profit for the year would have been RM85,000 (2018: RM nil) higher, arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher with all variables held constant, post-tax profit would have been RM85,000 (2018: RM nil) lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR")/incremental borrowing rates ("IBR") as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

As at 31 December 2019 Group	WAEIR/ IBR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Fixed rate								
Lease liabilities	5.90	(3,388)	(3,068)	(262)	(129)	-	-	(6,847)
Trade financing	4.93	(110,758)	-	-	-	-	-	(110,758)
Revolving credits	5.30	(43,500)	-	-	-	-	-	(43,500)
Floating rate								
Bank overdrafts	8.31	(1,327)	-	-	-	-	-	(1,327)
Term loans	5.44	(4,003)	(4,355)	(4,355)	(4,355)	(4,355)	(4,357)	(25,780)
Company								
Fixed rate								
Amount owing by a subsidiary	3.45	307	318	329	341	353	743	2,391
Lease liabilities	4.45	(153)	(246)	-	-	-	-	(399)
Revolving credits	5.57	(28,000)	-	-	-	-	-	(28,000)
Floating rate								
Term loans	5.61	(1,860)	(1,860)	(1,860)	(1,860)	(1,860)	(1,995)	(11,295)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk (cont'd):

As at 31 December 2018 **Group**	**WAEIR** **%**	**Within 1 year** **RM'000**	**1 - 2 years** **RM'000**	**2 - 3 years** **RM'000**	**3 - 4 years** **RM'000**	**4 - 5 years** **RM'000**	**More than 5 years** **RM'000**	**Total** **RM'000**
Fixed rate								
Fixed deposits with licensed banks	3.17	500	-	-	-	-	-	500
Hire purchase liabilities	5.50	(3,976)	(3,619)	(2,005)	(851)	(314)	-	(10,765)
Trade financing	5.13	(156,059)	-	-	-	-	-	(156,059)
Revolving credits	5.20	(53,500)	-	-	-	-	-	(53,500)
Floating rate								
Bank overdrafts	8.25	(1,123)	-	-	-	-	-	(1,123)
Term loans	5.49	(857)	(857)	(857)	(857)	-	-	(3,428)
Company								
Fixed rate								
Amount owing by subsidiary	3.95	400	416	434	-	-	-	1,250
Hire purchase liabilities	4.45	(146)	(153)	(160)	(86)	-	-	(545)
Revolving credits	5.57	(35,000)	-	-	-	-	-	(35,000)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Foreign currency risk

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

Transactional currency exposures mainly arise from transactions that are denominated in currencies other than functional currency of the operating entity.

The Group also holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM301,000 (2018: RM598,000) for the Group.

Transactional currency exposures of the Group mainly arise from transactions entered into by subsidiaries in currencies other than their functional currency. The Group enters into forward foreign currency contracts for its foreign currency exposures and the management monitors these exposures on an ongoing basis.

During the financial year, the Group entered into foreign currency forward contracts to manage exposures to currency risk for trade receivables and trade payables which are denominated in currencies other than the functional currency of the Group.

The notional amount and maturity date of the forward foreign exchange contracts outstanding as at 31 December 2019 and 31 December 2018 are as follows:

2019	**Currency**	**Contract amount in foreign currency '000**	**RM'000 equivalent**	**Maturities Within**
Forward contracts used to hedge trade receivables	USD	399	1,663	3 months
Forward contracts used to hedge trade payables	USD	5,308	22,016	3 months
Forward contracts used to hedge trade payable	JPY	9,168	349	3 months
Forward contracts used to hedge trade payables	SGD	1	2	3 months
2018				
Forward contracts used to hedge trade receivables	USD	356	1,451	3 months
Forward contracts used to hedge trade receivables	EURO	84	398	3 months
Forward contracts used to hedge trade payables	USD	9,496	39,628	3 months

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's profit after tax to a reasonably possible change in US Dollar ("USD"), Thai Baht ("THB"), Euro ("EURO"), Singapore Dollar ("SGD"), Japanese Yen ("YEN") and Indonesia Rupiah ("IDR") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2019 RM'000	2018 RM'000
Profit after tax			
USD	- strengthen by 3%	-444	-770
	- weaken by 3%	+444	+770
THB	- strengthen by 3%	+1	-
	- weaken by 3%	-1	-
EURO	- strengthen by 3%	+11	+18
	- weaken by 3%	-11	-18
SGD	- strengthen by 3%	-6	-10
	- weaken by 3%	+6	+10
YEN	- strengthen by 3%	-8	-
	- weaken by 3%	+8	-
IDR	- strengthen by 3%	-15	-40
	- weaken by 3%	+15	+40

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Disposal of interest in subsidiaries

Significant event during the financial year related to the disposal of interest in subsidiaries are disclosed in Note 7(g)(iv) to the financial statements.

(b) Disposal of property, plant and equipment

On 23 September 2019, a subsidiary of the Company has entered into a conditional Sales and Purchase Agreement to dispose one unit of single storey detached factory with three storey front office annex bearing postal address at Lot 17494, 8 1/2 Miles, Jalan Ipoh, Selayang Industrial Estate, 68100 Batu Caves, Selangor Darul Ehsan. The sales was completed on 7 February 2020. The freehold land and buildings were reclassed to assets held for sales as at the financial year end as disclosed in Note 21(a) to the financial statements.

37. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020 arising from COVID-19 The MCO was subsequently extended until 12 May 2020, followed by a Conditional MCO until 9 June 2020.

Since these developments occurred subsequent to the end of the reporting period, the COVID-19 pandemic is treated as a non-adjusting event in accordance with MFRS 110 *Events after the Reporting Period*. Consequently, the financial statements for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

37. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (cont'd)

The financial reporting impact of the COVID-19 pandemic could be significant to the Group due to:

(a) Reduced consumer demand for goods and services of the Group owing to lost income and/or restrictions on consumers' ability to move freely;
(b) Lack of investment in capital improvements and construction, thus reducing demand for goods and services of the Group;
(c) Reduction in market prices of financial assets, including debt and equity instruments; and
(d) Disruption of global supply chains due to the restrictions imposed on the movement of people and goods.

The Group is in the process of assessing the financial reporting impact of COVID-19 pandemic since ongoing developments remain uncertain and cannot be reasonably predicted as at the date of authorisation of the financial statements.

The Group anticipates that the potential financial reporting impact of COVID-19 would be recognised in the financial statements of the Group during the financial year ending 31 December 2020.

38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

38.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	**Effective Date**
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 as described in the following section.

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the* Substance *of Transactions* Involving *the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (cont'd)

38.1 New MFRSs adopted during the financial year (cont'd)

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 January 2019. The range of incremental borrowing rates of the Group and the Company applied to the lease liabilities on 1 January 2019 were between 5.17% to 6.39%. and 4.45% respectively.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

(a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019;
(c) Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 and do not contain a purchase option as short-term leases;
(d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
(e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Group and the Company recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

Group	Note	As at 31 December 2018 RM'000	Impact RM'000	As at 1 January 2019 RM'000
Property, plant and equipment		121,402	(16,498)	104,904
Right-of-use assets	(a)	-	16,982	16,982
Borrowings		224,875	(10,765)	214,110
Lease liabilities	(b)	-	11,253	11,253
Non controlling interest		66,007	(1)	66,006
Retained earnings		180,147	(3)	180,144
Company				
Property, plant and equipment		50,415	(734)	49,681
Right-of-use assets	(a)	-	734	734
Borrowings		35,545	(545)	35,000
Lease liabilities	(b)	-	545	545

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019 (cont'd)

38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (cont'd)

38.1 New MFRSs adopted during the financial year (cont'd)

(a) The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied.

(b) Lease liabilities are measured as follows:

	Group RM'000	Company RM'000
Operating lease commitments at 31 December 2018 as disclosed under MFRS 117	240	-
Weighted average incremental borrowing rate as at 1 January 2019	5.17%	-
Discounted operating lease commitments as at 1 January 2019	234	-
Finance lease liabilities recognised as at 31 December 2018	10,765	545
Extension option reasonably certain to be exercised	254	-
Lease liabilities recognised at 1 January 2019	11,253	545

38.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-Current*	1 January 2022
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

38.3 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ("IFRIC") issued a final agenda decision on 26 November 2019 regarding "Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)".

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group and the Company does not expect an increase in lease liabilities and corresponding right-of-use assets arising from the reassessment of the lease term of existing leasing arrangements due to this final agenda decision.

The Group and the Company are in the process of implementing the requirements of this final agenda decision and the impact upon adoption is expected to be recognised during the financial year ending 31 December 2020.

LIST OF PROPERTIES
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Location	Tenure	Built-up Area	Year of Expiry	Description /Existing Use	Carrying Amount (RM'000)	Age of Building (years)	Date of Acquisition/ Revaluation
	PRESTAR RESOURCES BERHAD							
1	GM 4895, Lot 1298 Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	588,793 sq ft	nil	Corporate office cum manufacturing site for subsidiaries	41,101	13 to 24	5 April 2001
2	P.M. 5176, Lot 72471 and P.M. 5177, Lot 72470, Pekan Subang, Daerah Petaling, Negeri Selangor Darul Ehsan	99 years Leasehold *(96 years)	58,022 sq ft	2115	Office cum Warehouse for Prestar Marketing Sdn Bhd	19,764	2	9 Jan 2019
	PRESTAR STORAGE SYSTEM SDN BHD							
1	Geran 86261, Lot 162 (Lot 39), Seksyen 19, Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	80,384 sq ft	nil	Office cum manufacturing site	14,643	26	17 Aug 2015
2	Geran 86347, Lot 202 (Lot 3), Seksyen 19, Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	43,930 sq ft	nil	Office cum manufacturing site	15,366	20	18 Oct 2019
	PRESTAR MARKETING SDN BHD							
1	Lot 17494, 8 1/2 Miles, Jalan Ipoh, Selayang Industrial Estate, 68100 Batu Caves, Selangor Darul Ehsan	Freehold	35,263 sq ft	nil	Corporate office cum warehouse	3,924	31	18 Nov 2009
2	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	794	57	29 Dec 1993
	PRESTAR ENGINEERING SDN BHD							
1	# PD Perdana Condominium Parcel 808, Held under Master Title H.S. (D) 14950, PT No. 99, Pekan Telok Kemang, Daerah Port Dickson, Negeri Sembilan	Freehold	750 sq ft	nil	Vacant	1	21	5 June 2000
2	# Parcel No. M2-L2-1D Tuanku Jaafar Golf & Country Resort under Master Title H.S.(D) 99111 for PT No.18519 Mukim of Ampangan, District of Seremban, State of Negeri Sembilan	Freehold	898 sq ft	nil	Vacant	1	19	4 Feb 2004

* Balance of Leasehold Tenure
# Acquired through Debt settlement arrangement from various delinquent debtors

STATISTICS OF SHAREHOLDINGS
AS AT 13 MAY 2020

Total number of issued shares	:	204,830,530 ordinary shares
Class of Shares	:	Ordinary shares
Number of Shareholders	:	3,966
Voting Rights	:	One (1) vote per ordinary share on a poll

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	[------------------------ No. of Shares Held	----------------------]		
Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
Fabulous Essence Sdn. Bhd.	52,592,200	27.12	-	-
Y.K. Toh Property Sdn. Bhd.	20,599,200	10.62	-	-
Toh Yew Keat	4,386,717	2.26	(1) 73,191,400	37.74
Dato' Toh Yew Peng	7,890,000	4.07	(1) 73,191,400	37.74
Soh Tik Siew	10,917,700	5.63	-	-

Note:

(1) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	**No. of Shareholders**	**% of Shareholders**	**No. of Shares Held**	**% of Issued Capital**
1 - 99	37	0.93	872	0.00
100 - 1,000	336	8.47	238,480	0.12
1,001 - 10,000	2,302	58.04	12,326,138	6.36
10,001 - 100,000	1,163	29.32	35,675,200	18.39
100,001 - 9,697,160 (*)	125	3.15	72,049,640	37.15
9,697,161 and above (**)	3	0.08	73,652,900	37.98
Total	3,966	100.00	193,943,230	100.00

Remarks:
* Less than 5% of issued shares
** 5% and above of issued shares

STATISTICS OF SHAREHOLDINGS AS AT 13 MAY 2020 (cont'd)

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		[------ Direct Interest ------]		[---- Indirect Interest ----]	
Directors	**Nationality**	**No. of shares held**	**%**	**No. of shares held**	**%**
Toh Yew Keat	Malaysian	4,386,717	2.26	*73,261,400	37.78
Dato' Toh Yew Peng	Malaysian	7,890,000	4.07	@73,371,400	37.83
Toh Yew Kar	Malaysian	2,672,276	1.38	0	0
Toh Yew Seng	Malaysian	3,356,252	1.73	0	0
Toh Yew Chin	Singaporean	2,697,276	1.39	0	0
Md. Nahar Bin Noordin	Malaysian	1,934,100	1.00	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	135,000	0.07	0	0
Dato' Lim Cheang Nyok	Malaysian	194,000	0.10	0	0
Lou Swee You	Malaysian	189,000	0.10	0	0

Notes:

* Deemed interested in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016 and the shareholdings of his daughter, Ms. Janice Toh Mei Ling in Prestar Resources Berhad pursuant to Section 59(11) of the Companies Act 2016.

@ Deemed interested in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016 and the shareholdings of his son, Mr. Alan Toh Jin Joo in Prestar Resources Berhad pursuant to Section 59(11) of the Companies Act 2016.

The Directors' shares options held under the Employees' Share Option Scheme ("**ESOS**") of the Company are as follows:-

Directors	**Number of ESOS held**
Toh Yew Keat	0
Dato' Toh Yew Peng	0
Toh Yew Kar	250,000
Toh Yew Seng	0
Toh Yew Chin	0
Md. Nahar Bin Noordin	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	0
Dato' Lim Cheang Nyok	0
Lou Swee You	0

STATISTICS OF SHAREHOLDINGS
AS AT 13 MAY 2020 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%)
1.	FABULOUS ESSENCE SDN. BHD.	50,192,200	25.88
2.	Y.K. TOH PROPERTY SDN. BHD.	12,543,000	6.47
3.	SOH TIK SIEW	10,917,700	5.63
4.	Y.K. TOH PROPERTY SDN. BHD.	8,056,200	4.15
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. *(PLEDGED SECURITIES ACCOUNT FOR DATO' TOH YEW PENG)*	6,320,000	3.26
6.	TOH YEW KEAT	4,386,717	2.26
7.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. *(EXEMPT AN FOR UOB KAY HIAN PTE LTD [A/C CLIENTS])*	3,400,000	1.75
8.	TOH YEW SENG	3,356,252	1.73
9.	TOH YEW KEONG	2,923,099	1.51
10.	TOH YEW CHIN	2,697,276	1.39
11.	FABULOUS ESSENCE SDN. BHD.	2,400,000	1.24
12.	TOH POH KHUAN	2,390,230	1.23
13.	TOH YEW HOE	2,266,254	1.17
14.	MD. NAHAR BIN NOORDIN	1,934,100	1.00
15.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. *(PHUA SIN MO)*	1,890,000	0.97
16.	TOH YEW KAR	1,728,276	0.89
17.	RHB NOMINEES (TEMPATAN) SDN. BHD. *(PLEDGED SECURITIES ACCOUNT FOR DATO' TOH YEW PENG)*	1,570,000	0.81
18.	SEOW MUN HON	1,350,000	0.70
19.	HLB NOMINEES (TEMPATAN) SDN. BHD. *(PLEDGED SECURITIES ACCOUNT FOR YEE WAI LENG)*	1,175,000	0.61
20.	TAY YING LIM @ TAY ENG LIM	1,087,800	0.56
21.	TOH YEW KAR	944,000	0.49
22.	NG WEE TIEW @ NG WEE CHIEW	856,300	0.44
23.	FAM KEAT HONG	749,100	0.39
24.	CHU AH NUAI @ CHOO YEE CHIANG	603,000	0.31
25.	CHEONG YOU CHIN	582,300	0.30
26.	CITIGROUP NOMINEES (ASING) SDN. BHD. *(EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED [CLIENT A/C-NR])*	534,000	0.28
27.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *(PLEDGED SECURITIES ACCOUNT FOR LIM HOCK GUAN)*	533,000	0.27
28.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. *(PLEDGED SECURITIES ACCOUNT FOR SIN HUAN KWANG (E-TWU))*	532,000	0.27
29.	YAP KIEN CHUAN	500,000	0.26
30.	PUBLIC NOMINEES (ASING) SDN. BHD. *(PLEDGED SECURITIES ACCOUNT FOR PHUA LAM HUAT [E-TMI])*	400,000	0.21

Note : The analysis of shareholdings is based on the total number of issued shares of the Company after deducting 10,887,300 ordinary shares bought back by the Company and held as treasury shares as at 13 May 2020.

PRESTAR RESOURCES BERHAD

[Registration no. 198401010527 (123066-A)]
(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	CDS Account No.

*I/We (full name in block capitals), ...

NRIC/Passport No./Company No. .... of (full address) ....

....

being a *member/members of PRESTAR RESOURCES BERHAD, hereby appoint:

First Proxy "A"

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

*and

Second Proxy "B"

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

*or the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Thirty-Fifth Annual General Meeting of the Company to be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Monday, 27 July 2020 at 10:00 a.m. or at any adjournment thereof.

The proxy is to vote on the business before the Meeting as indicated below (if no indication is given, the proxy will vote as he/she thinks fit or abstain from voting):

AGENDA

No.	Resolutions	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the payment of the single-tier final dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2019. (Resolution 1)		
3.	To approve the payment of Directors' fees amounting to RM225,000 for the financial year ended 31 December 2019. (Resolution 2)		
4.	To approve an amount of up to RM30,000 as benefits payable to the Non-Executive Directors from 28 July 2020 to the next Annual General Meeting of the Company to be held in 2021. (Resolution 3)		
5.(a)	To re-elect Mr. Toh Yew Kar in accordance with Clause 118 of the Company's Constitution. (Resolution 4)		
5.(b)	To re-elect Mr. Toh Yew Seng in accordance with Clause 118 of the Company's Constitution. (Resolution 5)		
5.(c)	To re-elect Encik Md. Nahar Bin Noordin in accordance with Clause 118 of the Company's Constitution. (Resolution 6)		
6.	To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)		
As Special Businesses :			
7.(a)	Ordinary Resolution No. 1 - Authority to Issue Shares pursuant to the Companies Act 2016 (Resolution 8)		
7.(b)	Ordinary Resolution No. 2 - Proposed Renewal of Share Buy-Back Authority (Resolution 9)		
7.(c)	Ordinary Resolution No. 3 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 10)		
7.(d)	Ordinary Resolution No. 4 - Retention of Mr. Lou Swee You as an Independent Non-Executive Director (Resolution 11)		
7.(e)	Ordinary Resolution No. 5 - Retention of Encik Md. Nahar Bin Noordin as an Independent Non-Executive Director (Resolution 12)		
7.(f)	Ordinary Resolution No. 6 - Retention of Tuan Haji Fadzlullah Shuhaimi Bin Salleh as an Independent Non-Executive Director (Resolution 13)		
7.(g)	Ordinary Resolution No. 7 - Retention of Dato' Lim Cheang Nyok as an Independent Non-Executive Director (Resolution 14)		

* Strike out whichever not applicable.

Signed this .... day of 2020

....

Signature of Member/Common Seal

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 July 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
   As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and subsequently revised on 14 May 2020, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/relevant advisers during the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Appointment of proxy and registration for remote participation and voting
   The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at https://www.sshsb.net.my/. All resolutions set out in this notice of meeting are to be voted by poll.
   Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at https://www.sshsb.net.my/ by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.
   The Administrative Guide on the Conduct of a Fully Virtual General Meeting is available for download at www.prestar.com.my/investorRelations/InvestorRelations_mainpage.asp

FOLD THIS FLAP FOR SEALING

FOLD HERE

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stamp

The Company Secretaries
PRESTAR RESOURCES BERHAD
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia

FOLD HERE

PRESTAR RESOURCES BERHAD

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