



PRESTAR RESOURCES BERHAD

198401010527 (123066-A)



ANNUAL REPORT **2020**
LAPORAN TAHUNAN

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING	2		
CORPORATE INFORMATION	8		
GROUP FINANCIAL HIGHLIGHTS	9	56	DIRECTORS' REPORT
CORPORATE STRUCTURE	10	61	STATEMENT BY DIRECTORS
BOARD OF DIRECTORS' PROFILE	11	61	STATUTORY DECLARATION
PROFILE OF KEY SENIOR MANAGEMENT	15	62	INDEPENDENT AUDITORS' REPORT
MANAGEMENT DISCUSSION AND ANALYSIS	18	65	STATEMENTS OF FINANCIAL POSITION
SUSTAINABILITY STATEMENT	23	67	STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
CORPORATE GOVERNANCE OVERVIEW STATEMENT	34		
ADDITIONAL COMPLIANCE INFORMATION	48	69	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL	49	71	STATEMENT OF CHANGES IN EQUITY
AUDIT COMMITTEE REPORT	52	73	STATEMENTS OF CASH FLOWS
STATEMENT OF DIRECTORS' RESPONSIBILITY	54	77	NOTES TO THE FINANCIAL STATEMENTS
		144	LIST OF PROPERTIES
		145	STATISTICS OF SHAREHOLDINGS
			FORM OF PROXY

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth 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 Tuesday, 22 June 2021 at 10:00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of a single-tier final dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2020. *(Resolution 1)*
3. To approve the payment of Directors' fees amounting to RM260,083.00 for the financial year ended 31 December 2020. *(Resolution 2)*
4. To approve an amount of up to RM30,000.00 as benefits payable to the Non-Executive Directors from 23 June 2021 to the next Annual General Meeting of the Company to be held in 2022. *(Resolution 3)*
5. To re-elect the following Directors who retire pursuant to Clause 103 of the Company's Constitution, and being eligible, have offered themselves for re-election:
 - (a) Encik Shamsudin @ Samad Bin Kassim; and *(Resolution 4)*
 - (b) Mr. Kenny Toh Jin Tat. *(Resolution 5)*
6. 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) Dato' Toh Yew Peng; *(Resolution 6)*
 - (b) Tuan Haji Fadzlullah Shuhaimi Bin Salleh; and *(Resolution 7)*
 - (c) Mr. Lou Swee You. *(Resolution 8)*
7. 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 9)*
8. 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** *(Resolution 10)*
- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

"**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."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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

(Resolution 11)

“**THAT** subject to the Companies Act 2016 (“**the Act**”), provisions of the Company’s Constitution, Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) Main Market Listing Requirements and any other relevant authorities, approval be and is hereby given for the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities upon such terms and conditions as the Directors of the Company may in their absolute discretion deem fit and expedient in the interests of the Company (“**Share Buy-Back Mandate**”) provided that:

- (i) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten per centum (10%) of the total number of issued ordinary shares of the Company for the time being;
- (ii) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its own ordinary shares shall not exceed the Company’s retained profits at the time of purchase(s);
- (iii) the authority conferred by this resolution will be effective immediately upon the passing of this ordinary resolution and will continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever is the earlier;
- (iv) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Malaysia Securities and/or cancelled and/or transfer for the purposes of or under an employees’ share scheme and/or be dealt with by the Directors of the Company in the manners allowed by the Act;

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 of the Company may deem fit and expedient in the interests of the Company.”

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(c) ORDINARY RESOLUTION NO. 3

(Resolution 12)

- 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 28 April 2021 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 of the Company 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."

(d) ORDINARY RESOLUTION NO. 4

(Resolution 13)

- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT subject to the passing of Resolution No. 8, 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 14)

- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT 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 15)

- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT subject to the passing of Resolution No. 7, 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."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(g) ORDINARY RESOLUTION NO. 7

(Resolution 16)

- 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.”

9. 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 2020 will be payable on 30 July 2021 to depositors who are registered in the Record of Depositors at the close of business on 12 July 2021, if approved by members at the forthcoming Thirty-Sixth Annual General Meeting on 22 June 2021.

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 12 July 2021 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: 28 April 2021

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 June 2021 (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 its subsequent revision, 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@sshbs.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.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes: (cont'd)

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://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://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.

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 fundraising 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-Fifth Annual General Meeting held on 27 July 2020 and which will lapse at the conclusion of the Thirty-Sixth 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-Fifth Annual General Meeting held on 27 July 2020. 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 (“**Recurrent Related Party Transactions**”)

The proposed adoption of the Ordinary Resolution No. 3 is to renew the shareholders’ mandate for Recurrent Related Party Transactions granted by the shareholders of the Company at the Thirty-Fifth Annual General Meeting held on 27 July 2020 (“**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.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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

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

Mr. Lou was appointed to the Board of Directors on 9 May 2008 as an Independent Non-Executive Director of the Company and therefore, has served for more than twelve (12) years.

The Ordinary Resolution No. 4, if passed, will allow Mr. Lou to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

The Nomination Committee has assessed the independence of Mr. Lou as an Independent Non-Executive Director of the Company and recommended to retain him as an Independent Non-Executive Director of the Company. The Board of Directors endorsed the Nomination Committee’s recommendation and is of the view that his retention as Independent Non-Executive Director of the Company is in the best interest of the Company.

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

Encik Md. Nahar was appointed to the Board of Directors on 18 June 1994 as a Non-Independent Non-Executive Director of the Company and he was subsequently, re-designated as an Independent Non-Executive Director of the Company on 3 October 2007. Therefore, he has served for more than twelve (12) years as an Independent Non-Executive Director of the Company.

The Ordinary Resolution No. 5, if passed, will allow Encik Md. Nahar to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

The Nomination Committee has assessed the independence of Encik Md. Nahar as an Independent Non-Executive Director of the Company and recommended to retain him as an Independent Non-Executive Director of the Company. The Board of Directors endorsed the Nomination Committee’s recommendation and is of the view that his retention as Independent Non-Executive Director of the Company is in the best interest of the Company.

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

Tuan Haji Fadzlullah Shuhaimi was appointed to the Board of Directors on 18 March 1995 as an Independent Non-Executive Director of the Company and therefore, has served for more than twelve (12) years.

The Ordinary Resolution No. 6, if passed, will allow Tuan Haji Fadzlullah Shuhaimi to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

The Nomination Committee has assessed the independence of Tuan Haji Fadzlullah Shuhaimi as an Independent Non-Executive Director of the Company and recommended to retain him as an Independent Non-Executive Director of the Company. The Board of Directors endorsed the Nomination Committee’s recommendation and is of the view that his retention as Independent Non-Executive Director of the Company is in the best interest of the Company.

(d) Dato’ Lim Cheang Nyok (“**Dato’ Lim**”) (Ordinary Resolution No. 7)

Dato’ Lim was appointed to the Board of Directors on 28 March 2002 as an Independent Non-Executive Director of the Company and therefore, has served for more than twelve (12) years.

The Ordinary Resolution No. 7, if passed, will allow Dato’ Lim to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

The Nomination Committee has assessed the independence of Dato’ Lim as an Independent Non-Executive Director of the Company and recommended to retain him as an Independent Non-Executive Director of the Company. The Board of Directors endorsed the Nomination Committee’s recommendation and is of the view that his retention as Independent Non-Executive Director of the Company is in the best interest of the Company.

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 made available on the Company’s corporate website at www.prestar.com.my/investorRelations/InvestorRelations_mainpage.asp.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shamsudin @ Samad Bin Kassim
Independent Non-Executive Chairman

Toh Yew Keat
Executive Director

Md. Nahar Bin Noordin
Independent Non-Executive Director

Dato' Toh Yew Peng
Group Managing Director

Toh Yew Chin
Executive Director

Dato' Lim Cheang Nyok
Independent Non-Executive Director

Toh Yew Kar
Group Executive Director

Kenny Toh Jin Tat
Executive Director

Lou Swee You
Independent Non-Executive Director

Toh Yew Seng
Group Executive Director

Tuan Haji Fadzlullah Shuhaimi Bin Salleh
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
LLP0018825-LCA and AF 0206
Chartered Accountants
Level 8, BDO @ Menara CenTARa,
360 Jalan Tuanku Abdul Rahman,
50100 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) Bhd

SOLICITORS

SKRINE
Lim & Yeoh

STOCK EXCHANGE LISTING

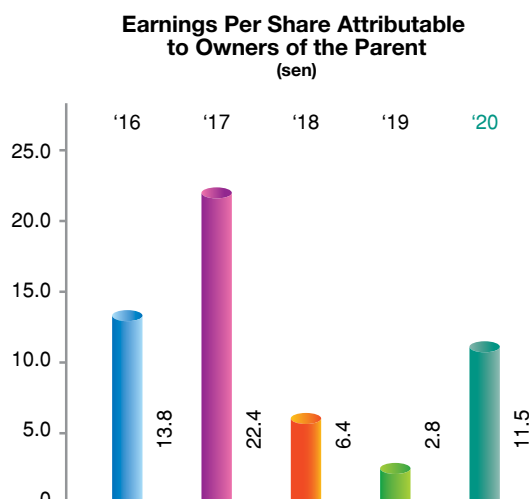
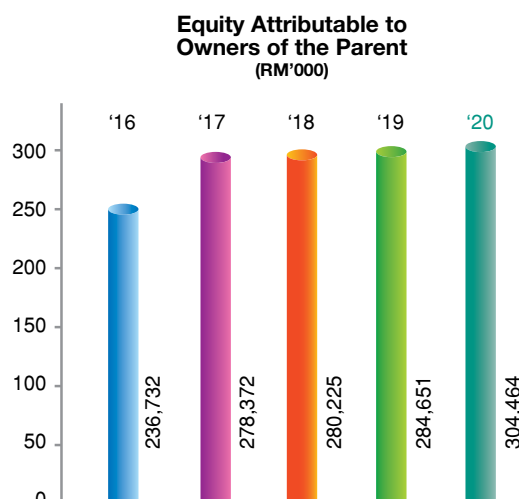
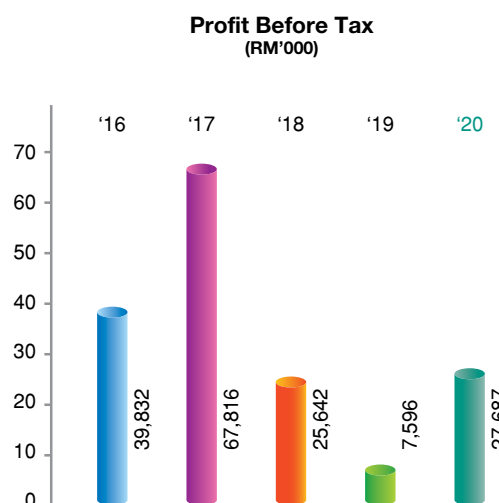
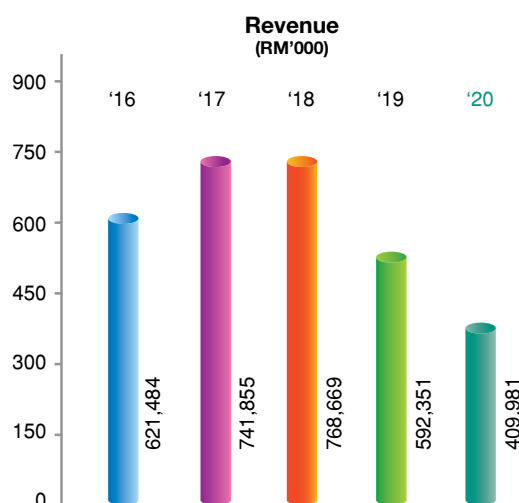
Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 9873





GROUP FINANCIAL HIGHLIGHTS

(RM'000)	2016 [^]	2017	2018	2019	2020
Revenue					
Continuing Operations	406,743	484,154	508,124	454,168	409,981
Disposal Group Operations	214,741	257,701	260,545	138,183	-
Profit before tax					
Continuing Operations	25,247	46,123	10,669	1,523	27,687
Disposal Group Operations	14,585	21,693	14,973	6,073	-
Profit attributable to owners of the parent					
Continuing Operations	18,165	35,041	6,886	3,314	22,238
Disposal Group Operations	6,175	8,085	5,724	2,215	-
Total Assets	624,898	697,093	653,843	517,921	509,288
Equity attributable to owners of the parent	236,732	278,372	280,225	284,651	304,464
EBITDA#	63,873	92,626	50,806	29,761	43,396
<i>#Earnings before interests, depreciation, tax and amortisation</i>					
Net assets per share *(RM)	1.32	1.41	1.43	1.46	1.57
Earnings per share *(Sen)	13.8	22.4	6.4	2.8	11.5
<i>* attributable to owners of the Company</i>					
<i>[^] Revenue, Profit before Tax, Profit attributable to owners of the parent shown are reclassified for comparison purposes</i>					





CORPORATE STRUCTURE

(As at 31 March 2021)



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
Stock Name : TASHIN
Stock Code : 0211



BOARD OF DIRECTORS' PROFILE

SHAMSUDIN @ SAMAD BIN KASSIM

Independent Non-Executive Chairman

Aged : 74, Male, Malaysian

Appointed to the Board on 1 September 2020

Member : Remuneration Committee and Nomination Committee

Encik Shamsudin @ Samad Bin Kassim ("Encik Samad") holds a Bachelor of Economics from University of Malaya and a Master in Public and International Affairs (MPIA) from University of Pittsburg, United States of America ("USA"). He attended one (1) Board meeting since his appointment to the Board during the financial year ended 31 December 2020.

Encik Samad started his career as an Assistant Secretary in Ministry of Works in 1970 and later as an Economist in the Highway Planning Unit in 1973. In 1974, he was appointed as Assistant Director of the Services Division in the Public Services Department. He left the Public Services Department in 1979 and took up the position of Senior Assistant Secretary in Ministry of International Trade and Industry ("MITI"). In 1989, he was posted to Vienna, Austria as the Trade Commissioner of MITI. In 1996, he was appointed as the Director of MITI (Industry Division) in Kuala Lumpur. In 2000, he was appointed as Chief Executive Officer of Small and Medium Industries Development Corporation (SMIDEC) until his retirement in 2001.

Encik Samad does not have any family relationship with any Director and/or major shareholder of the Company. He sits on the Board of Ingress Corporation Berhad, a non-listed public company.

DATO' TOH YEW PENG

Group Managing Director

Aged : 68, 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 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 2020.

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 Boards of Tall Group Berhad, a non-listed 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, Executive 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 is also the major shareholder of the Company.

TOH YEW KAR

Group Executive Director

Aged : 62, 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 2020. 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, Executive Director, 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 : 59, 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 2020.

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, Executive Director, 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 KEAT

Executive Director

Aged : 73, Male, Malaysian

Appointed to the Board on 12 July 1984 as Group Executive Chairman and was subsequently re-designated as an Executive Director on 1 September 2020

Mr. Toh Yew Keat ("Mr. Toh") is one of the founders of the Group. He attended three (3) out of four (4) Board meetings held in the financial year ended 31 December 2020. 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, Group Managing Director, Mr. Toh Yew Kar, Group Executive Director, Mr. Toh Yew Seng, Group Executive Director and Mr. Toh Yew Chin, Executive Director as well as the father of Mr. Kenny Toh Jin Tat, Executive Director of the Company. Dato' Toh Yew Peng is also the major shareholder of the Company.

TOH YEW CHIN

Executive Director

Aged : 57, 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 all four (4) Board meetings held in the financial year ended 31 December 2020. 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. He is currently the Director of several private limited companies.

Mr. Toh is the brother of Mr. Toh Yew Keat, Executive Director, 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.



BOARD OF DIRECTORS' PROFILE (cont'd)

KENNY TOH JIN TAT

Executive Director

Aged : 45, Male, Malaysian

Appointed to the Board on 1 October 2020

Mr. Kenny Toh Jin Tat ("Mr. Kenny Toh") holds a Bachelor in Business Administration, University of Texas A&M, USA. He attended one (1) Board meeting since his appointment to the Board during the financial year ended 31 December 2020. He is not a member of any Board Committee of the Company.

Previously, Mr. Kenny Toh managed the export and operation functions of Prestar Manufacturing Sdn. Bhd. 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 Prestar Precision Tube Sdn. Bhd. ("PPTSB") on 3 January 2012. He is currently responsible for the overall management and profitability of PPTSB – Carbon Steel Pipes division.

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

Mr. Kenny Toh is the son of Mr. Toh Yew Keat, Executive Director and major shareholder of the Company.

TUAN HAJI FADZLULLAH SHUHAIMI BIN SALLEH

Independent Non-Executive Director

Aged : 63, Male, Malaysian

Appointed to the Board on 18 March 1995

Chairman : Remuneration Committee

Member : Audit Committee and 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, 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 2020.

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.

MD. NAHAR BIN NOORDIN

Independent Non-Executive Director

Aged : 63, 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 2020.

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.

BOARD OF DIRECTORS' PROFILE (cont'd)

DATO' LIM CHEANG NYOK

Independent Non-Executive Director

Aged : 52, Male, Malaysian

Appointed to the Board on 28 March 2002

Chairman : ESOS Committee and 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 2020.

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 Boards 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 : 77, Male, Malaysian

Appointed to the Board on 9 May 2008

Chairman : Audit Committee

Member : Remuneration Committee and 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 2020.

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 a period of 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 for a number of years. During the said period, 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 2020.

PROFILE OF KEY SENIOR MANAGEMENT

- **DATO' TOH YEW PENG**
Group Managing Director
- **TOH YEW KAR**
Group Executive Director
- **TOH YEW SENG**
Group Executive Director
- **TOH YEW KEAT**
Executive Director
- **TOH YEW CHIN**
Executive Director
- **KENNY TOH JIN TAT**
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: 72, 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 Executive Director, 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: 62, 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 Practising Accountants (CPA Australia), Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA) and Chartered Global Management Accountant (CGMA), member of the SOCSO Appellate Board (JRKS) of Ministry of Human Resources Malaysia and was a CIMA Global Membership Assessor until 31 January 2021.

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. ("PMMSB"), 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 Eksos 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.

ALAN TOH JIN JOO

Executive Director,

Prestar Precision Tube Sdn. Bhd. ("PPTSB") and DDSSB

Aged: 44, 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.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

ANDY TOH JIN HONG

Sales Director,
Prestar Storage System Sdn. Bhd. ("PSSSB")
Aged: 43, 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 eighteen (18) 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: 39, 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 brother of Mr. Kenny Toh Jin Tat, the Executive Director of the Company and the son of Mr. Toh Yew Keat, the Executive Director 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: 55, 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 a 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.

THEN KWEE HONG

Assistant General Manager,
Group Human Resources and Administration, Prestar
Aged: 56, 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.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

SIOW KAM WAH

General Manager,
PESB

Aged: 42, 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: 51, 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 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

For Prestar Resources Berhad (“Prestar” or “the Company”) and its subsidiaries (“the Group”), the financial year ended 31 December 2020 (“FYE 2020”) was an eventful and challenging year with several breakthroughs in its business development activities amidst the outbreak of Coronavirus disease 2019 (“COVID-19”) pandemic worldwide. The government of Malaysia (“government”) has imposed the Movement Control Order (“MCO”) since 18 March 2020 and has subsequently entered into various phases of the MCO until the date of reporting of this statement. Most of the business sectors witnessed sluggish performance during this period and without exception, the Group’s businesses and operations during the beginning of FYE 2020 had also been negatively affected due to operating restrictions during MCO and Conditional MCO (“CMCO”) periods. In order to mitigate the financial impact, the Group has taken the necessary steps to safeguard and preserve its financial resources, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations during the said periods.

Nonetheless, the Group has secured major business contracts and teamed up with strategic business partners to further spearhead the business growth of the Group during FYE 2020. Coupled with the improvement on market demand with better selling prices toward the last quarter of year 2020, the Group managed to report a strong positive performance for FYE 2020.

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

 <p>REVENUE RM409,981</p>	 <p>ADJUSTED EBITDA RM43,396</p>	 <p>PROFIT AFTER TAX RM22,196</p>	 <p>NET ASSET 2020 RM304,464</p>
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FINANCIAL REVIEW

The key financial highlights of the Group for FYE 2020 as compared to the financial year ended 31 December 2019 (“FYE 2019”) are as follows:-

	FYE 2020			FYE 2019			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	409,981	-	409,981	454,168	138,183	592,351	(9.7)	(100.0)	(30.8)
Gross profit	50,732	-	50,732	30,228	10,636	40,864	67.8	(100.0)	24.1
Other operating income	17,246	-	17,246	22,426	3,623	26,049	(23.1)	(100.0)	(33.8)
Profit before tax (“PBT”)	27,687	-	27,687	1,523	6,073	7,596	1,717.9	(100.0)	264.5
Profit attributable to owners of the parents	22,238	-	22,238	3,314	2,215	5,529	571.0	(100.0)	302.2

Note:

* Pursuant to the corporate proposals as disclosed under Note 20 of the Audited Financial Statements for FYE 2020, the financial results of Tashin Steel Sdn. Bhd. and Tashin Hardware Sdn. Bhd. (“Tashin Group”) are classified as disposal group operations.

The Group’s revenue for continuing operations for FYE 2020 has reduced by 9.7% or RM44.2 million to RM410.0 million, as compared to FYE 2019. The decrease in Group’s revenue was mainly due to extension of MCO and CMCO periods which had imposed restrictions on business activities by the government during the year.

Nevertheless, the Group managed to achieve PBT of RM27.7 million for FYE 2020, mainly attributed by strong performance during the last quarter of FYE 2020 as well as recognition of a property disposal gain at the beginning of FYE 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL REVIEW (cont'd)

During FYE 2020, the other expenses had reduced by 56.9% to RM2.5 million as compared to RM5.8 million in FYE 2019. This was mainly due to decrease in provisions for lower realisable value of inventories and accounts receivables during FYE 2020 which were in line with the increase in the raw material prices and compliance with the requirements of accounting standards.

The Group's trade payable for FYE 2020 had decreased to RM12.9 million as compared to RM21.9 million in FYE 2019. The Group's bank borrowings for FYE 2020 had reduced by 11.4% to RM160.7 million as compared to FYE 2019. The Group's gearing ratio had further improved from 0.65 times as at 31 December 2019 to 0.53 times as at 31 December 2020 due to an increase in shareholders' equity and lower borrowings at the end of FYE 2020.

The Company had paid a single-tier final dividend of 1.0 sen per ordinary share in respect of FYE 2019 on 25 September 2020. 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 2020 which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company scheduled to be held on 22 June 2021.

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 business performance and ensuring sustainability, the Group continued to explore business opportunities, participate in major infrastructure projects related to our businesses and 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.





OPERATIONS REVIEW (cont'd)

During the FYE2020, the Group has taken some control and preventive measures against the widespread of COVID-19, including some business development activities undertaken by the Group, as summarised below:

i) COVID-19 pandemic – preventive measures

As a result of MCO and CMCO imposed by the government since 18 March 2020 due to COVID-19 pandemic, the Group's operations were adversely affected during the initial phase of lockdown. However, the Group has subsequently managed to obtain approval from the relevant authorities to resume its operations during the lockdown period with adherence to strict operating conditions, observation of stringent standard operating procedures ("SOP"), establishment of Return to Work Guideline and formation of COVID-19 Emergency Respond team.

In addition to the above initiatives, several preventive measures were implemented and such applicable best practices were also adopted in accordance with the guide gazetted by the Majlis Keselamatan Negara (MKN), Kementerian Kesihatan Malaysia (KKM) and Ministry of International Trade and Industry (MITI). With the successful implementation of the control and preventive measures during the period, the impact of COVID-19 has been mitigated to the minimal.

ii) Business collaboration with a Japanese company, Murata Machinery, Ltd ("MURATA") to supply automated storage solutions worldwide

During FYE 2020, Prestar Storage System Sdn. Bhd. ("PSSSB"), a wholly-owned subsidiary of the Company had entered into a Manufacturing Partnership Agreement with MURATA for the purpose of designing, manufacturing and supplying of Automated Storage and Retrieval System ("ASRS") Racking System for the latter's worldwide market. MURATA is one (1) of the largest designers and manufacturers of material handling systems in Japan with leading edge in the manufacturing of Automation Integrator serving a global market in a wide range of industries.

The said collaboration will provide PSSSB with a growth opportunity to participate in the supply of ASRS Racking System for MURATA's global market including the United States of America, Japan, China and ASEAN countries as well as leveraging on its core strength to achieve greater success in factory automation sector.

In addition, the collaboration is expected to give PSSSB the instant accessibility for supplying ASRS Racking System to e-commerce, pharmaceutical, Omni-channel distributions, retailing, distribution and logistics industries and high throughput industries such as fast-moving consumer goods particularly for export market. The collaboration will definitely augur well the long-term strategic business goal of PSSSB.

iii) Sarawak Pan Borneo Highway ("PBH") contract

Another wholly-owned subsidiary, Prestar Engineering Sdn. Bhd. ("PESB") had on 1 July 2020 entered into the Supply Agreements ("Agreements") with Pansar Company Sdn. Bhd. (a wholly-owned subsidiary of Pansar Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad) and was also awarded the contracts ("Contracts") from LTC West Gate Sdn. Bhd. and Kemakmuran 2000 Sdn. Bhd. for the purpose of supplying and delivering guardrails and accessories in respect of the development and upgrading of the proposed PBH in Sarawak, Malaysia. The total estimated amount of the Agreements and Contracts secured by PESB was approximately RM80.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW (cont'd)

iii) Sarawak Pan Borneo Highway (“PBH”) contract (cont'd)

Pursuant to the Agreements and Contracts awarded, PESB will supply and deliver guardrails and accessories to four (4) work packages in respect of the PBH project i.e., Pantu junction to Batang Skrang stretch, Sungai Kua bridge to Sungai Arip bridge, Semantan to Sungai Moyan bridge and Sungai Awik bridge to Bintagor junction. The Agreements and Contracts are expected to contribute positively towards the future earnings of the PESB for the financial year ending 31 December 2021, or until the expiry of the respective Agreements and the Contracts.

PBH is a road network on Borneo Island connecting Sabah and Sarawak, with Brunei and Kalimantan regions in Indonesia. Prestar will continue to participate in bidding for the supplies of guardrails for future packages of PBH to Sabah in the near future.

iv) Capital and information and communication technology (“ICT”) expenditure

During FYE 2020, the Group had incurred a total capital expenditure (“CAPEX”) of RM7.0 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 RM7.0 million is as follows:

- (a) RM0.4 million was incurred for the acquisition of new machineries and execution of additional facilities, which includes auto packing machine, conveyor and crane.
- (b) RM1.6 million was incurred for the replacement and renewal of existing obsolete machineries, installation of closed-circuit television systems and video camera as well as some furniture and fittings and office equipments.
- (c) RM2.0 million was spent on purchasing of motor vehicles, delivery lorries, forklifts and trucks for rental business;
- (d) RM3.0 million was paid for upgrading of factory and office renovation located at Lot 3, Rawang; and
- (e) RM0.899 million was incurred for maintenance and upgrading of ICT hardware and software as well as the costs associated with information technology (“IT”) human capital.

v) Shares buy-back

During FYE 2020, the Company had repurchased 1,490,500 ordinary shares from the open market at an average price of RM0.355 per share and the total consideration for the shares brought back was RM529,132. These shares are being retained as treasury shares in accordance with Section 127 of the Companies Act 2016.

There were no issuances, cancellations, repurchases, resales and repayments of debts and equity securities other than as disclosed above for FYE 2020.

MANAGING KEY RISKS

There are several key risks that are relevant and related to our Group’s operations. While the Company has put in place some initiatives and measures to minimise or mitigate some of the risks, it must be acknowledged that there are some inherent business and operation risks that are beyond the Group’s control. The key risks noted are as follows:

- Credit risk

Credit risk arise primarily from trade 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 risk, each subsidiary has established a sound credit appraisal system and to review the daily operating procedures with well written SOP. 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 risk. In addition, the Group’s Office Management is also monitoring the overdue accounts regularly to keep minimal impact of credit risk on the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

MANAGING KEY RISKS (cont'd)

- Cyber risk

Cyber risk commonly refers to any risk of financial loss, disruption or damage to the reputation of an organisation resulting from the failure of its IT systems. Email communication is one (1) of the major entry points for various types of computer virus, hackers and scammers. For example, if a company is not well protected from Spyware or Ransomware, important data will be held ransom or erase when a user open an email from known/unknown sender with Ransomware encrypted attachment (doc, pdf, excel and picture). This will end up the company suffered substantial financial losses and interruption in business operations and losses of important and confidential data.

In line with this, our IT department has implemented a policy on e-mail and internet access level based on job and responsibility requirements as well as job seniority. Security appliances such as firewall, anti-spam and antivirus applications are also installed into our IT systems to prevent and protect the users from various types of potential cyber-attacks. Besides, IT department also organises cyber security awareness training on the latest cyber risk and shares information with all employees when there are news on the latest cyber risk. Through the above preventive and protective measures, there is no any major cyber-attacks occurred in the Group.

- Other major risks at the Group level are disease risk - COVID-19 pandemic and fire perils where most of our subsidiaries might be potentially exposed to the aforesaid risks. Relating to the disease risk, any affected factory/office must be temporarily closed for fourteen (14) days and undergo the necessary deep cleaning and disinfection, which may be resulting in the loss of revenue due to operating disruptions as well as the costs of cleaning and sanitising. The Group's Human Resources department has issued guidelines and notices to all employees to adhere to the SOP in order to mitigate the occurrence of infection case at all times. Appropriate preventive measures will help to achieve a safe and healthy working environment following the relaxation of physical distancing measures. Concerning the risk of fire perils, the Group had put in place adequate insurance coverage to mitigate the potential loss from the consequence 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 the fire-fighting equipment are also carried out regularly during the year 2020.

Detailed report on the risk management and internal control of the Group is presented in other section of this Annual Report.

OUTLOOK

After reporting a contraction of gross domestic product (GDP) in the fourth quarter of 2020 and the re-imposition of MCO at most States since 13 January 2021, the recovery of the Malaysian economy has become more challenging with many uncertainties. Nevertheless, with the increasing number of people being vaccinated for COVID-19 especially in the western developed countries and also domestically, expectation of global and domestic economy recovery has become more optimistic. This has brought forth rising demand of certain commodities globally. Currently, iron and steel materials are the raw materials facing shortage amid rising demand. Rising global steel prices attributed to worldwide supply disruptions, industrial sector rebound and higher raw material prices, have benefited the steel players as margins improved in tandem with the rising prices. The Group expects to continue experiencing good demand on our steel products for most parts of the new financial year.

In addition to the above, the Group's supplies of steel pipes to Original Equipment Manufacturer (OEM) manufacturers of automotive, furniture and equipment continued to receive strong orders while the increasing e-commerce activities have stimulated the increasing demands on our racking products from Third Party Logistic (3PL) companies. Meanwhile, our supplies of guardrails for PBH project in Sarawak is progressing well while the opportunity of supplying guardrails to the upcoming Sabah PBH is being explored.

Barring unforeseen circumstances, the Board is optimistic that the Group's prospects for the new financial year ending 31 December 2021 will remain positive in line with the strong foundations of the Group and projected resumption of growth for the Malaysian economy.

SUSTAINABILITY STATEMENT 2020

OUR SUSTAINABILITY

We envisage sustainability to be given prominence from news and demands from stakeholders. In response to this demand, we have updated our sustainability efforts to better report relevant sustainability activities to stakeholders.

This Sustainability Statement is prepared in accordance with the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad and guided by the Global Reporting Initiative (“GRI”) frameworks and standards. Efforts were made to meet the core principles of the GRI standards and improve the sustainability disclosure.

REPORTING SCOPE

Unless otherwise stated, this statement covers our sustainability performance of the operations of Prestar Resources Berhad (“Prestar” or “the Company”) and its Malaysian subsidiaries (“the Group”, “we” or “our”) for the reporting period from 1 January 2020 to 31 December 2020.



The overseas entity was excluded from this reporting scope due to its minimal revenue contribution to the Group.

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 governance structure effectively empowers us to manage our businesses, our decision-making processes as well as implement sustainable actions across the Group.

The roles and responsibilities for each level of the structure are as follows:

SUSTAINABILITY STRUCTURE

 <p>Board of Directors (“Board”) <i>Comprises of Independent Non-Executive Chairman, Group Managing Director, Group Executive Directors, Executive Directors and Independent Non-Executive Directors</i> Oversees the formation of strategies and their implementation.</p>	 <p>Management Committee Led by Dato’ Toh Yew Peng (Group Managing Director) Determines the strategies and action plans relating to sustainability matters to be presented to the Board for approval.</p>	 <p>Divisional Management <i>Representatives from various Heads of Department</i> Consolidate, develop, coordinate and implement sustainability initiatives across the Group.</p>
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SUSTAINABILITY STATEMENT (cont'd)

SUSTAINABILITY POLICIES

Prestar has established rules and guidelines to be in line with legislations/regulations governing how the Company intends to act as a trusted business partner in social, economic, governance, and environmental matters. They include:

- Anti-Bribery and Anti-Corruption (“ABAC”) Policy and Guidelines
- Whistleblowing Policy
- Business Conduct
- Health and Safety Procedure
- Ethics Policy Statement
- Employees’ Handbook
- Risk Management
- Roles and Responsibilities
- Employees’ Discipline and Code of Conduct
- Code of Conduct and Ethics for Directors
- Procurement Procedure

STAKEHOLDERS’ ENGAGEMENT

We identify our stakeholders as any party with a strong interest in our business operations and have a significant impact on our businesses, directly or indirectly, and who can influence the Group and its decision-making. Our interaction involves different stakeholder groups and we actively engaged with our stakeholders through various communication channels, which include both in hard copy or electronic form and web-based media platforms to identify and address their sustainability concerns.

The following table outlines our key stakeholders, as well as the methods of engagement and the frequency of engagements:

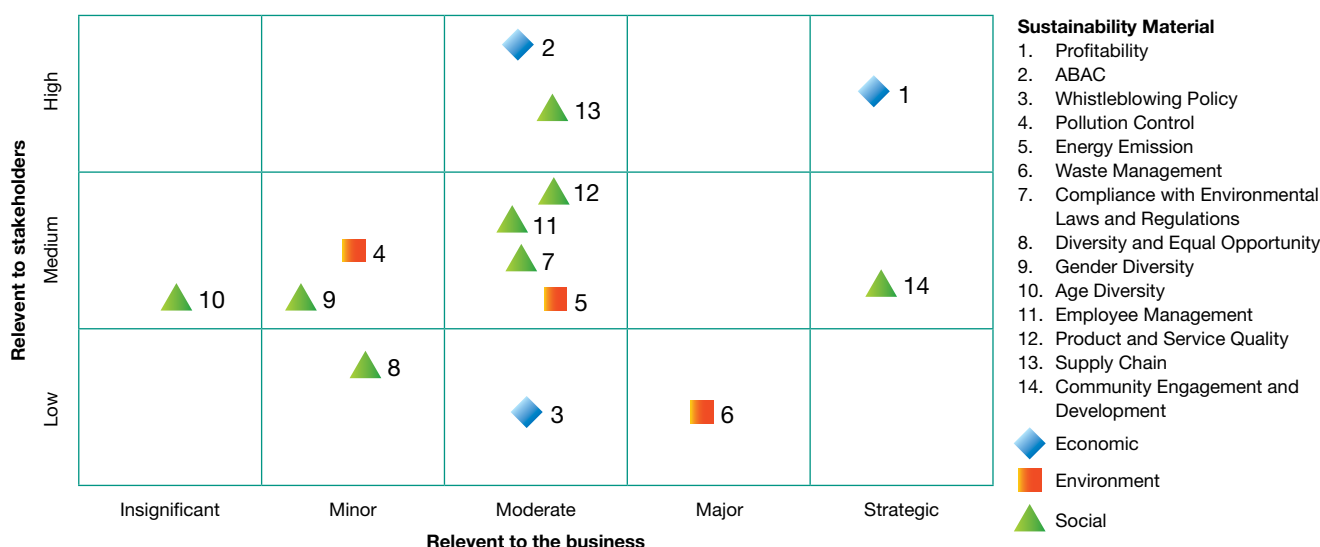
No.	Key Stakeholders	Methods of Engagement	Frequency
1	Shareholders or Investors	<ul style="list-style-type: none"> • Annual general meetings • Extraordinary general meetings • Corporate announcements • Media releases 	• Periodically
2	Customers	<ul style="list-style-type: none"> • Daily engagements • Briefings • Site visits • Advertisements and media releases • Surveys 	• Regularly
3	Suppliers	<ul style="list-style-type: none"> • Regular briefings • Visits • Supplier evaluations and registrations 	• Regularly
4	Financiers/banks/analysts	<ul style="list-style-type: none"> • Corporate announcements • Medias 	• Periodically
5	Local authorities/ Municipalities/ Regulators/ Government Ministries	<ul style="list-style-type: none"> • Compliance efforts i.e., submission of reports • Regular visits • Events i.e., corporate, government and conferences • Media releases 	• Periodically
6	Local community/ non-governmental organisations/ industry associations	<ul style="list-style-type: none"> • Corporate social responsibilities activities • Industry associations • Sponsorships and donations • Media releases • Website/social medias 	• Ad hoc
7	Employees	<ul style="list-style-type: none"> • Performance evaluation • Trainings and developments • Compensations and benefits • Corporate and community activities 	• Regularly

SUSTAINABILITY STATEMENT (cont'd)

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

The Coronavirus disease 2019 or “Covid-19” pandemic began in year 2020 until now, has elevated the materiality importance and increased scrutiny on how Prestar manages and responds to various internal and external events that might have any direct impact to the Group’s businesses. We had carefully reviewed the overall business environment of the Group’s business operations and risk areas with the key Senior Management, covering various internal and external exposures, as well as the possible impact of each sustainability matter on the Group.

Through the above exercise, no substantial changes have been made to the materiality of sustainability matters. A total of fourteen (14) key material sustainability matters were identified as outlined in the graph below and profitability remain rated as highly important to stakeholders and has strategic influence to the Group.



KEY ACHIEVEMENTS

Categories	Achievement
Economic	The revised Code of Conduct and Ethics implemented on 14 May 2020 has provide ethical guides on the standards of behaviour expected from the Directors of the Group, during the conduct of business for the Group.
	ABAC Policy and Guidelines were established on 1 June 2020 to ensure business operations within the Group are strictly adhering to the ABAC Policy and Guidelines.
	Four (4) of our subsidiaries have been certified with ISO 9001:2015 certification in relation to Quality Management System.
Environmental	We have passed the Air Quality Test and complied with the Environmental Quality (Clean Air) Regulations 2014 for February 2020, June 2020, and November 2020.
	We have successfully reduced the energy consumption by 9% in the financial year ended 31 December 2020 (“FY2020”).
	Scheduled wastes generated from our business units had decreased by 4%.
Social	Employee turnover rate was reduced to 8% in FY2020 from 28% recorded in the financial year ended 31 December 2019 (“FY2019”).
	Training time for FY2020 recorded at a total of 2,032 hours, an increase of 13% as compared to FY2019.
	Loss time injury (“LTI”) days was reduced by 47% to 154 days in FY2020 (FY2019: 288 days).
	Engagement with local communities and involvement in charitable activities.

SUSTAINABILITY STATEMENT (cont'd)

ECONOMIC

1. Profitability

At Prestar, we aim to deliver strong and sustainable growth with good profitability to generate extended value for our shareholders, while creating a sustainable environment for continued positive long-term development. We believe that a sustainable business performance enables us to create values for our stakeholders by enhancing values for our shareholders, creating opportunities for employees and contributing 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. Code of conduct

Prestar's Code of Conduct and Ethics for Directors was last reviewed and updated on 14 May 2020. It serves as a guiding principle for Directors in exercising their duties and responsibilities as Directors during the conduct of business for the Group. In addition, Executive Directors are required to observe and comply with the Code of Conduct for Workplace issued by the Group Human Resources department. Prestar's Code of Conduct and Ethics for Directors is available on our corporate website at www.prestar.com.my.

Matters relating to employees' discipline are guided by the Employees' Discipline and Conduct Code. It seeks to uphold our values and principles by establishing expected standards and framework for employees' discipline and behaviour. The principles are shared with employees on their first day of reporting to work and are regularly emphasised and reminded during the training sessions.

3. ABAC

Prestar is committed to being fair and responsible for business conduct and prohibits all forms of bribery and corruption, as well as any business conduct that could create the appearance of improper influence. In response to the imposition of Malaysian Anti-Corruption Commission ("MACC") Amendments Act 2018 on 1 June 2020, we have established a policy on bribery and corruption encompassing all our businesses with internal and external stakeholders. During the FY2020, an external consultant was engaged to conduct a two (2)-day training, a total of six (6) hours, covering anti-bribery and MACC laws to raise awareness among the Group's employees. The Company's ABAC Policy and Guidelines is available on our corporate website at www.prestar.com.my.

4. Whistleblowing Policy and Guidelines

The Company's Whistleblowing Policy and Guidelines was revised on 14 May 2020 to provide a structured mechanism for all employees, Directors, associates and external parties to raise or report on any suspected wrongdoings, corruptions, fraudulent activities, and abuses involving the resources of the Group that may affect the business and reputation of the Group. This policy provides reassurance that the whistle-blowers are protected from reprisals or victimisation for whistleblowing in good faith. The Whistleblowing Policy is available on our corporate website at www.prestar.com.my.

5. Supply chain

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

Our procurement procedure encompasses the business conduct of our employees to ensure all suppliers are treated fairly and in the best interests of the Group. The Procurement Policy is designed to maintain confidentiality and avoid conflicts of interest when transacting with our suppliers. We engage with local suppliers where possible to support the local economy and minimise environmental impacts from our business activities with suppliers.

6. Product and service quality

We consistently engage with our customers to understand their requirements and customise our solutions to meet their needs. Not only that, we have made tremendous efforts to ensure that our products and services remain relevant to meet customer's requirements by embarking on Kaizen Initiative since July 2006, a Sino-Japanese word for "continuous improvement". It embraces continuous improvement of processes involving all departments as well as Senior Management. Meeting is held bi-monthly to discuss the Group's challenges and non-achievement of targets, identify root causes, improve the action plans and monitor the progress of implementation to achieve production efficiency, eliminate wastage and reduce redundancy.

SUSTAINABILITY STATEMENT (cont'd)

ECONOMIC (cont'd)

6. Product and service quality (cont'd)

Prestar's subsidiary companies maintain their certification accreditation for ISO 9001:2015 Quality Management System, an international standard that specifies the requirements for a quality management system where the Group:

- 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.

Name of Accreditation & Standards	Name of Our Subsidiaries	Scope Applicable
ISO 9001:2015 (Quality Management System)	Prestar Precision Tube Sdn. Bhd.	<ul style="list-style-type: none"> • Manufacture of ERW carbon steel tubes • Manufacturing of carbon steel, and other alloy pipes and tubes • Trading of stainless steel, carbon steel and other alloy products
	Dai Dong Steel Sdn. Bhd.	<ul style="list-style-type: none"> • Trading of stainless steel, carbon steel, and other alloy related products
	Prestar Galvanising Sdn. Bhd.	<ul style="list-style-type: none"> • Provision of hot-dip galvanising services
	Prestar Engineering Sdn. Bhd.	<ul style="list-style-type: none"> • Manufacture of highway guardrails and accessories

We believe that achieving these certifications will facilitate consistent quality improvement, thereby enhancing confidence in the Group's products and services and enhancing the trust between our associate partners and suppliers in the supply chain.



ENVIRONMENTAL

Climate change impacting the environment has been given prominence in the news. We recognise its potential impact to our businesses and are committed to minimising the environmental impact of our operations by adopting sustainable practices. Our goal is to achieve sustainable development by reducing waste and utilising resources efficiently. We are constantly exploring new ideas and methods to reduce the environmental impacts of our operations, thereby reducing costs, improving operational efficiency, and improving the Group's reputation. We strongly believe that our role in managing the environment will positively affect our natural environment and improve our community.

SUSTAINABILITY STATEMENT (cont'd)

ENVIRONMENTAL (cont'd)

7. Pollution control

As part of the Group's commitment to reduce environmental pollution, we implement strict measures to ensure our operations are complied with the standards required by the Department of Environment. We regularly monitor the air quality in all operating segments during the galvanising process in order to reduce emissions such as dust and acid fumes. Our scrubber and dust controller systems were installed to remove solid particles and reduce hazardous air pollution and emission. These systems also monitor the emission of total particulate matter, metals, and gaseous substances.

A licensed external party was engaged to conduct independent review on Air Quality Test to ensure particulate matters, metals and gaseous substances emitted from the chimney of our factories do not exceed the safety level and comply with the Environmental Quality (Clean Air) Regulations 2014.

8. Energy emission

We are mindful in managing the use of our clean water and electricity. We improvise the design of our processes and explore avenues to constantly monitor our energy consumption across our operations and to improve our energy efficiency.

We are proud to announce that the Board has approved the installation of solar panel systems. This strategic decision will allow us to benefit from reducing energy consumption and wastages from our factories, and at the same time, generating additional income for any excess power generated which can be sold back to Tenaga Nasional Berhad, which in overall contributing positively to the Group.

Other initiatives that we have implemented to reduce the overall electricity consumption are as follows:



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.

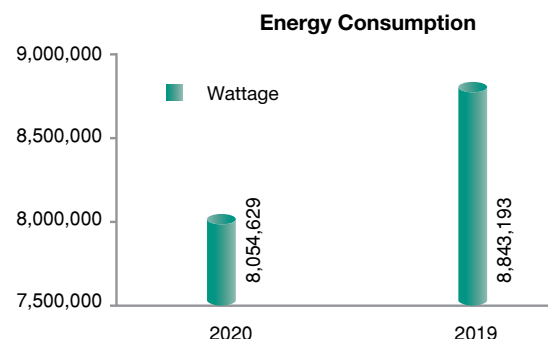
Through the initiatives, we managed to reduce the energy consumption by 9% to 8.0 million kW/H in FY2020 as compared to 8.8 million kW/H in FY2019.

We will continue to explore new methods and technologies to reduce our carbon footprint and improve energy efficiency across our business operations.

9. Waste management

In order to reduce wastages, we adopt 3Rs initiatives i.e., reduce, reuse and recycle, to improve overall waste management and resources utilisation.

We are committed to managing waste generated by our business units in accordance with local waste regulations. Licensed external disposal contractors were engaged to collect wastes generated from our production process and dispose it at the approved facility through a rigorous process. In addition, our employees are certified as Competent Person for Certified Environmental Professional in Scheduled Waste Management to manage and ensure compliance with the environmental requirements and standards.



SUSTAINABILITY STATEMENT (cont'd)

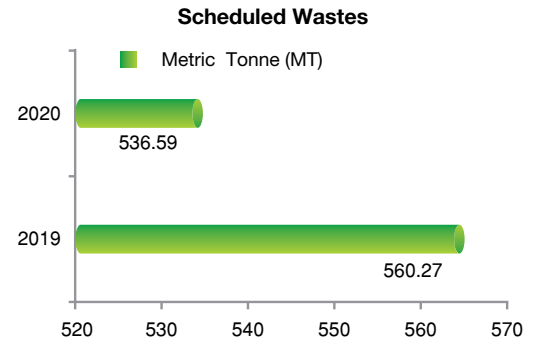
ENVIRONMENTAL (cont'd)

9. Waste management (cont'd)

Both our scheduled and unscheduled wastes generated are as follows:

➤ Scheduled wastes

We installed a R.O water filter as well as hoppers to filter sludges bi-weekly, extending the life span of chemicals and achieve waste reduction for one (1) of the subsidiary companies. As a result, total scheduled wastes generated in FY2020 from our business units were 536.59 metric tonnes, a decrease by 4% as compared to 560.27 metric tonnes in FY2019. We are committed to ensuring continuous improvement of waste management control measures to reduce waste generated in the production process.



➤ Unscheduled wastes

Through the adoption of a green and healthy practice, Prestar is working towards recycling its used papers, glasses and plastics by selling them to the waste collectors. Recycled materials have value, which motivates our employees to collect them and sold to recycling centres. The recycling of papers, glasses, and plastics encourage our employees to reduce consumption. Most importantly, it saves costs and allows us to reduce our production expenses while creating more additional revenue for the Group.

10. Compliance with environmental laws and regulations

We are required to comply with environmental laws and regulations and initiated proactive steps to address any issues related to our environment. We ensure that our employees fully comprehend our environmental standards and all sustainability aspects. Standard operating procedures (“SOP”), internal and external audits, and inspections conducted by local authorities are in place among others, to reinforce compliance to meet regulatory requirements, thereby minimising the impact of regulatory exposures to our businesses.

Our personnel are certified as a competent person who has both the knowledges and skills to handle and manage specific environmental requirements and standards. Our competent personnel are possessed with certifications specialising in two (2) areas i.e., Certified Environmental Professional in Scrubber Operation (CePSO) and Certified Environmental Professional in Bag Filter Operation (CePBFO).

SOCIAL

Diversity and equal opportunities

At Prestar, we recognise our employees as highly valued individuals and important contributors to the Group’s business operations and sustainability efforts. We strive to create the best working environment to ensure their talents are utilised to their full potential allowing them to demonstrate and apply their skills and knowledges. We care for our employees and ensure that they have a sense of belonging. This will be the way to achieve sustainable development while remain focusing to achieve our goals.

We introduced many diversity initiatives focusing on 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 the Group are equal to all applicants with due regard to the diversity of skills, experience, age, ethnicity, and gender.

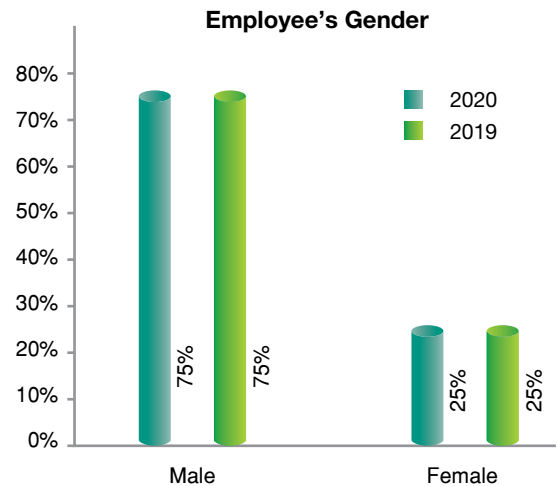
SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

11. Gender diversity

As at FY2020, the Group has a total workforce of 571 (FY2019: 581) including both full-time and contractual employees.

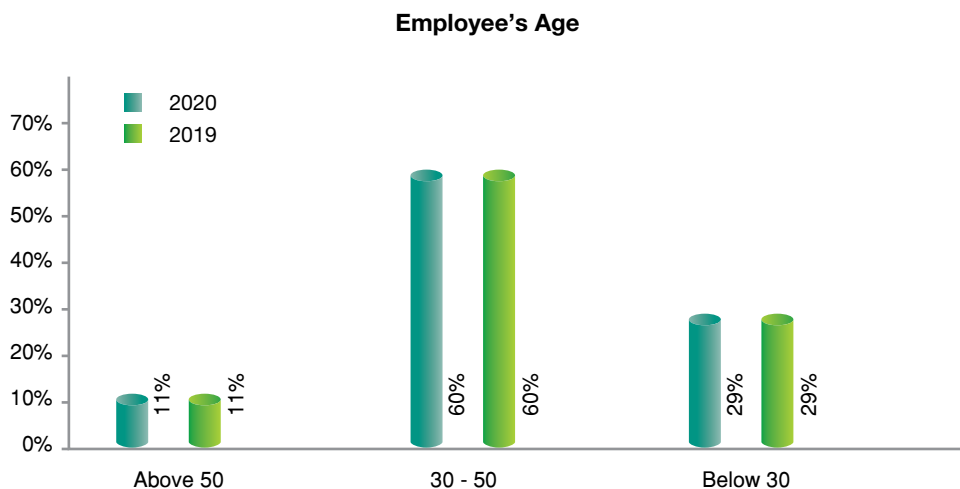
Although gender equality is crucial, however, due to manufacturing industry profile, the gender ratio of male was higher than female employees, consistently throughout both FY2020 and FY2019 at 75%:25%. We continue to put in our efforts to encourage female employees to participate in all aspects of our business operations.



12. Age diversity

The Group's workforce comprises 29% (FY2019: 29%) young people below the age of 30 and 60% (FY2019: 60%) of our workforce are between the age of 30 to 50. Remaining 11% (FY2019: 11%) of our employees are represented by our experienced employees aged 50 years and above and they are our source of wisdom capital, providing guidance, direction, and mentorship to our young employees.

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



13. Employees' retention, turnover and hire

In FY2020, we have recruited a total of 45 new employees (FY2019: 36 new hires), while the employee turnover rate in FY2020 was reduced to 8% (49 resigned employees) as compared to 28% (165 resigned employees) in FY2019. Focusing on building a sustainable workforce is our ultimate objective to drive the business towards future success. We are actively communicating with employees to understand their needs and to identify dissatisfaction and improvement areas.

14. Training and development

We are committed to train and enhance our employees' professional industrial skills and knowledges, and also to create a suitable environment for employees to show their ambitions, at the same time, nurture an outstanding and proactive team. We believe that investing in training for employees will not only benefit their personal development and growth but will also benefit our business growth as a whole. The Group has established a yearly budget for different divisions to identify and design suitable trainings and development plans for our employees. In addition, the Group offers external training programmes to ensure our employees keep abreast of the latest developments.

During the FY2020, we provided our employees with a total of 2,032 hours (FY2019: 1,795 hours) of various types of training courses, including professional and personal development, conducted by in-house internal and external trainers as well as webinars, and public programmes.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

14. Training and development (cont'd)

Types and number of training programmes carried out in FY2020 and FY2019 are highlighted in the table below.

Training Types	FY2020			FY2019		
	Number of pax	Training hours	Total cost (RM)	Number of pax	Training hours	Total cost (RM)
In House - Internal Trainer	77	132	NIL	189	647	NIL
In House - External Trainer	204	1,532	20,000	21	63	3,000
In House - Webinar	68	280	4,810	N/A	N/A	N/A
Public Programme	3	88	8,215	68	1,085	78,525
TOTAL	352	2,032	33,025	278	1,795	81,525

15. Internship

The Group has established an Internship Programme creating internship opportunity for undergraduate students who wish to experience and undertake practical trainings and potentially to be recruited as part of our Group in the future as permanent employees after the internship. In FY2020, a total of seven (7) students completed their internship programme with Prestar, of which two (2) of them have decided to continue their career in Prestar and joined Human Resource department and Production department, respectively.

16. Safety and health

At Prestar, safety and health (“SH”) practices are at the core of each business decision that affects our operations. We strive to continuously improve our SH practices to reduce workplace accident rate and maintain a safe working environment for our workers.

Prestar has established a SH Committee for each of its subsidiaries across the Group comprising representatives from both the employer and employees. Each SH Committee meets quarterly to facilitate management of occupational SH related initiatives. Each meeting requires the participation of both representatives of employer and employee, and covers the latest accident statistics, safety improvement measures and all matters related to SH. The SH Committees also shared safety and health tips and knowledge with each other.

Among the initiatives and measures in place to minimise the SH risk and hazards includes:

- Policy and procedures;
- Provision of personal protective equipment (“PPE”);
- Supervision by line leader and supervisor; and
- Competent personnel in handling machinery and equipment (i.e., Boiler)

Apart from the above, employees are nominated by the individual head of business department 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 at workplace. Constant emphasis on safety during trainings and awareness sessions helps to identify ways to improve the SH of our employees.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

16. Safety and health (cont'd)

The internal safety trainings carried out by Prestar for FY2020 included:

 <p>Emergency Response Team Training</p>	 <p>Fire Extinguisher Training</p>	 <p>Hazard Identification, Risk Assessment and Risk Control Training</p>
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During the FY2020, major accident cases decreased by 27% to 11 cases as compared to FY2019. Overall, the total number of major cases resulting in LTI within the Group decreased by 48% to 154 days as compared to FY2019, as summarised below:

Details	Major (No. of cases)		Minor (No. of cases)		Near misses (No. of cases)	
	2020	2019	2020	2019	2020	2019
Total accidents	11	15	12	25	2	4
Total LTI - Days	154	288	17	38.5	-	-

Definition:

- **Major** – accidents that cause employees to be on a medical leave for more than four (4) days.
- **Minor** – accidents that cause employees to be on a medical leave for less than four (4) days or without any injuries.
- **Near miss accident** – an unplanned accident that has the potential to cause but does not result in human injury, environmental or equipment damage, or an interruption to the Group's normal 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.

A near-miss accident is based on the report from the employees to Management. For all accidents recorded, we investigate the root cause and implement corrective as well as preventive action plans to prevent the re-occurrence of accidents/incidents in the future.

17. COVID-19 pandemic

Following the global outbreak of the COVID-19, we have launched a policy and SOP with regards to COVID-19 control measures. Prestar has implemented various control measures as recommended by Malaysian National Security Council or Majlis Keselamatan Negara ("MKN"), Ministry of Health ("MOH"), and the Ministry of International Trade and Industry ("MITI").

Control measures implemented based on MKN, MOH and MITI requirements include the following:

- Daily health self-declaration and temperature screening at all entrances;
- Provide sufficient PPE for disinfection team and mask to all our employees;
- Provide signage and mark social distancing in the public areas;
- Staggered break hours and rotation schedule by section;
- Daily disinfection at all operation areas at every shift changes, common areas, and hostels;
- Submit compliance record to Department of Occupational Safety and Health on a weekly basis;
- Strictly control and minimise hostel occupant outing movement to reduce infection risk; and
- Restricted movement such as deferring non-essential overseas business travels.

A COVID-19 Emergency Response Team was established on 14 April 2020 to enhance the effectiveness of communicating, combating and implementing the necessary preventive measures to prevent the spread of COVID-19. We continue to take the necessary steps ensuring our employees' awareness, maintain healthy and safety and minimise any disruption to our operations.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

18. Engagement with community

The Group is committed to maintaining the well-being of our community, and we believe that we have a responsibility to give back to society and bring a positive impact to the community. We actively engage our local community through our Corporate Social Responsibility (“CSR”) programmes and incorporate these values into our business processes, while maintaining a firm commitment to the local community and all the stakeholders. In FY2020, Prestar engaged in various CSR activities and contributed a total of RM22,500 (FY2019: RM43,440).

CSR activities held include:

Engaging with Local Communities

- Dinner held together with Bethesda House and Chester Selangor Welfare Organisation on Prestar Reunion Day inclusive of “angpau” and groceries distributed
- Visit Selangor Mental Welfare Organisation

Charitable Activities

- Donation to Rawang Badminton Club, Selangor
- Donation to employees diagnosed with serious illnesses i.e., nose cancer and shoulder operations
- Donation to Selangor Mental Welfare Organisation



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Prestar Resources Berhad (“PRB” or “the Company”) acknowledges the importance of the principles and recommendations as set out in the Malaysian Code on Corporate Governance (“MCCG”). The Board is fully committed in maintaining high standards of corporate governance practices throughout the Company and its subsidiaries (“the Group”) to protect and enhance long-term shareholders’ value and all stakeholders’ interests.

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 2020 (“FYE 2020”) 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 Non-Executive Chairman, Group Managing Director, Group Executive Directors and Executive Directors of the Company 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 shall 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 plan 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) 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, Board Committees and general meetings.

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 of the Company 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 of the Company 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 Code")

The Board has established the Code 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 of the Group 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 was initially adopted on 24 November 2016 and was reviewed by the Board on 14 May 2020. It is available on the Company's corporate website at www.prestar.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Part I: Board responsibilities (cont'd)

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

ii) Whistleblowing Policy (“WBP”)

The Board has established a WBP 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 whistleblowing reports. The WBP 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 WBP was originally adopted by the Board on 24 November 2016 and was reviewed by the Board on 14 May 2020. The WBP is available on the Company’s corporate website at www.prestar.com.my.

iii) Anti-Bribery and Anti-Corruption (“ABAC”) Policy and Guidelines

The Group is committed to fostering an anti-corruption culture and ensuring that its business activities and transactions are open, transparent and conducted in accordance with its policies and the legislations which govern its operations. In order to be consistent with this commitment and in ensuring the Group’s readiness for the enforcement of the corporate liability provision under the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Group has formalised its Group ABAC Policy and Guidelines on 1 June 2020 to ensure that the Group practises ethical business dealings and strengthen measures to minimise the risks of corruption and bribery in the Group’s business activities.

The Group ABAC Policy and Guidelines which is guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, applies to all Directors and employees of the Group. The Group ABAC Policy and Guidelines 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 eleven (11) members, comprising six (6) Executive Directors and five (5) Independent Non-Executive Directors of the Company, which complies with the prescribed requirement of one-third (1/3rd) 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 the 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 of the Company fulfils the pivotal role in corporate accountability. The role of Independent Non-Executive Directors of the Company 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 CG Overview 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.

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)

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 of the Company who have served for more than twelve (12) years shall be tabled to the shareholders for approval at every AGM through a two (2)-tier voting process according to Practice 4.2 of the MCGG.

The NC has assessed and determined that the Independent Non-Executive Directors of the Company who 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 of the Company and that the same to be tabled to the shareholders for approval through a two (2)-tier voting process at the forthcoming AGM.

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 of the Company. The Gender Diversity Policy is available on the Company's corporate website at www.prestar.com.my.

e) New candidates for Board's appointment

While the Board is responsible for the appointment of new Directors of the Company, the NC is delegated with the role of screening and conducting an initial selection, which include external and independent searches, before making a recommendation to the Board for approval. The NC evaluates the candidate(s) for appointment as Director based on the mix of skills, expertise, working experience, professionalism, integrity and the ability to discharge their expected duties and responsibilities.

There were two (2) new members appointed to the Board during FYE 2020 namely, Encik Shamsudin @ Samad Bin Kassim and Mr. Kenny Toh Jin Tat. Prior to the appointment, the NC has reviewed their profiles, curriculum vitae, academic qualifications and the disclosure of directorships as well as their skillsets, experiences and competencies. The NC then made their recommendations to the Board for its approval and subsequently, Encik Shamsudin @ Samad Bin Kassim was appointed as an Independent Non-Executive Chairman of the Company and Mr. Kenny Toh Jin Tat was appointed as an Executive Director of the Company.

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

The NC consists of four (4) members, all of which are Independent Non-Executive Directors of the Company 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	2/2
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member	2/2
Mr. Lou Swee You	Member	2/2
Encik Shamsudin @ Samad Bin Kassim (appointed w.e.f. 1 September 2020)	Member	-*

* There was no NC meeting held after the appointment of Encik Shamsudin @ Samad Bin Kassim as a Member of the NC on 1 September 2020 and hence, he did not attend any NC meeting held in FYE 2020.

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

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

The main activities of the NC during FYE 2020 include the following:

- Reviewed the profile and nomination of new Board members;
- Reviewed the required mix of skills, experience and other qualities of the Board;
- Assessed the effectiveness of the Board as a whole and the Board Committees including the AC;
- Assessed the contribution and performance of each individual Director of the Company and AC member;
- Assessed the independency of the Independent Non-Executive Directors of the Company;
- Reviewed and recommended to the Board, the re-election of the Directors of the Company who shall retire at the AGM of the Company; and
- Reviewed and recommended to the Board, the retention of the Independent Non-Executive Directors of the Company in accordance with the MCGG.

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.

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)

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 levels. All the Independent Non-Executive Directors of the Company 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 of the Company 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 of the Company 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 (1/3rd) of the Directors of the Company, or the number nearest to one-third (1/3rd) 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)

5) Overall Board effectiveness

i) Annual evaluation of the Board

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

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

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

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)

ii) Board meetings

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

During FYE 2020, 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
Encik Shamsudin @ Samad Bin Kassim <i>(appointed w.e.f. 1 September 2020)</i>	*1 / 1	100
Mr. Toh Yew Keat	3 / 4	75
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	4 / 4	100
Mr. Kenny Toh Jin Tat <i>(appointed w.e.f. 1 October 2020)</i>	*1 / 1	100
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

* Reflects the number of meetings held during FYE 2020 after his appointment as Director.

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 of the Company before the beginning of each financial year.

The Board is satisfied with the time commitment given by the Directors of the Company. All Directors of the Company 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 of the Company wishes to accept a new directorship in the public listed companies, the Chairman will be informed prior to the aforesaid appointment together with indication of time that will be spent on the aforesaid new appointment.

iii) Directors' training

All Directors of the Company have attended the Mandatory Accreditation Programme ("MAP") 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.

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)

During FYE 2020, the Directors had attended various talks and seminars organised by Bursa Malaysia Securities and other local training organisations as follows, save for Encik Shamsudin @ Samad Bin Kassim, Mr. Toh Yew Keat and Mr. Toh Yew Chin due to travel restrictions and disruption on their planned training schedule under the Movement Control Order and Conditional Movement Control Order announced by Malaysian government.

Attended by	Seminars/Programmes
Dato' Toh Yew Peng Mr. Toh Yew Kar Tuan Haji Fadzlullah Shuhaimi Bin Salleh Encik Md. Nahar Bin Noordin Dato' Lim Cheang Nyok Mr. Lou Swee You	<ul style="list-style-type: none"> Webinar on 2021 Budget and Tax Updates
Mr. Toh Yew Seng	<ul style="list-style-type: none"> Webinar on 2021 Budget and Tax Updates Human Capital and Leadership Development Program – Session I
Mr. Kenny Toh Jin Tat	<ul style="list-style-type: none"> Webinar on 2021 Budget and Tax Updates Human Capital and Leadership Development Program – Session I Effective Communication with All Level Critical Thinking and Problem Solving MAP for Directors of Public Listed Companies

In addition, the Company Secretaries, external auditors and internal auditors also update the Board on a regular basis on 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 of the Group that could lead the Group to achieve its long-term goals and enhance shareholders' value.

In the case of Executive Directors and senior management of the Group, 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 of the Company 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 of the Company with a view to ensure that a competitive remuneration package is offered to attract and retain the talented individuals to serve as Executive Directors of the Company.

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.

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 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 four (4) members, all of which are Independent Non-Executive Directors of the Company, 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
Encik Shamsudin @ Samad Bin Kassim	Member	-*

* There was no RC meeting held after the appointment of Encik Shamsudin @ Samad Bin Kassim as a member of the RC on 1 September 2020 and hence, he did not attend any RC meeting held in FYE 2020.

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

The details of remuneration of Directors of the Company comprising remuneration received/receivable from the Company and its subsidiaries during FYE 2020 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	36,000	2,000	-	-	-	38,000
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	39,000	2,700	-	-	-	41,700
Dato' Lim Cheang Nyok	39,000	2,700	-	-	-	41,700
Mr. Lou Swee You	41,000	3,000	-	-	-	44,000
Encik Shamsudin @ Samad Bin Kassim	20,000	600	-	-	-	20,600
Sub-Total	175,000	11,000	-	-	-	186,000

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	16,333	-	-	-	-	16,333
Dato' Toh Yew Peng	15,000	890,120	168,775	35,500	117,138	1,226,533
Mr. Toh Yew Seng	15,000	-	-	-	-	15,000
Mr. Toh Yew Kar	15,000	-	-	-	-	15,000
Mr. Toh Yew Chin	20,000	-	-	-	-	20,000
Mr. Kenny Toh Jin Tat	3,750	-	-	-	-	3,750
Sub-Total	85,083	890,120	168,775	35,500	117,138	1,296,616
Total Company	260,083	901,120	168,775	35,500	117,138	1,482,616

(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	36,000	2,000	-	-	-	38,000
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	39,000	2,700	-	-	-	41,700
Dato' Lim Cheang Nyok	39,000	2,700	-	-	-	41,700
Mr. Lou Swee You	41,000	3,000	-	-	-	44,000
Encik Shamsudin @ Samad Bin Kassim	20,000	600	-	-	-	20,600
Sub-Total	175,000	11,000	-	-	-	186,000
Executive Directors						
Mr. Toh Yew Keat	16,333	571,596	48,267	31,450	68,859	736,505
Dato' Toh Yew Peng	15,000	1,378,404	245,972	35,500	179,841	1,854,717
Mr. Toh Yew Seng	15,000	1,120,224	223,010	29,200	257,291	1,644,725
Mr. Toh Yew Kar	15,000	665,112	72,761	31,150	82,718	866,741
Mr. Toh Yew Chin	20,000	404,736	14,763	-	80,450	519,949
Mr. Kenny Toh Jin Tat	3,750	283,788	137,900	17,450	81,160	524,048
Sub-Total	85,083	4,423,860	742,673	144,750	750,319	6,146,685
Total Group	260,083	4,434,860	742,673	144,750	750,319	6,332,685

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 2020, the top five (5) senior management's remuneration components including salary, bonus, benefit-in-kind and other emoluments in bands of RM50,000.00 are shown as follows:

Range of Remuneration (RM)	No. of person
350,001 - 400,000	2
400,001 - 450,000	1
500,001 - 550,000	1
650 001 - 700,000	1

Note: Successive bands of RM50,000.00 are not shown entirely as they are not represented.

Detail remuneration components and name of top five (5) key Management team are 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 of the Company, which complies 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 the MCCG, the AC 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 Profile of Directors 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 Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") and the Malaysian Institute of Accounts' By-Law (on Professional Ethics, Conduct and Practice).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

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.

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 MCGG 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



WELCOME TO THE THIRTY-FIFTH ANNUAL GENERAL MEETING

PRESTAR 35TH ANNUAL GENERAL MEETING | 27 JULY 2020

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 a 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 medias as well as to respond to the queries raised.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

16) Encourage shareholder participation at general meetings (cont'd)

Participation at AGM (cont'd)

Due to the COVID-19 pandemic and the implementation of Movement Control Order ("MCO")/Conditional MCO by Malaysian Government during FYE 2020, the Company's Thirty-Fifth AGM was conducted on a fully virtual basis to facilitate communication and engagements with the shareholders. This enables shareholders to participate remotely via live streaming and online remote voting on all the resolutions tabled at the AGM. The shareholders are given opportunities to raise questions and feedback their views on issues affecting the Company via real time submission of typed texts through a text box within the online platform.

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.

As the Company's Thirty-Fifth AGM held on 27 July 2020 was conducted on a fully virtual basis, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on all the resolutions for the first time. It was streamed live where the eligible shareholders or the appointed proxies or authorised representatives were able to log in to remotely participate and to submit their votes online.

An independent scrutineer was appointed to validate the votes casted and the results of each resolution put to vote was announced at the said AGM.

COMPLIANCE WITH MCCG

The Board is satisfied that during FYE 2020, the Company complied substantially to the best practices of the MCCG on the application of the principles and best practices except for those departures highlighted in the CG Report which is available on the Company's corporate website at www.prestar.com.my as well as the website of Bursa Malaysia Securities.

This CG Overview Statement and the CG Report are made in accordance with a resolution of the Board passed on 12 April 2021.

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 did not undertake any corporate proposal to raise any proceed during the financial year ended 31 December 2020 (“FYE 2020”).

2. Audit and non-audit fees

During FYE 2020, 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 fees (RM)	Non-audit fees (RM)
Company	35,000	4,500
Group	193,500	4,500

3. Material contracts involving Directors’, chief executive’s and major shareholders’ interests

There was no material contract entered into by the Group involving the interests of the Directors, chief executive and major shareholders during FYE 2020.

4. Recurrent related party transactions of a revenue or trading nature (“RRPTs”)

The information on RRPTs for FYE 2020 is disclosed under Note 31 of the Audited Financial Statements for FYE 2020 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 FYE 2020. Details of the ESOS are disclosed under Note 30 of the Audited Financial Statements for FYE 2020 in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Prestar Resources Berhad (“Board”) is pleased to present its Statement on Risk Management and Internal Control (“Statement”) of the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2020 (“FY2020”), which has been prepared pursuant to Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”). This Statement, which outlines the nature and scope of risk management and internal control of the Group during FY2020, is guided by 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 as well as Part II of Principle B, Intended Outcome 9.0, Practices 9.1 and 9.2 and Guidance 9.1 and 9.2 as set out in the Malaysian Code on Corporate Governance. The principles adopted by the Group in this Statement does not apply to the associate companies where risk management and internal control are managed by the respective management teams.

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. As there are inherent limitations in any system of internal control, such 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 FY2020. 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 FY2020.

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 FY2020.

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 which was enforced on 1 June 2020, encompasses duty on the Directors, controllers and Management of the Group to encourage compliance with anti-corruption laws. The Board ensures that the APs are embedded into the culture and affairs of the Group to detect, prevent and minimise any possible corrupt practices that might be committed by any employees of the Group. In light of this, the APs which have been established by the Group, is guided by the “Guidelines on APs” issued by the Prime Minister’s Department.

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

ADEQUATE PROCEDURES (“APs”) MITIGATING CORPORATE LIABILITY (cont'd)

During the FY2020, the Group took further step to conduct training related to the provisions of corporate liability for its middle level Management. The Group has also conducted the corruption risk assessment, updated the existing Whistleblowing Policy with control measures and implemented an Anti-Bribery and Anti-Corruption Policy. The Group will continue to organise on-going training for all level of employees to reinforce the importance of anti-corruption compliance. 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.

IAF

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 FY2020, no material issues were highlighted by the IAF to the AC.

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 operating 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. This would enable Management and the Executive Directors to review the performance of each subsidiary on a monthly basis.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES (cont'd)

During the FY2020, 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 and its group of companies, which are the associate companies of the Company.

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.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main LR of Bursa Malaysia Securities, the external auditors have reviewed this Statement. 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 is made in accordance with the resolution of the Board dated 24 February 2021.

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 2020 (“FYE 2020”).

The Board has approved this AC Report by a resolution dated 24 February 2021.

1. CONSTITUTION

The AC of Prestar has been established since 16 August 1995 which is in line with the Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”).

2. COMPOSITION OF THE AC AND MEETINGS ATTENDANCE

The Committee comprises three (3) members, which consist of all Independent Non-Executive Directors. This meets the requirements of Paragraphs 15.09(1)(a) and (b) of the Main LR of Bursa Malaysia Securities and the Step-Up Practice 8.4 as recommended by the Malaysian Code on Corporate Governance.

During the FYE 2020, 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 2020

During the FYE 2020, 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 (“Group”) 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 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 areas of audit emphasis, issues that may have arose from the audit and co-operation received from Management during the course of audit.
- d) Reviewed the audit strategy and scope of audit plan presented by the external auditors prior to the commencement of annual audit and also audit issues and recommendations raised by them from the audit.
- e) Reviewed the audit reports of the external auditors and management letters in relation to the audit including Management’s responses arising from the audit.
- f) Reviewed the principal risks and the risk management actions reported by the Group Risk Management Committee and the Subsidiary Risk Management Unit.
- g) 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.
- h) 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 and thereafter, recommended the same to the Board for approval.
- i) Reviewed the related party transactions and recurrent related party transactions on a quarterly basis.
- j) 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.

AUDIT COMMITTEE REPORT (cont'd)

3. SUMMARY OF KEY ACTIVITIES FOR THE FYE 2020 (cont'd)

- k) 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.
- l) Reviewed and discussed on the Group's business plan and budget for year 2020.

Additional compliance activities carried out by the AC during the FYE2020 were as follows:

- Reviewed the corruption risks assessment conducted by identifying and evaluating the key corruption risks in the Group guided by the Guidelines on Adequate Procedures issued by the Prime Minister's Department pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009.
- Reviewed the revised Whistleblowing Policy to strengthen its compliance rules in accordance with the amendments to the Main LR of Bursa Malaysia Securities for anti-corruption measures and thereafter, recommended the same to the Board for approval.

4. TERMS OF REFERENCE

The Terms of Reference of the AC, 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, are of most significance in the audit of the financial statements of the current period.

During the audit process for the FYE 2020, 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 above said issue by the Company's external auditors were set out in the Independent Auditors' Report ("IAR"). For detail information on the 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., Tricor Axcelasia Sdn. Bhd. (formerly known as 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.

AUDIT COMMITTEE REPORT (cont'd)

6. STATEMENT ON INTERNAL AUDIT FUNCTION (“IAF”) (cont'd)

For the FYE 2020, the IAF has successfully conducted the following audits in accordance with their Internal Audit Plan 2020 which was approved by the AC and agreed on the timing, frequency and scope of internal audit services to be rendered:

Audit activities	Auditable entities
Review of occupational safety and health management, logistic management, billing, credit control and collections	Prestar Storage System Sdn. Bhd.
Review of inventory management	Prestar Marketing Sdn. Bhd.
Review of occupational safety and health management and production management	Prestar Precision Tube Sdn. Bhd.

This cost incurred in maintaining the IAF for the FYE 2020 was approximately RM51,600.

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 2020 (“FYE 2020”)

The Directors are responsible for the preparation of financial statements for each financial year as required by the Companies Act 2016 (“the Act”). The financial statements are prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards as well as provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to present a true and fair view of the financial position of the Company and its subsidiaries (“the Group”) as at the end of the financial year and of its financial performance and its cash flows for FYE 2020.

In preparing the Audited Financial Statements for FYE 2020, the Directors are satisfied that the Company and the Group had maintained adequate and proper accounting records and sufficient internal controls to enable the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position and its financial performance for FYE 2020.

In order to ensure that the financial statements are properly drawn up, the Directors have taken the following measures:

- (a) ensure the adoption of appropriate accounting policies;
- (b) where applicable, judgements and estimates are made on a reasonable and prudent basis;
- (c) ensure that applicable approved accounting standards have been followed; and
- (d) ensure that the financial statements have been prepared on a going concern basis.

The Directors also have general responsibilities for taking such steps that are reasonably 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 12 April 2021.



FINANCIAL STATEMENTS

DIRECTORS' REPORT	56		
STATEMENT BY DIRECTORS	61		
STATUTORY DECLARATION	61	67	STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
INDEPENDENT AUDITORS' REPORT	62	69	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
STATEMENTS OF FINANCIAL POSITION	65	71	STATEMENT OF CHANGES IN EQUITY
		73	STATEMENTS OF CASH FLOWS
		77	NOTES TO THE FINANCIAL STATEMENTS

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 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of renting out properties and investment holding. The principal activities and details of the subsidiaries are disclosed 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	22,196	588
Attributable to:		
Owners of the Company from continuing operations	22,238	588
Non-controlling interests	(42)	-
	22,196	588

DIVIDENDS

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

Final single tier cash dividend of 1.0 sen per share, amounting to approximately RM1,939,000 in respect of the previous financial year paid on 25 September 2020.

The Directors propose a final single tier cash dividend of 1.0 sen per share, amounting to approximately RM1,940,000 in respect of the financial year ended 31 December 2020, 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.

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 2020 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;

DIRECTORS' REPORT (cont'd)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (cont'd)

- (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 par value of the ordinary shares, 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 within the Group during the options period.

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

	Option price RM	[----- Number of options over ordinary shares -----]					Outstanding as at 31.12.2020 '000	Exercisable as at 31.12.2020 '000
		Outstanding as at 1.1.2020 '000	[-----financial year-----]					
			Granted '000	Exercised '000	Lapsed '000			
Date of offer								
2014 options	0.53/0.83	1,412	-	-	(5)	1,407	1,407	

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
 Shamsudin @ Samad Bin Kassim (appointed on 1 September 2020)
 Kenny Toh Jin Tat * (appointed on 1 October 2020)

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 Fong Kan
 Toh Poh Khuan

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



DIRECTORS' REPORT (cont'd)

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 27 July 2020, 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(c) 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 2020 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:

	[----- Balance as at 1.1.2020/Date of appointment	Number of ordinary shares		-----] Balance as at 31.12.2020
		Bought	Sold	
Shares in the Company				
<u>Direct interests</u>				
Toh Yew Keat	4,386,717	-	-	4,386,717
Dato' Toh Yew Peng	7,890,000	-	-	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	1,732,000	252,100	(910,000)	1,074,100
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	135,000	-	(35,000)	100,000
Dato' Lim Cheang Nyok	194,000	-	-	194,000
Lou Swee You	189,000	-	-	189,000
Shamsudin @ Samad Bin Kassim	100,000	-	-	100,000
 <u>Indirect interests</u>				
Toh Yew Keat *	73,261,400	-	(70,000)	73,191,400
Dato' Toh Yew Peng **	73,351,400	20,000	-	73,371,400

	[----- Balance as at 1.1.2020/Date of appointment	Number of options over ordinary shares		-----] Balance as at 31.12.2020
		Granted	Exercised	
Share options in the Company				
Toh Yew Kar	250,000	-	-	250,000
Kenny Toh Jin Tat	132,000	-	-	132,000

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

** 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, Lou Swee You, Shamsudin @ Samad Bin Kassim and Kenny Toh Jin Tat 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 31 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 25 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 for the Directors and officers of the Group and the Company for the financial year ended 31 December 2020 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 35 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 2020 are disclosed in Note 24 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
12 April 2021



STATEMENT BY DIRECTORS/STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 65 to 143 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 2020 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

Kuala Lumpur
12 April 2021

Toh Yew Seng
Director

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 65 to 143 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)
12 April 2021)

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 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. 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 2020 were RM113.3 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 skepticism 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 skepticism 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, actions taken to eliminate threats or safeguards applied.

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

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
Kuala Lumpur
12 April 2021

Francis Cyril A/L S.R Singam
03056/04/2021 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	118,110	112,932	48,541	49,576
Right-of-use assets	5	18,306	26,769	12,286	12,554
Investment properties	6	1	1	-	-
Trade and other receivables	13	-	-	2,910	2,084
Investments in subsidiaries	7	-	-	86,782	86,782
Investments in associates	8	118,319	113,501	25,158	25,158
Intangible assets	9	1,675	1,675	-	-
		256,411	254,878	175,677	176,154
Current assets					
Inventories	11	94,290	120,229	-	-
Derivative assets	12	104	12	-	-
Trade and other receivables	13	126,459	114,868	611	577
Current tax assets		109	2,014	-	95
Cash and bank balances	14	31,915	21,996	93	424
		252,877	259,119	704	1,096
Assets held for sale	20	-	3,924	-	-
TOTAL ASSETS		509,288	517,921	176,381	177,250
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	106,608	106,608	106,608	106,608
Treasury shares	15	(8,358)	(7,829)	(8,358)	(7,829)
Reserves	16	206,214	185,872	31,791	33,142
		304,464	284,651	130,041	131,921
Non-controlling interests	7(c)	87	129	-	-
TOTAL EQUITY		304,551	284,780	130,041	131,921

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



STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 (cont'd)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	17	18,404	21,831	7,575	9,435
Lease liabilities	5	1,452	3,459	85	246
Deferred tax liabilities	10	7,417	6,232	1,134	1,134
Retirement benefit obligations	18	4,220	4,009	1,421	1,367
		31,493	35,531	10,215	12,182
Current liabilities					
Trade and other payables	19	27,885	34,331	3,025	3,134
Derivative liabilities	12	275	151	-	-
Borrowings	17	142,246	159,534	32,794	29,860
Lease liabilities	5	1,612	3,388	160	153
Current tax liabilities		1,226	206	146	-
		173,244	197,610	36,125	33,147
TOTAL LIABILITIES		204,737	233,141	46,340	45,329
TOTAL EQUITY AND LIABILITIES		509,288	517,921	176,381	177,250

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 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing operations					
Revenue	23	409,981	454,168	8,152	6,534
Cost of sales		(359,249)	(423,940)	(1,536)	(1,537)
Gross profit		50,732	30,228	6,616	4,997
Other income		17,246	22,426	-	14,854
Selling and distribution expenses		(2,550)	(2,918)	-	-
Administrative expenses		(33,122)	(32,309)	(3,463)	(4,144)
Other expenses		(2,497)	(5,775)	(568)	(812)
Finance costs		(7,736)	(10,876)	(1,868)	(2,493)
Interest income		560	543	183	101
Share of profit of associates, net of tax	8(e)	5,054	204	-	-
Profit before tax	24	27,687	1,523	900	12,503
Taxation	26	(5,491)	1,738	(312)	252
Profit for the financial year from continuing operations		22,196	3,261	588	12,755
Disposal group operations					
Profit for the financial year from disposal group operations, net of tax	20(b)	-	4,343	-	-
Profit for the financial year		22,196	7,604	588	12,755
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Continuing operations					
Foreign currency translations		43	(13)	-	-
Total other comprehensive income/(loss), net of tax		43	(13)	-	-
Total comprehensive income		22,239	7,591	588	12,755
Profit attributable to:					
Owners of the parent					
Continuing operations		22,238	3,314	588	12,755
Disposal group operations		-	2,215	-	-
		22,238	5,529	588	12,755

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 2020 (cont'd)**

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-controlling interests					
Continuing operations		(42)	(53)	-	-
Disposal group operations		-	2,128	-	-
		(42)	2,075	-	-
		22,196	7,604	588	12,755
Total comprehensive income attributable to:					
Owners of the parent					
Continuing operations		22,281	3,301	588	12,755
Disposal group operations		-	2,215	-	-
		22,281	5,516	588	12,755
Non-controlling interests					
Continuing operations	7	(42)	(53)	-	-
Disposal group operations	7	-	2,128	-	-
		(42)	2,075	-	-
		22,239	7,591	588	12,755

	Note	2020	Group 2019
Earnings per ordinary share attributable to equity holders of the Company (sen)			
Basic:			
Continuing operations	28(a)	11.45	1.69
Disposal group operations	28(a)	-	1.14
		11.45	2.83
Diluted:			
Continuing operations	28(b)	11.44	1.69
Disposal group operations	28(b)	-	1.14
		11.44	2.83

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 2020	106,608	(15)	1,192	(7,829)	184,695	284,651	129	284,780
Profit/(loss) for the financial year	-	-	-	-	22,238	22,238	(42)	22,196
Other comprehensive income, net of tax	-	43	-	-	-	43	-	43
Total comprehensive income/(loss)	-	43	-	-	22,238	22,281	(42)	22,239
Transactions with owners								
Shares buy-back	-	-	-	(529)	-	(529)	-	(529)
Dividends to owners of the Company (Note 27)	-	-	-	-	(1,939)	(1,939)	-	(1,939)
Total transactions with owners	-	-	-	(529)	(1,939)	(2,468)	-	(2,468)
Balance as at 31 December 2020	106,608	28	1,192	(8,358)	204,994	304,464	87	304,551

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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)	180,144	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 27)	-	-	-	-	(978)	(978)	-	(978)
Dividend to non-controlling interest of a subsidiary (Note 7(d))	-	-	-	-	-	-	(1,225)	(1,225)
Disposal of interest of subsidiaries	-	-	-	-	-	-	(66,720)	(66,720)
Winding up of a subsidiary (Note 7(f)(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

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



STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company	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 2020	106,608	(7,829)	1,192	31,950	131,921
Profit for the financial year	-	-	-	588	588
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	588	588
Transactions with owners:					
Dividends (Note 27)	-	-	-	(1,939)	(1,939)
Shares buy-back	-	(529)	-	-	(529)
Total transactions with owners	-	(529)	-	(1,939)	(2,468)
Balance as at 31 December 2020	106,608	(8,358)	1,192	30,599	130,041

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

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

Company	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 27)	-	-	-	(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

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



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

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation from:					
- Continuing operations		27,687	1,523	900	12,503
- Disposal group operations	20(b)	-	6,073	-	-
Adjustments for:					
Depreciation of property, plant and equipment	4, 20	6,969	8,156	1,124	1,134
Depreciation of right-of-use assets	5, 20	1,004	2,321	268	236
Fair value adjustment on derivative instruments	12(c)	32	(106)	-	-
Gain on disposals of:					
- property, plant and equipment		(123)	(60)	-	-
- assets held for sale		(8,126)	-	-	-
Gross dividend income from subsidiaries	23	-	-	(2,800)	(1,275)
Gross dividend income from an associate	23	-	-	(236)	(215)
Gain on disposal of subsidiaries	7(f)(iv)	-	(16,388)	-	(14,854)
Impairment losses on amount owing by a subsidiary	13(l)	-	-	-	88
Impairment losses on property, plant and equipment	4	354	1,626	-	-
Impairment losses on trade and other receivables	13(k)	733	2,251	-	-
Interest expense	20, 24	7,736	11,688	1,868	2,493
Interest income	20, 24	(560)	(687)	(183)	(101)
Inventories written down	11(b)	402	3,989	-	-
Loss on disposal of property, plant and equipment		4	-	-	-
Property, plant and equipment written off	4	1,950	1,175	-	-
Retirement benefit obligations	18	211	211	54	63
Reversal of impairment losses on trade and other receivables	13(k)	(1,683)	(1,150)	-	-
Reversal of written down on inventories	11(c)	(2,807)	(1,670)	-	-
Winding up of a subsidiary	7(f)(iii)	-	(7)	-	-
Share of profit of associates, net of tax	8(e)	(5,054)	(204)	-	-
Unrealised loss on foreign exchange	24	238	110	-	-
Operating profit before changes in working capital		28,967	18,851	995	72
Decrease in inventories		28,305	18,428	-	-
(Increase)/Decrease in trade and other receivables		(10,850)	31,830	258	(126)
(Decrease)/Increase in trade and other payables		(6,512)	4,521	(55)	485
Cash generated from operations		39,910	73,630	1,198	431
Tax refunded		530	2,393	142	292
Tax paid		(1,773)	(2,828)	(213)	(173)
Net cash from operating activities		38,667	73,195	1,127	550

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



STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(1,172)	(1,107)
Additions of interest in subsidiary	7(f)(i)	-	-	-	(4,000)
Dividend received, from subsidiaries		-	-	2,800	1,275
Dividend received, from associate		236	215	236	215
Interest received		560	687	183	101
Proceeds from disposal of interest in subsidiaries, net of cash and cash equivalent	7(f)(iv)	-	115	-	16,861
Proceeds from disposal of:					
- property, plant and equipment		181	62	-	-
- assets held for sale		12,050	-	-	-
Purchase of property, plant and equipment	4(e)	(7,007)	(7,545)	(89)	(86)
Net cash from/(used in) investing activities		6,020	(6,466)	1,958	13,259
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(7,490)	(11,128)	(1,854)	(2,472)
Repayments of term loans		(3,427)	(2,971)	(1,860)	(1,704)
Net (repayment)/drawdown of other borrowings		(19,191)	(55,301)	1,000	(7,000)
Payments of lease liabilities		(4,076)	(4,966)	(168)	(167)
Dividends paid		(1,939)	(2,935)	(1,939)	(2,935)
Dividends paid to non-controlling interests	7(d)	-	(1,225)	-	-
Shares buy-back		(529)	(109)	(529)	(109)
Net cash used in financing activities		(36,652)	(78,635)	(5,350)	(14,387)
Net increase/(decrease) in cash and cash equivalents		8,035	(11,906)	(2,265)	(578)
Effects of exchange rate differences		(19)	8	-	-
Cash and cash equivalents at beginning of financial year		20,669	32,567	424	1,002
Cash and cash equivalents at end of financial year	14(c)	28,685	20,669	(1,841)	424

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities (Note 5) RM'000	Term loans (Note 17) RM'000	Other borrowings* (Note 17) RM'000
At 1 January 2020	6,847	25,780	154,258
Cash flows:			
Repayment of lease liabilities	(4,076)	-	-
Repayment of term loans	-	(3,427)	-
Repayment of other borrowings	-	-	(19,191)
Non-cash flows:			
Remeasurement of lease liabilities	57	-	-
Early termination of lease liabilities	(10)	-	-
Unwinding of interest	246	-	-
At 31 December 2020	<u>3,064</u>	<u>22,353</u>	<u>135,067</u>
At 1 January 2019	11,253	3,428	209,559
Cash flows:			
Repayment of lease liabilities	(4,966)	-	-
Repayment of term loans	-	(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	<u>6,847</u>	<u>25,780</u>	<u>154,258</u>

* Other borrowings exclude bank overdrafts.

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



STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

Company	Lease liabilities (Note 5) RM'000	Term loans (Note 17) RM'000	Other borrowings* (Note 17) RM'000
At 1 January 2020	399	11,295	28,000
Cash flows:			
Repayment of lease liabilities	(168)	-	-
Repayment of term loan	-	(1,860)	-
Drawdown of other borrowings	-	-	1,000
Non-cash flows:			
Unwinding of interest	14	-	-
At 31 December 2020	<u>245</u>	<u>9,435</u>	<u>29,000</u>
At 1 January 2019	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	<u>399</u>	<u>11,295</u>	<u>28,000</u>

* Other borrowings exclude bank overdrafts.

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020

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 2020 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 12 April 2021.

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 disclosed 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 65 to 143 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 36.1 to the financial statements.

The Group has also early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions* in the current financial year and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and similar circumstances.

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.

Notwithstanding that the Company was in a net current liabilities position of RM35,421,000 as at 31 December 2020, the Directors have considered the application of the going concern basis in the preparation of financial statements of the Company to be appropriate, given the ability of the Company to generate adequate net cash inflows in the foreseeable future, including the utilisation of unused banking facilities. In relation to this, the Company has assessed its cash flow position for the next twelve (12) months to ensure that the Company has sufficient funds to meet its obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

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

Company	Balance as at 1.1.2020 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2020 RM'000
Carrying amount				
Freehold land	15,293	-	-	15,293
Buildings	33,609	17	(908)	32,718
Office equipment	172	72	(51)	193
Furniture, fittings and renovations	484	-	(156)	328
Motor vehicles	18	-	(9)	9
	49,576	89	(1,124)	48,541

Company	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
<----- As at 31 December 2020 ----->			
Freehold land	15,293	-	15,293
Buildings	45,420	(12,702)	32,718
Office equipment	576	(383)	193
Furniture, fittings and renovations	2,474	(2,146)	328
Motor vehicles	59	(50)	9
	63,822	(15,281)	48,541

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (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
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) As at the end of the reporting period, certain freehold land and buildings of the Group with a carrying amount of RM61,394,000 (2019: RM66,111,000) and certain freehold land and buildings of the Company with a carrying amount of RM40,368,000 (2019: RM41,101,000) 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.

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Purchase of property, plant and equipment	7,007	20,812	89	1,029
Financed by term loan/hire purchase arrangements	-	(13,267)	-	(943)
Cash payments on purchase of property, plant and equipment	7,007	7,545	89	86

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

5. LEASES

The Group as lessee

Right-of-use assets

Carrying amount	Balance as at 1.1.2020 RM'000	Remeasurement RM'000	Early termination RM'000	Transfer to property, plant and equipment (Note 4) RM'000	Depreciation RM'000	Balance as at 31.12.2020 RM'000
Leasehold land	11,962	-	-	-	(125)	11,837
Buildings	325	57	(10)	-	(158)	214
Machineries	9,285	-	-	(4,670)	(195)	4,420
Motor vehicles	5,197	-	-	(2,836)	(526)	1,835
	26,769	57	(10)	(7,506)	(1,004)	18,306

Carrying amount	Balance as at 1.1.2019 RM'000	Effects of adoption of MFRS 16 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

Lease liabilities

Carrying amount	Balance as at 1.1.2020 RM'000	Remeasurement RM'000	Early termination RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.12.2020 RM'000
Buildings	331	57	(10)	(170)	14	222
Machineries	2,897	-	-	(1,248)	104	1,753
Motor vehicles	3,619	-	-	(2,658)	128	1,089
	6,847	57	(10)	(4,076)	246	3,064

Carrying amount	Balance as at 1.1.2019 RM'000	Effects of adoption of MFRS 16 RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.12.2019 RM'000
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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

5. LEASES (cont'd)

The Group as lessee (cont'd)

Represented by:

	2020 RM'000	2019 RM'000
Current liabilities	1,612	3,388
Non-current liabilities	1,452	3,459
	3,064	6,847
Lease liabilities owing to financial institutions	2,842	6,516
Lease liabilities owing to non-financial institutions	222	331
	3,064	6,847

The Company as lessee

Right-of-use assets

	Balance as at 1.1.2020 RM'000	Depreciation RM'000	Balance as at 31.12.2020 RM'000
Carrying amount			
Leasehold land	11,962	(126)	11,836
Motor vehicles	592	(142)	450
	12,554	(268)	12,286

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

Lease liabilities

	Balance as at 1.1.2020 RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.12.2020 RM'000
Carrying amount				
Motor vehicles	399	(168)	14	245

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

5. LEASES (cont'd)

Represented by:

	2020	2019
	RM'000	RM'000
Current liabilities	160	153
Non-current liabilities	85	246
	245	399
Lease liabilities owing to financial institutions	245	399

The Group and the Company as lessee

- (a) The Group leases buildings and leasehold land in the location which it operates. The lease of buildings and leasehold land comprised fixed payment over the lease term.

The Group also leases certain items of motor vehicles and machineries. Leases of motor vehicles and machineries comprise only fixed payments over the lease terms.

- (b) 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

- (c) In previous financial year, the Group and the Company acquired leasehold land amounted to RM12,056,000 which financed through term loan.
- (d) 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.
- (e) The following are the amounts recognised in profit or loss:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Depreciation charge of right-of-use assets (included in cost of sales)	1,004	2,269	268	236
Interest expense on lease liabilities (included in finance cost)	246	560	14	21
Expense relating to short-term leases (included in administration expenses)	226	142	-	-
Expense relating to leases of low-value assets (included in administration expenses)	10	15	-	-
	1,486	2,986	282	257



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

5. LEASES (cont'd)

- (f) The Group and the Company leases several assets 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 determines whether these extension and termination options are reasonably certain to be exercised.

As at 31 December 2020, there is no undiscounted potential future rental payment that is not included in the lease term.

The Group and the Company as lessor

The Group has entered into non-cancellable lease agreements on certain properties for terms of between one (1) to eleven (11) years and renewable at the end of the lease period. The monthly rental consists of a fixed base rent.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Less than one (1) year	3,457	1,920	3,777	1,978
One (1) to two (2) years	1,891	1,529	2,429	-
Two (2) to three (3) years	934	1,038	2,196	-
Three (3) to four (4) years	240	518	-	-
Four (4) to five (5) years	-	-	-	-
More than five (5) years	-	-	-	-
	6,522	5,005	8,402	1,978

6. INVESTMENT PROPERTIES

	Group	
	2020 RM'000	2019 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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

6. INVESTMENT PROPERTIES (cont'd)

- (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.

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

	2020	2019
	RM'000	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	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
2020				
Freehold land and buildings	-	-	98	98
2019				
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 2020 and 31 December 2019.

- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
At cost		
Unquoted shares	97,033	97,033
Less: Accumulated impairment losses	(10,251)	(10,251)
	86,782	86,782

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

Name of company	Effective equity interest		Principal activities
	2020 %	2019 %	
Prestar Manufacturing Sdn. Bhd. * ("PMSB")	100	100	Investment holdings.
Prestar Marketing Sdn. Bhd. * ("PMktgSB")	100	100	Import and distribute 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	Importing 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.
Subsidiary of Prestar Engineering Sdn. Bhd.			
Prestar Galvanising Sdn. Bhd. * ("PGSB")	97	97	General hot-dip galvanising and coating of metal products and threaded items, fabrication of moulds and dies, maintenance and installation of machinery.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (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		Principal activities
	2020 %	2019 %	
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, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	2020		2019	
	PGSB	PTPPT	THB (Note 7(iv))	TOTAL
NCI percentage of ownership interest and voting interest	3%			
Carrying amount of NCI (RM'000)	87			
Loss allocated to NCI (RM'000)	(42)			
Total comprehensive loss allocated to NCI (RM'000)	(42)			
NCI percentage of ownership interest and voting interest		25%	49% *	49% *
Carrying amount of NCI (RM'000)	129	-	-	129
(Loss)/Profit allocated to NCI (RM'000)	(50)	(3)	771	(286)
Total comprehensive (loss)/income allocated to NCI (RM'000)	(50)	(3)	771	(286)

* up to the disposal date

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(d) 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:

	PGSB RM'000
2020	
Assets and liabilities	
Non-current assets	9,588
Current assets	5,075
Non-current liabilities	(3,824)
Current liabilities	(5,929)
Net assets	4,910
Results	
Revenue	12,529
Loss for the financial year	(1,467)
Total comprehensive loss	(1,467)
Cash flows from operating activities	150
Cash flows from investing activities	40
Cash flows used in financing activities	(150)
Net increase in cash and cash equivalents	40
Dividends paid to NCI	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(d) 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):

2019	TSSB RM'000	THSB RM'000	PGSB RM'000	PTPPT RM'000	TOTAL RM'000
Assets and liabilities					
Non-current assets	-	-	10,163	-	10,163
Current assets	-	-	5,413	-	5,413
Non-current liabilities	-	-	(4,016)	-	(4,016)
Current liabilities	-	-	(5,183)	-	(5,183)
Net assets	-	-	6,377	-	6,377
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)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	2020	2019
	RM'000	RM'000
Cash and cash equivalents	7,614	7,121
Buildings	9,949	10,505
Freehold land	20,000	23,428
	37,563	41,054

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 and PMktgSB, subsidiaries of the Company, restricts the ability of the subsidiaries 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.
- (f) Other details of investments in subsidiaries
- (i) In the previous financial year, PSSSB had issued and allotted 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

In the previous financial year, PGSB had issued and allotted 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

In the previous financial year, PT Prestar Precision Tube ("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

In the previous financial year, the Company had disposed off its interest in subsidiaries, Tashin Steel Sdn Bhd ("TSSB") and Tashin Hardware Sdn Bhd ("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 2020 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(f) 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)
	136,014
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)
	115
Net cash inflow from disposal of subsidiaries	115

8. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost:				
Unquoted equity shares	16,965	16,965	16,965	16,965
Share of post acquisition reserves, net of dividends received	30,750	29,083	-	-
	47,715	46,048	16,965	16,965
Quoted equity shares	68,821	68,821	8,193	8,193
Share of post acquisition reserves, net of dividends received	1,783	(1,368)	-	-
	118,319	113,501	25,158	25,158

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

8. INVESTMENTS IN ASSOCIATES (cont'd)

	Group and Company	
	2020	2019
	RM'000	RM'000
Market value:		
Quoted equity shares in Malaysia	49,242	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 of which all are incorporated in Malaysia are as follows:

Name of Company	Effective equity interest		Principal activities
	2020	2019	
	%	%	
POSCO-MKPC Sdn. Bhd. ("MKPC") *	30	30	Slitting, shearing and sales of steel sheets and coils.
Tashin Holdings Berhad ("THB") **	34	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 2020.

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

2020	MKPC	THB	TOTAL
	RM'000	RM'000	RM'000
Assets and liabilities			
Non-current assets	65,797	68,804	134,601
Current assets	308,922	180,904	489,826
Non-current liabilities	(4,214)	(10,078)	(14,292)
Current liabilities	(211,133)	(42,272)	(253,405)
Net assets	<u>159,372</u>	<u>197,358</u>	<u>356,730</u>
Results			
Revenue	585,939	239,145	825,084
Profit for the financial year	6,343	9,268	15,611
Total comprehensive income	<u>6,343</u>	<u>9,268</u>	<u>15,611</u>
Cash flows from operating activities	73,227	17,815	91,042
Cash flows used in investing activities	(332)	(544)	(876)
Cash flows used in financing activities	(20,979)	(12,183)	(33,162)
Net increase in cash and cash equivalents	<u>51,916</u>	<u>5,088</u>	<u>57,004</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

8. INVESTMENTS IN ASSOCIATES (cont'd)

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

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	<u>153,815</u>	<u>188,091</u>	<u>341,906</u>
Results			
Revenue	696,974	99,995	796,969
Profit/(Loss) for the financial year	5,240	(4,023)	1,217
Total comprehensive income/(loss)	<u>5,240</u>	<u>(4,023)</u>	<u>1,217</u>
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	<u>(33,350)</u>	<u>23,073</u>	<u>(10,277)</u>

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

2020	MKPC RM'000	THB RM'000	TOTAL RM'000
Share of net assets of the Group	47,715	70,604	118,319
Elimination of unrealised profits	-	-	-
Carrying amount in the statements of financial position	<u>47,715</u>	<u>70,604</u>	<u>118,319</u>
Share of results of the Group for the financial year			
The Group's share of profit/other comprehensive income	1,903	3,151	5,054
Dividend income from associate	236	-	236
2019			
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	<u>46,048</u>	<u>67,453</u>	<u>113,501</u>
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	<u>215</u>	<u>-</u>	<u>215</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

9. INTANGIBLE ASSETS

	Balance as at 1.1.2020 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2020 RM'000
2020			
Group Carrying amount			
Goodwill	1,675	-	1,675

<----- As at 31 December 2020 ----->

	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

	Balance as at 1.1.2019 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2019 RM'000
2019			
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (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	<u>1,131</u>	<u>544</u>	<u>1,675</u>

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	
	2020 %	2019 %	2020 %	2019 %
Growth rates	5.0	3.0	5.0	5.0
Pre-tax discount rates	<u>6.0</u>	<u>5.5</u>	<u>6.0</u>	<u>5.5</u>

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

9. INTANGIBLE ASSETS (cont'd)

(a) Goodwill (cont'd)

The calculations of value-in-use for the CGUs are based on 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 and specific risk adjustment relating to the relevant segments.

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amounts of the remaining goodwill assessed as at 31 December 2020 as their recoverable amounts were in excess of their carrying amounts.

The sensitivity of the impairment assessment to a reasonably possible change in the above assumptions are not disclosed as it is not significant.

(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 2020 (cont'd)

10. DEFERRED TAX

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Balance as at 1 January	6,232	8,036	1,134	1,096
Recognised in profit or loss:				
Continuing operations (Note 26)	1,185	(1,804)	-	38
Balance as at 31 December	<u>7,417</u>	<u>6,232</u>	<u>1,134</u>	<u>1,134</u>

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Presented after appropriate offsetting:				
Deferred tax liabilities, net	7,417	6,232	1,134	1,134
Deferred tax assets, net	-	-	-	-
	<u>7,417</u>	<u>6,232</u>	<u>1,134</u>	<u>1,134</u>

- (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 2020 (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 2020	6,232
Recognised in profit or loss	1,185
	7,417
At 31 December 2020	7,417
At 1 January 2019	8,036
Recognised in profit or loss	(1,804)
	6,232
At 31 December 2019	6,232

Deferred tax liabilities of the Company	Property, plant and equipment RM'000
At 1 January 2020	1,134
Recognised in profit or loss	-
	1,134
At 31 December 2020	1,134
At 1 January 2019	1,096
Recognised in profit or loss	38
	1,134
At 31 December 2019	1,134

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

	2020 RM'000	Group 2019 RM'000
Unused tax losses		
- Expires by 31 December 2025	-	531
- Expires by 31 December 2026	1,221	1,221
- Expires by 31 December 2027	1,943	-
Unabsorbed capital allowances	3,324	3,324
Other temporary differences	1,005	2,306
	7,493	7,382
	7,493	7,382

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

11. INVENTORIES

	2020	Group
	RM'000	2019
		RM'000
At cost		
Raw materials	35,504	52,433
Work-in-progress	13,630	13,305
Manufacturing and trading inventories	35,740	27,172
	84,874	92,910
At net realisable value		
Raw materials	6,425	4,944
Work-in-progress	398	245
Manufacturing and trading inventories	2,593	22,130
	9,416	27,319
	94,290	120,229

- (a) Cost of inventories is determined on the weighted average basis and stated at lower of cost and net realisable value. 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 RM357,714,000 (2019: RM398,951,000). In addition, the amounts recognised in cost of sales include inventories written down of RM402,000 (2019: RM3,989,000) for continuing operations.
- (c) The Group reversed the write down of inventories recorded in previous year amounting to RM2,807,000 (2019: RM102,000) for continuing operations and RM Nil (2019: RM 1,568,000) for disposal group operations. The reversal of the write down of inventories recorded in the previous financial year that was not required as the Group was able to sell those inventories above their carrying amounts.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Contract/ Notional amount	Assets	Liabilities
	RM'000	RM'000	RM'000
2020			
Forward currency contracts	24,306	104	(275)
		104	(275)
2019			
Forward currency contracts	24,030	12	(151)
		12	(151)

- (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 (2019: 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

12. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

- (c) During the financial year, the Group recognised net loss of RM32,000 (2019: net gain of RM106,000) 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 33 to the financial statements.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
<u>Non-trade</u>				
Amount owing by a subsidiary	-	-	3,007	2,084
Less: Impairment losses	-	-	(97)	-
Total non-current receivables	-	-	2,910	2,084
Current				
<u>Trade</u>				
- Third parties	113,251	103,074	-	-
- Associates	37	132	-	-
	113,288	103,206	-	-
Less: Impairment losses	(1,975)	(2,925)	-	-
	111,313	100,281	-	-
<u>Non-trade</u>				
Other receivables	11,691	9,055	102	355
Deposits	137	464	14	13
Amount owing by a subsidiary	-	-	502	307
	11,828	9,519	618	675
Less: Impairment losses	-	-	(16)	(113)
	11,828	9,519	602	562
	123,141	109,800	602	562
Prepayments	3,318	5,068	9	15
Total current receivables	126,459	114,868	611	577
Total receivables	126,459	114,868	3,521	2,661
Total receivables, net of prepayment	123,141	109,800	3,512	2,646

- (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 (2019: 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

- (d) Amount owing by a subsidiary represent advances bearing interest rate of 3.45% to 3.97% per annum (2019: 3.45% per annum) and current amount owing by a subsidiary repayable within 12 months (2019: 12 months) and non-current amount owing by a subsidiary repayable within 5 to 6 years (2019: 6 years).
- (e) Included in prepayments of the Group is an amount of RM1,076,000 (2019: RM2,066,000) 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	118,821	106,062	3,512	2,646
US Dollar	2,919	2,763	-	-
Euro	-	374	-	-
Singapore Dollar	89	92	-	-
Indonesian Rupiah	1,021	509	-	-
Thai Baht	291	-	-	-
	<u>123,141</u>	<u>109,800</u>	<u>3,512</u>	<u>2,646</u>

- (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 producer price index and consumer price index 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 statements 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.

Management exercised significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

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

Group	Gross carrying amount RM'000	Impairment RM'000	Net Balance RM'000
2020			
Current (not past due)	95,864	(413)	95,451
1-30 days past due	8,736	(134)	8,602
31-60 past due	3,614	(65)	3,549
61-90 past due	981	(22)	959
	109,195	(634)	108,561
Credit impaired			
More than 90 days past due	1,598	(117)	1,481
Individually impaired	2,495	(1,224)	1,271
	113,288	(1,975)	111,313
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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

- (j) 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:

	2020	Group
	RM'000	2019
		RM'000
Maximum exposure	111,313	100,281
Collateral obtained	86,170	71,850
	25,143	28,431
Net exposure to credit risk	25,143	28,431

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.

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

	2020	Group
	RM'000	2019
		RM'000
Trade receivables		
At 1 January	2,925	1,511
Receivable on disposal group operations	-	329
Charge for the financial year	733	2,251
Reversal of impairment losses	(1,683)	(1,150)
Written off	-	(16)
	1,975	2,925
At 31 December	1,975	2,925

- (l) 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, unemployment rate, consumer price index ("CPI"), producer price index ("PPI") and labour force participation 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(l) 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/31 December 2020	-	113	113

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

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

(n) Information on financial risks of trade and other receivables and deposits are disclosed in Note 34 to the financial statements.

14. CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	31,915	21,996	93	424

(a) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	31,486	21,695	93	424
US Dollar	319	90	-	-
Thai Baht	52	105	-	-
Singapore Dollar	2	-	-	-
Indonesian Rupiah	56	106	-	-
	31,915	21,996	93	424



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

14. CASH AND BANK BALANCES (cont'd)

- (b) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (c) 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	31,915	21,996	93	424
Bank overdrafts (Note 17)	(3,230)	(1,327)	(1,934)	-
As reported in statements of cash flows	<u>28,685</u>	<u>20,669</u>	<u>(1,841)</u>	<u>424</u>

- (d) Information on financial risks of cash and bank balances is disclosed in Note 34 to the financial statements.

15. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid				
Balance as at 1 January/31 December	<u>204,831</u>	<u>106,608</u>	<u>204,831</u>	<u>106,608</u>

- (a) Ordinary shares are classified as equity instruments and recorded at the nominal value.
- (b) 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.
- (c) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

15. SHARE CAPITAL (cont'd)

(c) Treasury shares (cont'd)

- (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 (2019: 204,831,000) issued and fully paid ordinary shares as at 31 December 2020, 10,888,000 (2019: 9,397,000) amounting to RM8,358,000 (2019: RM7,829,000) are held as treasury shares by the Company. As at 31 December 2020, the number of outstanding ordinary shares in issue net of treasury shares is 193,943,000 (2019: 195,434,000) ordinary shares.

During the current financial year, the Company repurchased 1,491,000 of its issued ordinary shares from the open market at an average price of RM0.35 per share. The total consideration paid for the repurchased shares was RM529,000. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

16. RESERVES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-distributable				
Exchange translation reserve	28	(15)	-	-
Share options reserve	1,192	1,192	1,192	1,192
	1,220	1,177	1,192	1,192
Distributable				
Retained earnings	204,994	184,695	30,599	31,950
	<u>206,214</u>	<u>185,872</u>	<u>31,791</u>	<u>33,142</u>

(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 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

17. BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current liabilities				
<u>Secured</u>				
Bank overdrafts	1,934	-	1,934	-
Trade financing	11,356	7,337	-	-
Revolving credits	32,000	28,000	29,000	28,000
Term loans	3,949	3,949	1,860	1,860
<u>Unsecured</u>				
Bank overdrafts	1,296	1,327	-	-
Trade financing	79,211	103,421	-	-
Revolving credit	12,500	15,500	-	-
	142,246	159,534	32,794	29,860
Non-current liabilities				
<u>Secured</u>				
Term loans	18,404	21,831	7,575	9,435
	18,404	21,831	7,575	9,435
Total borrowings				
<u>Secured</u>				
Bank overdrafts (Note 14(c))	1,934	-	1,934	-
Trade financing	11,356	7,337	-	-
Revolving credits	32,000	28,000	29,000	28,000
Term loans	22,353	25,780	9,435	11,295
<u>Unsecured</u>				
Bank overdrafts (Note 14(c))	1,296	1,327	-	-
Trade financing	79,211	103,421	-	-
Revolving credit	12,500	15,500	-	-
	160,650	181,365	40,369	39,295

- (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 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(d) to the financial statements; and
- (ii) corporate guarantee issued by the Company and personal guarantee by certain Directors of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

17. BORROWINGS (cont'd)

(c) The bank borrowings of the Group and of the Company are secured by means of: (cont'd)

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(d) 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 34 to the financial statements.

18. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Present value of unfunded defined benefit obligations	4,220	4,009	1,421	1,367

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Balance as at 1 January	4,009	3,798	1,367	1,304
Past service costs recognised in profit or loss	211	211	54	63
Balance as at 31 December	4,220	4,009	1,421	1,367

The principal actuarial assumptions used are as follows:

	2020	2019
Discount rate	5.10%	5.10%
Salary increment rate	5.00%	5.00%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

18. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

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:

	2020 RM'000	2019 RM'000
Discount rate increase by 1%	-107	-126
Discount rate decrease by 1%	+116	+137
Salary increment rate increase by 1%	+153	+145
Salary increment rate decrease by 1%	-144	-137
	-144	-137

- (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.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables				
Third parties	10,331	17,986	-	-
Associate	2,597	3,972	-	-
	12,928	21,958	-	-
Other payables				
Third parties	5,245	5,646	129	64
Amounts owing to subsidiaries	-	-	1,405	1,459
Associate	326	324	324	324
Accruals	9,386	6,403	1,167	1,287
	14,957	12,373	3,025	3,134
	27,885	34,331	3,025	3,134

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

19. TRADE AND OTHER PAYABLES (cont'd)

- (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 (2019: 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	26,095	31,339	3,025	3,134
Thai Baht	99	-	-	-
US Dollar	1,604	2,392	-	-
Singapore Dollar	28	199	-	-
Japanese Yen	-	350	-	-
Indonesian Rupiah	59	51	-	-
	27,885	34,331	3,025	3,134

- (f) Information on financial risks of trade and other payables is disclosed in Note 34 to the financial statements.

20. ASSETS HELD FOR SALE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets held for sale				
- property, plant and equipment (a)	-	3,924	-	-

- (a) Property, plant and equipment

In the previous financial year, property, plant and equipment held for sale relates to freehold land and buildings of a subsidiary which was under-going of disposal process. The details of the freehold land and buildings are disclosed in Note 35(a) 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.

In the previous financial year, the Proposed Listing had been completed and the effect of disposal of Tashin Group is disclosed in Note 7(f)(iv) to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (cont'd)

20. ASSETS HELD FOR SALE (cont'd)

(b) Disposal group (cont'd)

Analysis of the results of the disposal group operations recognised in the Group's profit or loss were as follows:

	2019 RM'000
Statements of Profit or Loss and Other Comprehensive Income	
Revenue	138,183
Cost of sales	(127,546)
	10,637
Gross profit	10,637
Other operating income	3,623
Selling and distribution expenses	(1,489)
General and administrative expenses	(5,810)
Other expenses	(220)
Finance cost	(812)
Interest income	144
	6,073
Profit before tax	6,073
Tax expense	(1,730)
	4,343

An analysis of the results of the disposal group operations were as follows:

	Group RM'000
Profit before tax is arrived at after charging:	
Depreciation	
- property, plant and equipment	2,099
- right-of-use assets	52
Interest expenses on:	
- trade financing	805
- lease interest	5
- term loans	2
And crediting:	
Interest income	144

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

20. ASSETS HELD FOR SALE (cont'd)

(b) Disposal group (cont'd)

Analysis of the cash flows of the disposal group operations were as follows:

	2019 RM'000
Statements of Cash Flows	
Net cash used in operating activities	(18,294)
Net cash used in investing activities	(163)
Net cash from financing activities	20,380
	1,923
Net increase in cash and cash equivalents	1,923
Cash and cash equivalents at beginning of the financial year	14,823
	16,746

21. CAPITAL COMMITMENTS

	2020 RM'000	2019 RM'000
Group		
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	8,502	-
Approved but not contracted for	1,115	5,269
	9,617	5,269
	2020 RM'000	2019 RM'000
Company		
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	326	-
	326	-

22. CONTINGENT LIABILITIES

	Company	
	2020 RM'000	2019 RM'000
Unsecured:		
- Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	382,429	381,989
	382,429	381,989

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

23. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<i>Revenue from contracts with customers</i>				
Sale of goods	404,373	447,828	-	-
<i>Other revenue:</i>				
Gross dividend income from:				
- subsidiaries	-	-	2,800	1,275
- an associate	-	-	236	215
Rental income	5,608	6,340	5,116	5,044
	<u>409,981</u>	<u>454,168</u>	<u>8,152</u>	<u>6,534</u>

(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.

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 32 to the financial statements. No revenue was recognised over time.

24. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- current year	194	188	35	33
Interest expenses on:				
- trade financing	4,252	6,476	-	-
- revolving credits	2,024	2,753	1,330	1,763
- bank overdrafts	114	120	22	28
- term loans	1,100	967	493	681
- lease liabilities	246	560	14	21
- subsidiary	-	-	9	-
Loss on disposal of property, plant and equipment	4	-	-	-
Realised loss on foreign exchange	113	104	-	-
Retirement benefit obligations	211	211	54	63
Unrealised loss on foreign exchange	238	114	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

24. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
And crediting:				
Gain on disposal of property, plant and equipment	8,249	60	-	-
Net gain on disposal of a subsidiary	-	16,388	-	14,854
Interest income:				
- deposits with licensed banks	560	543	17	8
- subsidiaries	-	-	166	93
Realised gain on foreign exchange	165	18	-	-
Unrealised gain on foreign exchange	-	4	-	-

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

25. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive:				
Fees	85	82	85	82
Emoluments other than fees	7,247	7,384	1,176	1,722
Non-executive:				
Fees	175	143	175	143
Emoluments other than fees	11	10	11	10
	7,518	7,619	1,447	1,957

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 RM165,000 (2019: RM157,000) and RM36,000 (2019: RM36,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

26. TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing operations				
Current tax expense based on profit for the financial year:				
- income tax	4,225	900	360	50
- over provision in prior years	(57)	(834)	(48)	(340)
	4,168	66	312	(290)
Deferred tax (Note 10)				
Relating to origination and reversal of temporary differences	994	(2,871)	-	38
Under provision in prior years	191	1,067	-	-
	1,185	(1,804)	-	38
Real property gain tax	138	-	-	-
	5,491	(1,738)	312	(252)

**Group
2019
RM'000**

Disposal group operations

Current tax expense based on profit for the financial year:

- income tax	-
- under provision in prior years	1,010
	1,010

Deferred tax:

Relating to origination and reversal of temporary differences

Under provision in prior years	720
	720
	1,730

(a) Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2019: 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 2020 (cont'd)

26. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	27,687	1,523	900	12,503
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	6,645	366	216	3,001
Tax effects in respect of:				
- Non-allowable expenses	3,294	1,650	873	1,010
- Non-taxable income	(4,747)	(4,573)	(729)	(3,923)
- Deferred tax assets not recognised	339	586	-	-
- Utilisation of deferred tax assets not recognised in prior years	(312)	-	-	-
	5,219	(1,971)	360	88
Real property gain tax	138	-	-	-
Over provision of tax expenses in prior years	(57)	(834)	(48)	(340)
Under provision of deferred tax in prior years	191	1,067	-	-
	5,491	(1,738)	312	(252)

- (d) Tax on each component of other comprehensive income is as follows:

	Group					
	Before tax RM'000	2020 Tax effect RM'000	After tax RM'000	Before tax RM'000	2019 Tax effect RM'000	After tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translations	43	-	43	(13)	-	(13)



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

27. DIVIDENDS

	Group and Company			
	2020	2019	2020	2019
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
In respect of financial year ended 31 December 2018				
- Final cash dividend	-	-	0.5	978
In respect of financial year ended 31 December 2019				
- Final cash dividend	1.0	1,939	-	-
	<u>1.0</u>	<u>1,939</u>	<u>0.5</u>	<u>978</u>

- (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 27 July 2020, a final single tier dividend of 1.0 sen per share, amounting to approximately RM1,939,000 in respect of financial year ended 31 December 2019 was paid on 25 September 2020.

The Directors propose a final single tier cash dividend of 1.0 sen per share, amounting to approximately RM1,940,000 in respect of the financial year ended 31 December 2020, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

28. 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	
	2020	2019
Profit attributable to equity holders of the parent (RM'000)		
- Continuing operations	22,238	3,314
- Disposal group operations	-	2,215
	<u>22,238</u>	<u>5,529</u>
Weighted average number of ordinary shares outstanding (adjusted for treasury shares) ('000)	<u>194,162</u>	<u>195,686</u>
Basic earnings per ordinary share (sen)		
- Continuing operations	11.45	1.69
- Disposal group operations	-	1.14
	<u>11.45</u>	<u>2.83</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

28. 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 30 to the financial statements.

The following table reflects the profit and share data used in the computation of diluted earnings per ordinary share:

	Group	
	2020	2019
Profit attributable to equity holders of the parent (RM'000)		
- Continuing operations	22,238	3,314
- Disposal group operations	-	2,215
	22,238	5,529
Weighted average number of ordinary shares used in the calculation of basic earnings per ordinary share ('000)	194,162	195,686
Effects of dilution due to the ESOS ('000)	285	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	194,447	195,686
Diluted earnings per ordinary share (sen)		
- Continuing operations	11.44	1.69
- Disposal group operations	-	1.14
	11.44	2.83

29. EMPLOYEE BENEFITS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonuses	35,620	34,622	2,302	2,849
Defined contribution plan	3,542	3,715	267	349
Defined benefit plan	211	211	54	62
Other employee benefits	2,662	2,569	39	65
	42,035	41,117	2,662	3,325

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM7,258,000 (2019: RM7,394,000) and RM1,187,000 (2019: RM1,732,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

30. 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.

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 2020 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 par value of the ordinary shares, 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 within the Group during the options period.

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

	[----- Number of options over ordinary shares -----]					Outstanding as at 31.12.2020	Exercisable as at 31.12.2020
	Outstanding as at 1.1.2020	[----- Movement during the financial year -----]					
		Granted	Exercised	Lapsed			
2020							
2014 options ('000)	1,412	-	-	(5)	1,407	1,407	
Weighted average exercise prices (RM)	0.70	-	-	0.53	0.70	0.70	
Weighted average remaining contractual life (months)	52					40	

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (cont'd)

30. EMPLOYEES SHARE OPTION SCHEME ("ESOS") (cont'd)

The details of the options over ordinary shares of the Company are as follows (cont'd):

	[----- Number of options over ordinary shares -----]					Outstanding as at 31.12.2019	Exercisable as at 31.12.2019
	Outstanding as at 1.1.2019	Movement during the financial year [----- financial year -----]					
		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	
				Weighted average exercise price		Exercise period	
				2020	2019		
				RM	RM		
2014 options				0.70	0.70	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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

31. RELATED PARTY 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.

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 Hing Sdn. Bhd.	A company in which Dato' Toh Yew Peng and Toh Yew Keat are also Directors and shareholders
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
Tashin Hardware 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	
	2020 RM'000	2019 RM'000
Transactions with subsidiaries:		
Gross dividend income	(2,800)	(1,275)
Interest paid	9	-
Rental income	(3,509)	(3,436)
Interest income	(166)	(93)
Purchase of goods	4	-
Transactions with associate:		
<i>POSCO-MKPC Sdn. Bhd.</i>		
Rental income	(1,607)	(1,607)
Dividend income	(236)	(215)
	Group	
	2020 RM'000	2019 RM'000
Transactions with an associate:		
<i>POSCO-MKPC Sdn. Bhd.</i>		
Sales of goods	(65)	(257)
Purchase of goods	23,058	34,954
Rental income	(1,607)	(1,607)
Dividend income	(236)	(215)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

31. RELATED PARTY 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)

	2020	Group
	RM'000	2019
		RM'000
Transactions with subsidiaries of an associate:		
<i>Tashin Steel Sdn. Bhd.</i>		
Sales of goods	(187)	(21)
Purchase of goods	353	656
 <i>Tashin Hardware Sdn. Bhd.</i>		
Sales of goods	(2)	-
 Transactions with companies in which the substantial shareholders have financial interests:		
 <i>Chiho Hardware Sdn. Bhd.</i>		
Sales of goods	(677)	(634)
Purchases	15	29
 <i>YK Toh (M) Sdn. Bhd.</i>		
Rental paid	32	33
 Transactions with a company in which Toh Yew Keat and Dato' Toh Yew Peng have financial interests:		
 <i>Syarikat Kwong Nam Hing Sdn. Bhd.</i>		
Sales of goods	(37)	(36)
 Transactions with companies in which Toh Yew Chin has financial interests:		
 <i>YK Toh Marketing (S) Pte. Ltd.</i>		
Sales of goods	(3,054)	(4,483)
Purchases	2,441	1,842

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 2020 (cont'd)

31. RELATED PARTY 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short term employee benefits	7,904	7,991	2,171	2,602
Contributions to defined contribution plan	1,202	1,221	261	332
	9,106	9,212	2,432	2,934

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January	560	560	250	250
Additions*	-	-	132	-
As at 31 December	560	560	382	250

The terms and conditions of the share options are detailed in Note 30 to the financial statements.

* The Director of a subsidiary, Kenny Toh Jin Tat has been appointed as the Director of the Company on 1 October 2020.

32. 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 2020 (cont'd)

32. OPERATING SEGMENTS (cont'd)

2020

	Investment RM'000	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue				
Total revenue	8,152	126,594	322,335	457,081
Inter-segment revenue	(6,545)	(3,830)	(36,725)	(47,100)
Revenue from external customers	1,607	122,764	285,610	409,981
Finance costs	(1,701)	(1,470)	(4,565)	(7,736)
Interest income	17	190	353	560
Net finance expense	(1,684)	(1,280)	(4,212)	(7,176)
Depreciation	1,391	2,605	3,977	7,973
Segment profit before income tax	5,119	7,663	14,905	27,687
Share of profit of associates	5,054	-	-	5,054
Taxation	(312)	(47)	(5,132)	(5,491)
Other material non-cash items:				
Impairment losses on trade and other receivables	-	42	691	733
Reversal of impairment losses on trade and other receivables	-	-	(1,683)	(1,683)
Reversal of written down of inventories	-	(1,093)	(1,714)	(2,807)
Gain on disposal of :				
- property, plant and equipment	-	-	(123)	(123)
- assets held for sale	-	(8,126)	-	(8,126)
Loss on disposal of property, plant and equipment	-	4	-	4
Impairment of property, plant and equipment	-	-	354	354
Inventories written down	-	33	369	402
Unrealised loss on foreign exchange	-	130	108	238
Capital expenditure	88	1,690	5,229	7,007
Segment assets	179,365	84,361	243,778	507,504
Segment liabilities	45,062	37,070	113,962	196,094



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (cont'd)

32. 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 2020 (cont'd)

32. 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:

	2020	2019
	RM'000	RM'000
Revenue		
Total revenue for reportable segments	457,081	683,959
Elimination of inter-segmental revenues	(47,100)	(91,608)
	<u>409,981</u>	<u>592,351</u>
Less: Revenue from disposal groups operations	-	(138,183)
	<u>409,981</u>	<u>454,168</u>
Profit for the financial year		
Total profit for reportable segments	27,687	9,032
Elimination of inter-segment profits	-	(1,436)
	<u>27,687</u>	<u>7,596</u>
Profit before tax	27,687	7,596
Taxation	(5,491)	8
	<u>22,196</u>	<u>7,604</u>
Profit for the financial year of the Group per statements of profit or loss and other comprehensive income	<u>22,196</u>	<u>7,604</u>
Assets		
Total assets for reportable segments	507,504	510,308
Tax assets	109	2,014
Goodwill	1,675	1,675
Assets held for sale	-	3,924
	<u>509,288</u>	<u>517,921</u>
Assets of the Group per statements of financial position	<u>509,288</u>	<u>517,921</u>
Liabilities		
Total liabilities for reportable segments	196,094	226,703
Tax liabilities	8,643	6,438
	<u>204,737</u>	<u>233,141</u>
Liabilities of the Group per statements of financial position	<u>204,737</u>	<u>233,141</u>

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 2020 (cont'd)

33. 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 2020 and 31 December 2019.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Borrowings	160,650	181,365	40,369	39,295
Lease liabilities	3,064	6,847	245	399
	163,714	188,212	40,614	39,694
Shareholders' funds (excluding non-controlling interests)	304,464	284,651	130,041	131,921
Less: Intangible assets	(1,675)	(1,675)	-	-
Add: Net deferred tax	7,417	6,232	1,134	1,134
Net tangible assets	310,206	289,208	131,175	133,055
Gearing ratio	0.53	0.65	0.31	0.30

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 2020.

(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 2020 (cont'd)

33. 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).

NOTES TO THE FINANCIAL STATEMENTS
 31 DECEMBER 2020 (cont'd)

33. 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.

2020 Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Financial assets								
Financial assets at fair value through profit or loss								
- Forward currency contracts	-	104	-	-	-	-	104	104
Financial liabilities								
Financial liabilities at fair value through profit or loss								
- Forward currency contracts	-	275	-	-	-	-	275	275
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 2020 (cont'd)

33. 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)

2019 Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Financial assets								
Financial assets at fair value through profit or loss								
- Forward currency contracts	-	12	-	-	-	-	12	12
Financial liabilities								
Financial liabilities at fair value through profit or loss								
- Forward currency contracts	-	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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

33. 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			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2020								
Company								
Financial assets								
Amount owing by a subsidiary	-	-	-	-	2,637	-	2,637	3,007
Unrecognised financial liabilities								
- Contingent liabilities	-	-	-	-	-	#	#	-
2019								
Company								
Financial assets								
Amount owing by a subsidiary	-	-	-	-	1,913	-	1,913	2,084
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 2020 (cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

(d) The following table shows a reconciliation of Level 3 fair values:

	2020 RM'000	Group 2019 RM'000
Financial liabilities		
Balance as at 1 January	-	245
Gains and losses recognised in profit or loss		
- Other expenses (unrealised)	-	-
- Other expenses (realised)	-	(245)
	-	-
Balance as at 31 December	-	-

34. 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.

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

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligations when they are fall due. The exposure of the Group and the Company to liquidity risk arises principally from various lease liabilities, payables and borrowings.

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. The Company has net current liability of RM35,421,000 as at 31 December 2020, comprising mainly of revolving credit of RM29,000,000 based on loan facilities secured by the Company's property, plant and equipment as disclosed in Note 4 (d), the Company has assessed its cash flow position for the next twelve (12) months to ensure that the Company has sufficient funds to meet its obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(ii) Liquidity and cash flow risk (cont'd)

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:

2020	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Borrowings	142,581	15,351	5,182	163,114
Lease liabilities	1,714	1,451	43	3,208
Trade and other payables	29,074	2,493	180	31,747
Derivatives liabilities	275	-	-	275
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	173,644	19,295	5,405	198,344
	<hr/>	<hr/>	<hr/>	<hr/>
Company				
Financial liabilities				
Borrowings	32,327	8,214	-	40,541
Lease liabilities	167	87	-	254
Trade and other payables	1,620	2,493	180	4,293
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	34,114	10,794	180	45,088
	<hr/>	<hr/>	<hr/>	<hr/>
2019				
Group				
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
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	200,585	22,572	6,589	229,746
	<hr/>	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	35,225	8,959	2,049	46,233
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(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 2020, 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 RM194,000 (2019: RM206,000) 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 RM194,000 (2019: RM206,000) 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 2020, 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 RM86,000 (2019: RM85,000) 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 RM86,000 (2019: RM85,000) lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS
 31 DECEMBER 2020 (cont'd)

34. 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:

As at 31 December 2020								
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								
Trade financing	3.69	(90,567)	-	-	-	-	-	(90,567)
Revolving credits	4.39	(44,500)	-	-	-	-	-	(44,500)
Floating rate								
Bank overdrafts	4.48	(3,230)	-	-	-	-	-	(3,230)
Term loans	4.43	(3,949)	(3,949)	(3,307)	(3,093)	(3,093)	(4,962)	(22,353)
Company								
Fixed rate								
Amount owing by a subsidiary	3.71	503	516	535	555	575	825	3,509
Revolving credits	4.42	(29,000)	-	-	-	-	-	(29,000)
Floating rate								
Bank overdrafts	5.45	(1,934)	-	-	-	-	-	(1,934)
Term loans	4.24	(1,860)	(1,860)	(1,860)	(1,860)	(1,860)	(135)	(9,435)



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (cont'd)

34. 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 2019		WAEIR	Within	1 - 2	2 - 3	3 - 4	4 - 5	More than	Total
Group	%	RM'000	1 year	years	years	years	years	5 years	RM'000
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed rate									
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
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)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

34. 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 RM429,000 (2019: RM301,000) 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 2020 and 31 December 2019 are as follows:

2020	Currency	Contract amount in foreign currency '000	RM'000 equivalent	Maturities Within
Forward contracts used to hedge trade receivables	USD	972	4,003	3 months
Forward contracts used to hedge trade payables	USD	4,960	20,300	3 months
Forward contracts used to hedge trade payables	SGD	1	3	3 months
2019				
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

34. 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.

		2020 RM'000	Group 2019 RM'000
Profit after tax			
USD	- strengthen by 3%	+37	-444
	- weaken by 3%	-37	+444
THB	- strengthen by 3%	+6	+1
	- weaken by 3%	-6	-1
EURO	- strengthen by 3%	-	+11
	- weaken by 3%	-	-11
SGD	- strengthen by 3%	+1	-6
	- weaken by 3%	-1	+6
YEN	- strengthen by 3%	-	-8
	- weaken by 3%	-	+8
IDR	- strengthen by 3%	+23	-15
	- weaken by 3%	-23	+15

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) 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 reclassified to assets held for sales as disclosed in Note 20 (a) to the financial statements.

(b) The World Health Organisation declared the novel coronavirus ("COVID-19") a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO until 28 April 2021.

The Directors have assessed the financial impact on the Group and the Company and are of the opinion that there was no material financial impact arising from the pandemic. To mitigate its potential risks exposure, the Group and the Company have taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

The Group and the Company will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group and the Company for the financial year ending 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

36. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

36.1 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
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopt)
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

36.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

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
<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>	1 January 2021
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company do not expect the adoption of the above Standards to have a significant impact on the financial statements.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

37. FINANCIAL REPORTING UPDATES

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 have implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group and the Company as at the end of reporting period.

LIST OF PROPERTIES FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020

	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	40,368	13 to 25	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 *(95 years)	58,022 sq ft	2115	Office cum Warehouse for Prestar Marketing Sdn Bhd	19,481	3	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	14,541	27	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	15,407	21	18 Oct 2019
PRESTAR MARKETING SDN BHD								
1	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	775	58	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	22	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	20	4 Feb 2004

* Balance of Leasehold Tenure

Acquired through Debt settlement arrangement from various delinquent debtors

STATISTICS OF SHAREHOLDINGS AS AT 31 MARCH 2021

Total number of issued shares	: 204,920,030 ordinary shares
Class of Shares	: Ordinary shares
Number of Shareholders	: 4,870
Voting Rights	: One (1) vote per ordinary share on a poll

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	[----- No. of Shares Held -----]			
	Direct	%	Indirect	%
Fabulous Essence Sdn. Bhd.	52,592,200	27.11	-	-
Y.K. Toh Property Sdn. Bhd.	20,599,200	10.62	-	-
Toh Yew Keat	4,386,717	2.26	⁽¹⁾ 73,191,400	37.72
Dato' Toh Yew Peng	8,250,000	4.25	⁽¹⁾ 73,191,400	37.72
Soh Tik Siew	10,782,700	5.56	-	-

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	38	0.78	908	0.00
100 - 1,000	513	10.54	378,480	0.20
1,001 - 10,000	2,995	61.50	15,744,138	8.11
10,001 - 100,000	1,188	24.39	36,523,300	18.82
100,001 - 9,701,635 (*)	133	2.73	67,868,004	34.98
9,701,636 and above (**)	3	0.06	73,517,900	37.89
Total	4,870	100.00	194,032,730	100.00

Remarks:

* Less than 5% of issued shares

** 5% and above of issued shares



STATISTICS OF SHAREHOLDINGS AS AT 31 MARCH 2021 (cont'd)

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Directors	Nationality	[----- Direct Interest -----]		[---- Indirect Interest ----]	
		No. of shares held	%	No. of shares held	%
Shamsudin @ Samad Bin Kassim	Malaysian	100,000	0.05	0	0
Toh Yew Keat	Malaysian	4,386,717	2.26	*73,191,400	37.72
Dato' Toh Yew Peng	Malaysian	8,250,000	4.25	@73,371,400	37.81
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
Kenny Toh Jin Tat	Malaysian	0	0	0	0
Md. Nahar Bin Noordin	Malaysian	855,100	0.44	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	90,000	0.05	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.

@ 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
Shamsudin @ Samad Bin Kassim	0
Toh Yew Keat	0
Dato' Toh Yew Peng	0
Toh Yew Kar	250,000
Toh Yew Seng	0
Toh Yew Chin	0
Kenny Toh Jin Tat	132,000
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 31 MARCH 2021 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%)
1.	FABULOUS ESSENCE SDN. BHD.	50,192,200	25.87
2.	Y.K. TOH PROPERTY SDN. BHD.	12,543,000	6.46
3.	SOH TIK SIEW	10,782,700	5.56
4.	Y.K. TOH PROPERTY SDN. BHD.	8,056,200	4.15
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. <i>(PLEDGED SECURITIES ACCOUNT FOR DATO' TOH YEW PENG)</i>	6,580,000	3.39
6.	TOH YEW KEAT	4,386,717	2.26
7.	TOH YEW SENG	3,356,252	1.73
8.	TOH YEW KEONG	2,770,199	1.43
9.	TOH YEW CHIN	2,697,276	1.39
10.	FABULOUS ESSENCE SDN. BHD.	2,400,000	1.24
11.	TOH POH KHUAN	2,390,230	1.23
12.	TOH YEW HOE	2,266,254	1.17
13.	TOH YEW KAR	1,728,276	0.89
14.	RHB NOMINEES (TEMPATAN) SDN. BHD. <i>(PLEDGED SECURITIES ACCOUNT FOR DATO' TOH YEW PENG)</i>	1,620,000	0.83
15.	HLB NOMINEES (TEMPATAN) SDN. BHD. <i>(PLEDGED SECURITIES ACCOUNT FOR YEE WAI LENG)</i>	1,175,000	0.61
16.	CARTABAN NOMINEES (ASING) SDN. BHD. <i>[EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)]</i>	1,143,100	0.59
17.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. <i>[PLEDGED SECURITIES ACCOUNT FOR WONG LEY BENG (E-SS2)]</i>	985,400	0.51
18.	TOH YEW KAR	944,000	0.49
19.	TAY YING LIM @ TAY ENG LIM	867,800	0.45
20.	MD NAHAR BIN NOORDIN	855,100	0.44
21.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. <i>[EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)]</i>	825,000	0.43
22.	NG WEE TIEW @ NG WEE CHIEW	766,700	0.40
23.	FAM KEAT HONG	749,100	0.39
24.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>(PLEDGED SECURITIES ACCOUNT FOR LEE WOEI LUEN)</i>	710,000	0.37
25.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>(PLEDGED SECURITIES ACCOUNT FOR HO XI WEN)</i>	620,000	0.32
26.	CHU AH NUI @ CHOO YEE CHIANG	503,000	0.26
27.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. <i>[PLEDGED SECURITIES ACCOUNT FOR KONG LI THEN (PENANG-CL)]</i>	450,000	0.23
28.	PUBLIC NOMINEES (ASING) SDN. BHD. <i>[PLEDGED SECURITIES ACCOUNT FOR PHUA LAM HUAT (E-TMI)]</i>	400,000	0.21
29.	SEOW MUN HON	400,000	0.21
30.	CHEONG YOU CHIN	344,000	0.18

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 31 March 2021.

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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	Email:		
	Contact No.:		

*and

Second Proxy "B"

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email:		
	Contact No.:		

*or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Thirty-Sixth 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 Tuesday, 22 June 2021 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

Resolution No.	Resolutions	For	Against
1.	To approve the payment of a single-tier final dividend.		
2.	To approve the payment of Directors' fees.		
3.	To approve the benefits payable to the Non-Executive Directors.		
4.	To re-elect Encik Shamsudin @ Samad Bin Kassim.		
5.	To re-elect Mr. Kenny Toh Jin Tat.		
6.	To re-elect Dato' Toh Yew Peng.		
7.	To re-elect Tuan Haji Fadzlullah Shuhaimi Bin Salleh.		
8.	To re-elect Mr. Lou Swee You.		
9.	To re-appoint Messrs. BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
10.	Authority to Issue Shares pursuant to the Companies Act 2016.		
11.	Proposed Renewal of Share Buy-Back Authority.		
12.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
13.	Retention of Mr. Lou Swee You as an Independent Non-Executive Director.		
14.	Retention of Encik Md. Nahar Bin Noordin as an Independent Non-Executive Director.		
15.	Retention of Tuan Haji Fadzlullah Shuhaimi Bin Salleh as an Independent Non-Executive Director.		
16.	Retention of Dato' Lim Cheang Nyok as an Independent Non-Executive Director.		

* Strike out whichever not applicable.

Signed this day of 2021

Signature of Member/Common Seal

Notes:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
- 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.
- 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 its subsequent revision, 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@sshbs.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.
- 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.
- 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.
- 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://sshbs.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://sshbs.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

Affix
stamp

The Company Secretaries
PRESTAR RESOURCES BERHAD
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia

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PRESTAR RESOURCES BERHAD

198401010527 (123066-A)

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