ADVENTA BERHAD 200301016113 (618533-M)

ANNUAL REPORT 2019

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EDMOND CHEAH SWEE LENG
Chairman
Senior Independent Non-Executive Director

LOW CHIN GUAN
Managing Director

KWEK SIEW LENG
Executive Director

TOH SENG THONG
Independent Non-Executive Director

DATO' DR. NORRAESAH BINTI HAJI MOHAMAD
Independent Non-Executive Director

AUDIT COMMITTEE

TOH SENG THONG *(Chairman)*

EDMOND CHEAH SWEE LENG

DATO' DR. NORRAESAH BINTI HAJI MOHAMAD

NOMINATION COMMITTEE

EDMOND CHEAH SWEE LENG *(Chairman)*

TOH SENG THONG

REMUNERATION COMMITTEE

EDMOND CHEAH SWEE LENG *(Chairman)*

LOW CHIN GUAN

TOH SENG THONG

COMPANY SECRETARY

CHUA SIEW CHUAN (SSM PC NO. 201908002648)(MAICSA 0777689)
LIM LIH CHAU (SSM PC NO. 201908001454)(LS 0010105)

REGISTERED OFFICE

21, Jalan Tandang 51/205A,
Seksyen 51,
46050 Petaling Jaya,
Selangor Darul Ehsan
Tel : 03-9213 0520
Fax : 03-7772 9821

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2084 9000
Fax : 03-2094 9940

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
HSBC Bank (Malaysia) Berhad

EXTERNAL AUDITORS

Moore Stephens Associates PLT
Unit 3.3A, 3rd Floor
Surian Tower
No 1 Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

INTERNAL AUDITORS

PKF Advisory Sdn Bhd
Level 33, Menara 1MK
Kompleks 1 Mont Kiara
No. 1, Jalan Kiara Mont Kiara
50480 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad

GROUP CORPORATE STRUCTURE

LUCENXIA HEALTHCARE (PRIVATE) LIMITED

- *Provision of home dialysis services and products for the treatment of end stage renal disease and its related services*

55%

*** LUCENXIA LANKA (PRIVATE) LIMITED**

100%

LUCENXIA (M) SDN. BHD.

- *Provision of home dialysis services and products for the treatment of end stage renal disease and its related services*

100%

*** MYCARE LANKA (PRIVATE) LIMITED**

51%

SUN HEALTHCARE (M) SDN. BHD.

- *Distribution of medical and healthcare equipment, appliances and medical disposal products*

100%

*** LUCENXIA INTERNATIONAL SDN. BHD.**

- *Investment holding and provision of home dialysis services and products for the treatment of end stage renal disease and its related services*

100%

PTM PROGRESS TRADING & MARKETING SDN. BHD.

- *Provision of storage and warehousing services*

100%

** Dormant*

MANAGEMENT DISCUSSION AND ANALYSIS

The mixed results of the year are in line with our expectations in an eventful year. We had a run of above-average results in a challenging environment and we disposed of a business that was no longer aligned with our future direction of investing in high growth services. The disposal gain was a good return on investment, cumulating in a total return on investment of 7.3 times investment value over 10 years. The home dialysis business however is still at the take-off stages in several markets, and the expected contribution did not materialize as planned. The Company is optimistic about the potential of the business to achieve the medium-term objectives.

At the end of the year, the news of an impending pandemic in China started disruptions in the global supply chain. However, we had a robust sustainability plan in place and were able to overcome some unforeseen high demands. We upscaled the medical device/supplies business to meet the growing concerns of the market and the surge in specific products. Our personal protective equipment product sector grew rapidly and we strive to meet our customers' needs in the next few quarters.

Our strength in these business sectors allows us to leverage values and capabilities into new emerging markets. We are positioning our core competencies into regional expansions in both hospital supplies and home dialysis.

FINANCE

The Company was in a solid net cash position. That will allow the Company to expand its existing businesses in the coming year with minimal borrowings. With the possible outbreak of a viral pandemic, this strong cash position will not only shield the Company from cash needs but allow opportunities to be realized in such an environment.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

OPERATION

Optimization initiatives are continuing to reduce costs in logistics and inventory management. Inventory is lower with a better turnover rate. Delivery time improved. In summary,

Hospital Supplies: The revenue declined from a sharp drop in medical gloves, but revenue from other products grew. Margins are generally stable but kept within a tight range by competition. The improvement in logistics lowered costs. Balancing demand and supply was difficult for the best part of the year. With the impending Covid-19 pandemic, we expect supply dynamics to be challenging.

Services: We see a widening market for home peritoneal dialysis with the unique home-treatment packages we offer. The market accepts that technology and data management will be of greater benefit to the patients and the healthcare ecosystem, and our service model is to use data for optimisation of results and values. We continue to believe home medicine will be a significant shift in therapy applications and on-demand diagnostic capabilities. Home Medicine is not constrained by site infrastructures and this will be crucial to achieving universal healthcare. The Company has invested in this and will continue to do so.

SUSTAINABILITY

Medical technology is moving in diverse directions, and as a leader in the sector, we are in constant engagement with the industry to keep ahead of the curve, renewing product range and service packages. We have increased clinical and product development research to bring better value, faster services, and new capabilities to the patients and the people in the healthcare system. Our product teams helped customers cut costs through efficient buying and better-informed decisions on products.

With the focus of the Company in medical services, investments are made to improve communications and connectivity that are customer-centric. Services are customized closer to patient's and customers' needs, functionally, and productively.

We recognized our people are the drivers of the Company and the teams are continuously groomed to take up expansionary and succession duties. Our Environmental, Social and Governance principles define the way we do things, from hiring to all business operations, and from research to clinical studies. We believe in our core values and shall maintain our commitment to earning the trust and loyalty of our patients and customers.

ACKNOWLEDGMENTS AND APPRECIATION

I and the Board express our deep appreciation to all our employees who have, in many challenging times and situations worked passionately with full commitment to achieve the results and to firm up bigger foundations for the future. We thank our shareholders for their unwavering support and their belief in our vision and mission.

Our dedication to delivering Value and Quality shall always remain in our culture.

Low Chin Guan
Managing Director

SUSTAINABILITY STATEMENT

Sustainable development is the responsibility of a body to improve the quality of life of the community and future generation in which it operates. Adventa Berhad **("Adventa")** is committed to sustainable development and to continuously return better values to all stakeholders. We strive to make life better and safer and to protect the environment wherever we are. These values should be embedded in how and why we do things, in the policies and culture of our business and people. The future generation and the future should be protected from the acts, products, and education we set and seek forth.

To achieve this objective, Adventa is in continuous evaluation of our processes and development on the Environmental, Social and Governance **("ESG")** aspects and impact. We have the responsibility to deliver stakeholders expectation of returns and at the same time to ensure a safe environment in the process.

APPROACH TO SUSTAINABILITY

In addressing this initiative, the Group plans development and management of the Economic, Environmental and Social **("EES")** elements in its strategy. This general Sustainability Statement is prepared following the Main Market Listing Requirements **("MMLR")** of Bursa Malaysia Securities Berhad **("Bursa Malaysia Securities")** and has considered the Sustainability Reporting Guide, including its accompanying toolkits, issued by Bursa Malaysia Securities Berhad.

This statement is to communicate our Group's material sustainability matters that reflect significant economic, social and environmental impacts of the business.

This statement covers the financial year ended 31 December 2019 for our healthcare segment, warehousing segment and sterilisation segment (discontinued operation).

THE GOVERNANCE

The Group's approach to sustainability is formulated based on its core values and principled around its Group policy and culture, which as illustrated below and available on the company website.

INTEGRITY

Adventa maintains integrity in all dealings and trade, working to achieve excellence through honesty and responsibility, and without compromising on its duty of care. Undue and illegitimate practices are not tolerated.

CORPORATE RESPONSIBILITY

Adventa operates with a clear open policy when dealing with its shareholders and the authorities, making proper and timely disclosures of any and all material factors it faces. Adventa is to uphold and maintain the trust of its customers and shareholders.

QUALITY AND VALUES

Adventa strives for quality in all it does, giving customers the value they expect and deserve. Adventa endeavors to meet customer requirements and exceed expectations with the products it manufactures and sells.

FOCUS

The Group maintains a clear and defined focus on its objectives and targets. Adventa is set to be a multi layered and multi-product group producing and distributing products used in the healthcare industry.

SUSTAINABILITY STATEMENT
CONT'D

NON-POLITICAL INVOLVEMENTS

Adventa operates for commercial enterprise and to create value and returns for its shareholders. The Group is determined to operate within the legitimate laws and regulations set down by the democratically elected governments and do not involve themselves in any political, philosophical activity or movement of any particular group, country, or region.

ENVIRONMENTAL & SOCIAL CARES

Adventa operates within accepted social and environmental requirements. Its responsibility to society and social wellbeing is a priority in all its commercial decisions. Adventa works to achieve a cleaner and healthier environment for all employees and the societies it operates in, and uses its knowledge and ability to contribute back to its environment. The lives, careers and the rights of its employees are respected and enhanced in recognition of their loyalty and dedication in the organisation.

MATERIAL CORE FOCUS AREAS

Materiality, in sustainability terms, is not limited to matters that may have a financial impact on the Group but includes issues that may impinge on its ability to meet its present and future needs. The Group's definition of materiality is derived from the prescribed guidelines provided by Section 6.3 of the Practice Note 9 of the MMLR of Bursa Malaysia Securities, where material issues are defined as those which:

- reflect our Group's significant EES impacts; and/or
- substantively influence the assessment and decisions of the stakeholders.

The Group has internally performed a materiality assessment on the Group's EES matters and has identified the key focus areas which may have a greater direct or indirect impact on our Group's ability to create, preserve or erode the EES position. We evaluate business strategy decisions for sustainability risks and long term impacts. Collateral risks are identified and contained.

EES

The Group has made awareness and commitment to sustainability as a part of our management goal. We strive to achieve equitable diversity in our people, culture, philosophies and open-minded inclusiveness in all communities we engaged with. The Group carries out continuous engagements with all stakeholders on the best approach to social, environmental and economic goals without negative impacts. Our environmental and social footprints are to be minimised. Wastages, emissions, and inefficiencies are targeted as an environmental issue. Energy saving processes and product designs are parameters in our Research & Development (R&D).

Being in the healthcare industry, product competitiveness and quality, functional relevance and service levels are fundamental criteria for the company. Our policy and culture underpin our goals of:

- Products and services of value and quality that can ensure better safety and health of our customers.
- Minimal environmental footprint in process and product consumption.
- Improved social impact with our services.
- Safety and health assurance for our employees.

The Group practices diversity and equal opportunity for all, measured solely on performance metrics. There shall be zero discrimination in compensation and opportunities. Parental and family commitments are assessed and accommodated effectively to enable employees of all age and sex to participate productively and wholeheartedly.

BUILDING A SUSTAINABLE FUTURE

Adventa is committed to ensure sustainability with the active participation of all its people, continuously assessing risks and opportunity, work with newer technologies, open engagement and with integrity in all we do.

DIRECTORS' PROFILE

EDMOND CHEAH SWEE LENG

Chairman, Senior Independent Non-Executive Director
Malaysian, male

Mr. Edmond Cheah Swee Leng, aged 65, a Malaysian, was appointed to the Board of Adventa Berhad on 27 September 2004 and is presently the Chairman of the Company. He is a member of the Audit Committee and Chairman of the Remuneration Committee and Nomination Committee.

He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants and Association of Chartered Accountants, England and Wales. He is also a Certified Financial Planner. His professional experience has been in the fields of audit, merchant banking, corporate & financial advising, portfolio & investment management, unit trust management and financial planning.

His career started with a professional accounting firm in London where he was an Audit Manager. He was the manager in charge of Portfolio Investment in a merchant bank in Malaysia and subsequently in charge of the corporate and planning division in a public listed company. Mr. Cheah was the Chief Executive Officer/Executive Director and a member of the Investment Committee of Public Mutual Fund Berhad, the largest private unit trust management company in Malaysia.

He was also a council member and Chairman of the Secretariat of the Federation of Investment Managers Malaysia (FIMM), and is a former Task Force Member on Islamic Finance for Labuan International Offshore Financial Centre (LOFSA), and a former member on the Securities Market Consultation Panel in Bursa Malaysia Securities Berhad.

He attended all seven (7) Board Meetings held during the financial year ended 31 December 2019.

Mr. Cheah sits on the Board of Nylex Malaysia Berhad and Ancom Berhad, all of which are listed on Bursa Malaysia Securities Berhad. He is also an Investment Committee Member and Director of MAAKL Mutual Berhad.

TOH SENG THONG

Independent Non-Executive Director
Malaysian, male

Mr. Toh Seng Thong, aged 61, was appointed to the Board of Adventa Berhad on 10 May 2004. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

He graduated with a Bachelor of Commerce (Accounting) degree from the University of Canterbury, New Zealand in 1981. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Chartered Accountants Australia and New Zealand, a Fellow member of the Malaysian Institute of Taxation and an Associate member of the Harvard Business School Alumni Club of Malaysia.

Mr. Toh has over 30 years' experience in auditing, taxation and corporate and financial advisory. He is also a practicing Chartered Accountant of Malaysia. He started his own practice under Messrs. S T Toh & Co in 1997.

He attended all seven (7) Board Meetings held during the financial year ended 31 December 2019.

He sits on the Board of Latitude Tree Holdings Berhad, which is listed on Bursa Malaysia Securities Berhad.

DIRECTORS' PROFILE
CONT'D

DATO' DR. NORRAESAH BINTI HAJI MOHAMAD

Independent Non-Executive Director
Malaysian, female

Dato' Dr. Norraesah binti Haji Mohamad, aged 71, was appointed to the Board of Adventa Berhad on 8 November 2005. She is also a member of the Audit Committee.

Dato' Dr. Norraesah is a graduate with a Bachelor of Arts (Hons) Economics from University of Malaya, a Masters in International Economics Relations from International Institute of Public Administration, France and Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France.

She further obtained a PhD (Economics Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France.

She has over forty-five (45) years of working experience in the field of banking, consultancy, telecommunication, international trade and commerce.

She served the Government of Malaysia from 1972 to 1988 for a total of sixteen (16) years before leaving the public sector to join the private sector.

In the private sector, she assumed diverse roles between year 1989 to 2003. She was a Managing Director with a consulting firm which provides financial and consulting services appointed as the Chief Representative of Credit Lyonnais Bank in Malaysia and later was appointed as the Chairman of Bank Kerjasama Rakyat Malaysia.

She was appointed as a Senator from October 2005 to February 2008. She is a recipient of several state awards and was conferred the Chevalier de la Legion d'Honneur from French Government in 2004.

She sits on the Board of Directors of Excel Force MSC Berhad, MY E.G. Services Berhad and Latitude Tree Holdings Berhad, all of which are public companies. She also sits on the Board of Directors of several private limited companies.

She attended five (5) out of seven (7) Board Meetings held during the financial year ended 31 December 2019.

She is currently the Chairman of the World Islamic Businesswomen Network of the World Islamic Economic Forum (WIEF) and sits on its Board of Trustees and is a member of the International Advisory Panel.

KWEK SIEW LENG

Executive Director, Key Senior Management
Malaysian, female

Ms. Kwek Siew Leng, aged 53, was appointed to the Board of Adventa Berhad on 12 April 2004 and is presently the Executive Director of the Company.

She is an Associate Member of the Chartered Institute of Management Accountants (CIMA) and a Chartered Malaysian Institute of Accountants (MIA). She has senior operations experience in audit and accounting prior to joining the Adventa Berhad group. Her prior employment in public practice includes stints in statutory and regulatory reporting, financial planning, budgeting and forecasting, taxation, managerial skills as well as system development in various fields.

She joined one of the Company's subsidiaries as Finance Manager in 2002 and assumed the position of Group Finance Manager of Adventa Berhad in 2003. She was subsequently promoted to Finance Director in 2004. She is now responsible for the overall management and operations of the accounts and finance departments.

She attended all seven (7) Board Meetings held during the financial year ended 31 December 2019.

DIRECTORS' PROFILE
CONT'D

LOW CHIN GUAN

Managing Director, Key Senior Management
Malaysian, male

Mr. Low Chin Guan, aged 60, a Malaysian, was appointed to the Board of Adventa Berhad on 12 April 2004 and is presently the Managing Director of the Company. He is also a member of the Remuneration Committee.

He graduated as a Civil Engineer from the University of Manchester Institute of Science and Technology (UMIST), United Kingdom.

Mr. Low founded the initial subsidiary of the Group in 1988. He has years of experience in project management, operations of manufacturing and assembly plants, financial control, strategic planning and marketing. In 2004, he formed Adventa Berhad to hold the various companies and manufacturing facilities under a single group management.

He now leads the Group in the areas of strategic planning, business development, investments, acquisitions and key personnel recruitment. He is also actively involved in product development, particularly in technological directions.

He attended six (6) out of seven (7) Board Meetings held during the financial year ended 31 December 2019.

Mr. Low is the major shareholder of the Company. Mr. Low also is the brother of Ms. Low Lea Kwan, who is substantial shareholder of the Company. He does not have any family relationship with any other director nor any conflict of interest in any business arrangement involving the Company, except as disclosed in the Financial Statements.

Save as disclosed, none of the Directors have:-

1. *Any other directorship in public companies and listed issuers;*
2. *Any family relationship with any Director and/or major shareholder;*
3. *Any conflict of interest with the Company;*
4. *Any convictions for offences within the past five (5) years other than traffic offences, if any; and*
5. *Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors **("the Board")** of Adventa Berhad **("the Company")** is pleased to present this Corporate Governance **("CG")** Overview Statement **("Statement")** to provide the shareholders and investors with an overview on the application of CG practices by the Company and its subsidiaries **("the Group")** as set out in the Malaysian Code of Corporate Governance **("MCCG")** throughout the financial year ended 31 December 2019 **("FYE 2019")**.

This Statement is prepared in accordance with Bursa Malaysia Securities Berhad's **("Bursa Malaysia Securities")** Main Market Listing Requirements **("MMLR")** and it is to be read together with the CG Report of the Company in respect of FYE 2019 **("CG Report")** which is published at https://www.adventa.com.my/

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Company is led by a dynamic and experienced Board, with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Group.

The major responsibilities of the Board are outlined in the Board Charter. In FYE 2019, the Board discharged its key fiduciary duties, leadership functions and responsibilities, as follows:

- Reviewing and adopting a strategic plan for the Company
- Overseeing the conduct of the Company's business;
- Considering the management recommendations on key issues - including acquisitions and divestments, restricting, funding and significant capital expenditure;
- Identifying principal risks and ensuing the implementation of appropriate systems to manage these risks; and
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Deciding on necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- Ensuring that the Company's financial statements are true and fair and conform with any applicable laws and/or regulations; and
- Ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behaviour, and promoting a culture of corporate responsibility.

For the effective function of the Board, the Board has established the following Board Committees to assist in the discharge of its responsibilities:

(i) Audit Committee **("AC")**;
(ii) Nomination Committee **("NC")**; and
(iii) Remuneration Committee **("RC")**.

The Board Committees operates within clearly defined Terms of Reference **("TOR")** which were duly approved by the Board. The TORs are to be regularly reviewed as and when required to ensure they are consistent with MMLR and MCCG.

The Board is led by Mr. Edmond Cheah Swee Leng **("Mr. Edmond")**, who is the Chairman of the Company who always strive for instilling good CG practices, demonstrating leadership and oversee the effectiveness of the Board. The positions of Chairman and Managing Director are held by different individuals and their roles and responsibilities are distinct and clearly defined in the Board Charter.

The Board is supported by two (2) Company Secretaries who are suitably qualified under the Companies Act 2016, in all respect in the Companies Act 2016, MMLR of Bursa Malaysia Securities, MCCG and company secretary ship matters. The Board has full access to the advice and services of the Company Secretaries for the Board's affairs and the businesses.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

I. Board Responsibilities (cont'd)

The Board met seven (7) times during the FYE 2019. All Directors complied with the minimum requirements on attendance at Board meetings as stipulated in the MMLR (minimum 50% attendance). The details of the Directors' attendance at the Board meetings during the FYE 2019 are as follows:

No.	Name of Directors	Attendance of Board Meetings
1.	Edmond Cheah Swee Leng	7/7
2.	Low Chin Guan	6/7
3.	Kwek Siew Leng	7/7
4.	Toh Seng Thong	7/7
5.	Dato' Dr. Norraesah binti Haji Mohamad	5/7

The Board Charter of the Company documented the governance and structure of the Board, authority, major roles and responsibilities and TOR of the Board and Board Committees, matters reserved for the Board and other guidance on the Board conduct.

The Company has in place the Whistleblowing Policy to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Group may be exposed. The AC oversees the administration of the Whistleblowing Policy.

The Group has in place a Code of Conduct and Ethical Practice that is applicable to all the Directors of the Group where appropriate standards of conduct and ethical behaviour are maintained in the Group to preserve the Group's reputation and success of its operation.

The Board Charter, Whistleblowing Policy and the Code of Conduct and Ethical Practice are to be regularly reviewed by the Board as and when required, and they are available for viewing at the Company's website https://www.adventa.com.my/

II. Board Composition

The Company is led by an experienced and competent Board with different expertise. Presently, there are five (5) members of the Board, comprising one (1) Managing Director, one (1) Executive Director, two (2) Independent Non-Executive Directors and one (1) Senior Independent Non-Executive Director.

The Board deems its composition as appropriate in terms of its membership and size. There is a good mix of skills and core competencies in the current Board membership. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of finance, accounting and economics, as well as capital markets services.

The three (3) Independent Non-Executive Directors out of five (5) of the Board members, make up more than half of the Board and is in compliance with the paragraph 15.02(1) of the MMLR and Practice 4.1 of the MCCG. Notwithstanding the above, the Board views the number of its Independent Non-Executive Directors as adequate to provide the necessary check and balance to the Board's decision-making process.

The Board has not developed a policy which limits the tenure of its Independent Directors (**"ID"**) to nine (9) years. In the event the Board deems its beneficial to the Group to retain an ID beyond nine (9) years tenure, it will need to justify the recommendation to shareholders and seek shareholders' approval at a general meeting.

The Company has on its Board, there (3) IDs, who served as IDs for more than nine (9) years as at end of the financial year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

II. Board Composition (cont'd)

Following the assessment and recommendation made by the NC of the Company, the Board opined that the Director's Independence remains unimpaired, they were able to exercise independent judgement over business dealings of the Company is not influenced by the interest of other Directors or substantial shareholders. They also do not have any conflict of interest with the Company and have not been entering/is not expected to enter into any contracts with the Company and/or its subsidiary companies.

Accordingly, the Board recommended that the IDs of the Company who served for a cumulative term of more than nine (9) years as at the end of the financial year under review, be retained as ID, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company by way of ordinary resolution in line with Section 291 of the Companies Act 2016. Key justifications for retaining them as IDs are set out under the explanatory notes of Notice of Annual General Meeting in the Company's Annual Report 2019.

In any appointment of Board and Senior Management, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge, have been considered to maintain a diversified Board and Senior Management team that will help to grow the Group and have better governance in the Group.

The Board is also committed to gender diversity which includes the representation of women in the composition of the Board of the Company and at management level of the Group which is available for viewing at the Company website https://www.adventa.com.my/diversity

As at 31 December 2019, there are two (2) women Directors on Board which fulfils the recommendation of at least 30% women participation notwithstanding the Company is not classified as "Large Company".

The NC that is established by the Board, is responsible for screening, evaluating and recommending to the Board suitable candidates for appointment as Directors and Senior Management as well as filling vacancies in the Board Committees. The NC is chaired by Mr. Edmond, the Senior Independent Non-Executive Director, who is also the Chairman of the Company.

The Board, through the NC, has established a formal assessment mechanism to carry out assessment on an annual basis on the effectiveness of the Board Committees, the Board as a whole and the contribution of each individual Director, including the independence of the ID. The areas covered in the annual assessment criteria of the Board, Board Committees and individual Directors are as follows:

Evaluation	**Assessment Criteria**
Board and Board Committees	• Board mix and composition • Quality of information and decision making • Boardroom activities • Board relationship with the Management • Board Committees' Performance
Individual Directors	• Time commitment • Preparation for meetings • Contribution and performance

In FYE 2019, the NC had carried out the abovesaid assessments. The results indicated that the Board as a whole, the Board Committees and each individual Director had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies and the balance between the Executive Directors, Non-Executive Directors and IDs, is appropriate. The IDs had also fulfilled their independent role in corporate accountability.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

II. Board Composition (cont'd)

All Directors of the Company have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities for directors of listed issuers. Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

The Directors will continue to participate from time to time in training programmes to keep abreast with the latest developments in the capital markets, relevant changes in laws and regulations, corporate governance matters, and current business issues, from time to time.

The training programmes and seminars attended by Board members in FYE 2019 are as follows:

Directors	Training(s) Attended
Edmond Cheah Swee Leng	- Anti-Money Laundering Anti-Terrorism Financing and Proceeds on Unlawful Activities Act 2001
Low Chin Guan	- Thirty-Fifth (35th) Malaysian Society of Nephrology Congress - Fourth (4th) Asian Pacific Society of Dialysis Access
Toh Seng Thong	- National Tax Conference by the Chartered Tax Institute of Malaysia - Audit Oversight Board Conversation with Audit Committee by Securities Commission Malaysia
Kwek Siew Leng	- Evaluating Effective Internal Audit Function Audit Committees Guide
Dato' Dr. Norraesah binti Haji Mohamad	- Connecting Women through the use of Technology for Social and Economic Development

III. Remuneration

The Board has adopted a policies and procedures to determine the remuneration of Directors and Senior Management of the Company. The Board is aware that competitive remuneration is important to attract, retain and motivate its Directors to lead the Group in the long term.

The RC reviewed the remuneration packages of the Executive Directors to ensure their remuneration is sufficiently attractive and is able to retain and motivate them to run the Company successfully.

The remuneration packages for Directors was determined by the Board as a whole following the relevant recommendations made by the RC, with the Directors concerned abstaining from deliberations and voting on his/her own remuneration.

The details of the Directors' remuneration for the FYE 2019 and the remuneration breakdown of individual Directors which includes fees, salaries and bonus, benefits in-kind and other emoluments are provided in the CG Report and disclosed under Note 10 of the Financial Statements in this Annual Report 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The AC of the Company comprises exclusively three (3) Independent Non-Executive Directors. The members of AC possess a wide range of necessary skills to discharge its duties. The Chairman of AC, Mr. Toh Seng Thong, is a separate person from the Chairman of the Board as the Board acknowledges that the AC, being an independent and objective body, should function as the Company's independent watchdog to ensure the integrity of financial controls and effective financial risk management. The performance of the members of the AC is reviewed by the NC annually.

The AC has adopted Policy – External and Internal Auditors to assess the suitability, objectivity and independence of the External Auditors and with requirement to observe the cooling-off period of at least two (2) years before appointment of a former key audit partner as a member of the AC. In FYE 2019, none of the AC members were former key audit partners of the Company.

II. Risk Management and Internal Control Framework

The Risk Management Committee **("RMC")** is responsible to manage and monitor risk management. The Group has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objective of the Group. The Board through the AC and RMC reviews the key risks identified on a regular basis to ensure proper management of risks and that measures are taken to mitigate any weaknesses in the control environment.

The AC is established by the Board to provide independent oversight on the Company's internal and external audit functions, financial reporting, internal control systems and to ensure proper checks and balances within the Company.

The Board has established an internal audit function within the Company, which is led by the out-sourced Internal Auditors, PKF Advisory Sdn. Bhd. **("IA")**, who reports directly to the AC as an integral part of control structure and risk management framework of the Group.

During the FYE 2019, the AC is satisfied the IA has the necessary competencies, experience and sufficient resources to carry out the function effectively and independently.

The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control in this Annual Report 2019.

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

I. Effective Communication with Stakeholders

The Board recognises the importance of timely and high quality disclosure as a key component to uphold the principles and best practices of corporate governance for the Group. As such, maintaining an effective communication policy between members of the public and the Company is important to build trust and understanding between the Company and its various stakeholders.

The Board has in place Policy on Shareholders Communications and Investor Relations to ensure that shareholders and investment community are provided with timely and equal access to balanced and understandable information on the Company to enable shareholders to exercise their right in an informed manner and to allow shareholders and the investment community to engage actively with the Company.

Shareholders may communicate with the Company on investor relation matters by posting their enquiries to the Company through the Company's website enquiry form on its website, https://www.adventa.com.my/contact.

The Board also recognises that effective and timely communication of information related to the Company's business strategies, financial performance and business initiatives are essential in maintaining good relationship with investors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

I. Effective Communication with Stakeholders (cont'd)

Various communication channels are used for disseminating information to the shareholders and the investing public on a timely basis, i.e. Annual General Meeting **("AGM")**, Annual Report, quarterly announcements and corporate disclosures to Bursa Malaysia Securities, press releases, and investor and analyst briefings, the Company's website with updated information.

The Company has yet to adopt integrated reporting for FYE 2019 but the Board ensures there is continuous communication between the Company and its stakeholders to facilitate mutual understanding of each other's objectives and expectations.

II. Conduct of General Meetings

The AGM has been the main forum for shareholders to engage with the Board to facilitate greater understanding of the Company's business, governance and performance.

The Notice of Sixteenth (16th) AGM, together with the explanatory notes of the background information and reports or recommendations that are relevant to the proposed resolutions, as well as the Form of Proxy, was sent to shareholders at least twenty-eight (28) days prior to the date of the 16th AGM, so as to give sufficient time for the shareholders to consider the resolutions that will be discussed and decided at the 16th AGM, and to arrange for proxies to attend the 16th AGM on their behalf, if so required.

All Directors, Chairman of AC, RC and NC had attended the 16th AGM held on 19 June 2019 and the Extraordinary General Meeting held on 18 July 2019 **("EGM")**, save and except for Dato' Dr. Norraesah binti Haji Mohamad, who was absence on the 16th AGM due to unavoidable prior arranged commitment.

The Directors had actively responded to relevant questions addressed to them during the 16th AGM and the EGM.

The representatives of external auditors and/or representatives of Principal Adviser for the corporate exercise were also present to respond to the queries raised by the shareholders.

This Statement was approved by the Board of Directors of the Company on 15 June 2020.

ADDITIONAL COMPLIANCE INFORMATION

OTHER INFORMATION PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Utilisation of Proceeds

For the financial year ended 31 December 2019, the details of utilisation of the proceeds from the disposal of 100% equity interest in Electron Beam Sdn. Bhd. were as follows:-

Details of Utilisation	Expected utilisation time frame	Proposed Utilisation (RM '000)	Actual Utilisation (RM '000)	Remaining balance (RM '000)
Proposed Special Dividend	Within 6 months	10,700	-	10,700[1]
Business Expansion	Within 36 months	22,500	2,200	20,300
Repayment of Bank Borrowings	Within 6 months	20,000	20,000	-
Working Capital	Within 12 months	21,000	11,709	9,291
Estimated Expenses	Within 3 months	800	800	-
Total		**75,000**	**34,709**	**40,291**

Note:-

(1) The payment of special dividend of RM10.7 million has been made to the entitled shareholders on 22 January 2020.

2. Recurrent Related Party Transactions of Revenue Nature

The Company intends to seek its shareholders' approval to obtain new shareholders mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature (**"RRPTs"**) with the related parties which are necessary for the day-to-day operation and are in the ordinary course of business of the Group at the Seventeenth Annual General Meeting of the Company.

The new Shareholders' Mandate, details as provided in the Circular/Statement to Shareholders dated 22 June 2020 will be sent together with this Annual Report 2019.

Details of the RRPTs occurred during the financial year ended 31 December 2019 are disclosed in Note 28 to the Financial Statements set out on pages 111 and 112 of this Annual Report 2019.

3. Audit and Non-Audit Fees

The audit and non-audit fees paid by the Group to external auditors or company affiliated to the external auditor's firm for the financial year ended 31 December 2019 were as follows:-

	Company (RM)	Group (RM)
Audit services rendered	70,000	140,800
Non-audit services rendered	20,000	12,000
Total	**90,000**	**152,800**

4. Material Contracts Involving Directors and Major Shareholders

There were no material contracts entered into by the Company and its subsidiaries involving the Company's Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2019, or which were entered into since the end of the previous financial year.

AUDIT COMMITTEE REPORT

The Board of Directors of the Company **("the Board")** is pleased to present the report of the Audit Committee **("AC")** for the financial year ended 31 December 2019 **("FYE 2019")** in compliance with Paragraph 15.15(1) of the Main Market Listing Requirements (**"Main LR"**) of Bursa Malaysia Securities Berhad **("Bursa Malaysia Securities")**.

COMPOSITION AND MEETINGS

The AC comprises three (3) members, which no fewer than three (3) non-executive directors, all the members are Independent Non-Executive Directors. This complies with Paragraph 15.09(1)(a) and (b) of the Main LR of Bursa Malaysia Securities.

The Chairman of the AC, Mr. Toh Seng Thong is an Independent Non-Executive Director. In this respect, the Company complies with Paragraph 15.10 of the Main LR of Bursa Malaysia Securities. Furthermore, in compliance with the Practice 8.1 of the Malaysian Code on Corporate Governance **("MCCG")**, the Chairman of the AC is not the Chairman of the Board.

Mr. Toh Seng Thong and Mr. Edmond Cheah Swee Leng, being members of Malaysian Institute of Accountants (MIA), fulfil the requirement of Paragraph 15.09(1)(c) of the Main LR of Bursa Malaysia Securities.

The term of office and performance of the AC and each of its members shall be reviewed by the Nomination Committee on 26 February 2020 in accordance with Paragraph 15.20 of the Main LR of Bursa Malaysia Securities and was satisfied that they are financially literate and able to carry out their duties in accordance with their Terms of Reference for the FYE 2019. The Nomination Committee had subsequently reported its satisfaction to the Board of Directors for notation.

During the FYE 2019, the AC conducted a total of five (5) meetings. The composition of the AC and the attendance of the respective members at the meetings during the FYE 2019 are disclosed as follows:-

Name	Designation	Directorship	Attendance
Mr. Toh Seng Thong	Chairman	*Independent Non–Executive Director*	5/5
Mr. Edmond Cheah Swee Leng	Member	*Chairman / Senior Independent Non-Executive Director*	5/5
Dato' Dr. Norraesah binti Haji Mohamad	Member	*Independent Non-Executive Director*	3/5

The Terms of Reference of the Committee is available for reference on the Company's website at www.adventa.com.my

AUDIT COMMITTEE REPORT
CONT'D

SUMMARY OF WORK OF THE AUDIT COMMITTEE

1. OVERSIGHT OF THE FINANCIAL REPORTING PROCESS

During the FYE 2019, the AC carried out its duties as set out on its Terms of Reference. The AC discharged its oversight role by carrying out the following activities during the FYE 2019:

(a) Considered and recommended the appointment of External Auditors, the audit fee to the Board of Directors for approval;

(b) Reviewed and discussed the interim and year-end financial statements, prior to recommendations to the Board. The key areas of focus are the following:

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- going concern assumption;
- compliance with accounting standards and other legal requirements;
- significant matters highlighted in the financial statements; and
- significant judgements made by the Management.

` (c) The dates the AC met during the FYE 2019 to deliberate on financial reporting matters as detailed below:-

Date of meetings	Financial Reporting Statements Reviewed
23 February 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the quarter ended 31 December 2018
29 May 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the First quarter ended 31 March 2019
28 August 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the Second quarter ended 30 June 2019
26 November 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the Third quarter ended 30 September 2019
26 February 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the Fourth quarter ended 31 December 2019

2. OVERSIGHT OF EXTERNAL AUDIT FUNCTION

During the FYE 2019, the AC:-

(a) Reviewed with the External Auditors, their audit plan including non-audit services for the FYE 2019, outlining the audit scope, methodology and timetable, audit materiality, area of focus, fraud considerations and the risk of management override and also the new and revised auditors reporting standards.

(b) Discussed and considered the significant accounting adjustments, auditing issues and management letter arising from the interim audit as well as the final audit with the External Auditors. The AC also had a private discussion with the External Auditors on 23 February 2019, 26 November 2019 and 26 February 2020 without the presence of the any executive Board members and the Management to review on issues relating to financial controls and operational efficiencies of the Company and its subsidiaries.

(c) Evaluated the performance of the External Auditors for the financial period ended 31 December 2018 covering areas such as caliber, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the External Auditors.

AUDIT COMMITTEE REPORT
CONT'D

SUMMARY OF WORK OF THE AUDIT COMMITTEE (cont'd)

2. OVERSIGHT OF EXTERNAL AUDIT FUNCTION (cont'd)

Messrs. Moore Stephens Associates PLT **("MSA")** declared their independence and confirmed that they were not aware of any relationship between MSA and the Group that, in their professional judgement, might reasonably be thought to impair their independence.

The AC satisfied with the independence, suitability and performance of MSA, recommended to the Board for approval, the re-appointment of MSA as External Auditors for the ensuing financial year ending 31 December 2020.

3. OVERSIGHT OF INTERNAL AUDIT FUNCTION

In discharging its duties and responsibilities, the AC is supported by an independent and adequately resources internal audit function. The internal audit function is outsourced to PKF Advisory Sdn. Bhd. **("Internal Auditors")**, an independent professional services firm which assesses the adequacy, efficiency and effectiveness of the Group's internal control and risk management system.

During the FYE 2019, the internal audit function carried out audits in accordance with the internal audit plan approved by the AC. The results of the internal audit reviews and the recommendations for enhancement of existing controls were duly presented to the AC. The AC has full access to the Internal Auditors and has received reports on audits performed.

The internal audits were performed using a risk based approach and focused on:-

(a) reviewing identified high risk areas for compliance with established policies, procedures, rules, guidelines, laws and regulations;

(b) evaluating the adequacy of controls for safeguarding assets; and

(c) identifying business risks which have not been appropriately addressed.

During the FYE 2019, the AC performed the following activities:

(a) Reviewed and approved the Internal Audit Plan prepared by Internal Auditors for the FYE 2019, financial year ending 31 December 2020 and 31 December 2021 to ensure there is adequate scope and comprehensive coverage over the activities of the subsidiaries in the Group.

(b) Reviewed the internal audit reports relating to procurement and sales management of the Group.

(c) Reviewed the audit findings and recommendations to improve any weaknesses or non-compliance, and the respective management's response thereon, and monitored the implementation recommendations and action plans.

(d) Sought and obtain periodic updates from Internal Auditors on the status of implementation of post-audit recommendations from previous, as well as current, internal audit cycles.

(e) Met with the Internal Auditors on 29 May 2019 without the presence of the any executive Board members and the Management of the Group.

The professional fees incurred for the internal audit function in respect of FYE 2019 amounted to RM15,000/-.

AUDIT COMMITTEE REPORT
CONT'D

SUMMARY OF WORK OF THE AUDIT COMMITTEE (cont'd)

4. OTHER ACTIVITIES

(a) Reviewed the contents of the AC Report and Statement of Risk Management and Internal control for the FYE 2019 and ensured that these reports were prepared in accordance with the applicable requirements for inclusion in the Annual Report prior to recommendation to the Board for approval.

(b) Reviewed related party transactions and the adequacy of the group's procedures and processes in identifying, monitoring, reporting and reviewing related party transactions in a timely and orderly manner.

(c) Reviewed and recommended to the Board for approval the Statement to Shareholders in relation to the Proposed Renewal of Authority for Share Buy-Back.

(d) Reviewed updates from the External Auditors on the new developments and amendments in disclosure requirements arising from the new and amended Malaysian Financial Reporting Standards and IC interpretation, Companies Act 2016 and the amendments to the Main LR of Bursa Malaysia Securities affecting the contents of the Annual Report, particularly on the enhancement of disclosure on non-financial information, key audit matters and going concern.

BOARD'S CONCLUSION

The Board is satisfied that the AC and its members have carried out their functions, duties and responsibilities in accordance with the Terms of Reference of the AC and there were no material misstatements, frauds and deficiencies in the systems of internal control not addressed by the Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

INTRODUCTION

The Statement on Risk Management and Internal Control Statement **("this Statement")** is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements **("MMLR")** of Bursa Malaysia Securities Berhad **("Bursa Malaysia Securities")** in accordance with the Practices and Guidance relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance **("MCCG")** and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITIES

The Board recognises and affirms its overall responsibility for the Group's system of risk management and internal control for good corporate governance. Due to the limitations that are inherent in any internal control system, the Group's system of internal control can only manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. Notwithstanding this, the Board requires that the procedures and controls in place are subject to regular review as part of an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Board has received assurance from the Managing Director, Executive Director and the Senior Management team of the Group that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year ended 31 December 2019 **("financial year under review")** and up to the date of this Statement.

The Board has extended the responsibilities of the Audit Committee **("AC")** to include the role of reviewing and monitoring the effectiveness of the Group's internal control system. The AC receives assurance reports from the Internal Auditors on findings from audits carried out at operating units, and the External Auditors on areas for improvement identified during the course of statutory audit.

The Reports of the AC is set out on pages 18 to 21 of the Annual Report 2019.

RISK MANAGEMENT

The oversight of the Group's risk management process is the responsibility of the Managing Director who is assisted by the heads of department of the respective operating companies. During the financial year under review, the Group monitored significant risks and risk mitigation strategies on an ongoing basis through its management at the Risk Management Committee **("RMC")** meetings and Board meetings. Under the purview of the RMC, the respective heads of each operating subsidiary and department of the Group are empowered with the responsibility of managing their respective operations. Its functions include, inter alia:

- developing risk management framework;
- coordinate the updating of the risk profile;
- monitor the implementation of action plans; and
- review and assess the applicability of the control environment in mitigating risk.

In view of a constantly changing environment and competitive landscape, the Board is committed in maintaining a system of internal control that comprises the following environment, key processes and monitoring systems: -

- An annual risk assessment analysis that assists the management to continuously identify significant risks associated with key processes within a changing business and operating environment;
- The AC, through the RMC, reviews the adequacy and effectiveness of the Group's risk management and internal control procedures as well as any internal control issues identified by the Internal and External Auditors. This also involves identifying alternative controls to reduce risk identified;
- The AC, through the Internal Audit, assess the potential financial and non-financial impacts to the business risk identified and with the assistance of the RMC formulate and develop action plan to address the risk with timeline; and
- The RMC will update the risk profile of operating companies and Group, monitor and update progress to the AC annually.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

CONT'D

RISK MANAGEMENT (cont'd)

The Enterprise Risk Management **("ERM")** framework, risks and control measures established by the Company are documented and compiled by the RMC to represent the risk profile of the operating companies which in turn are consolidated to form the risk profile of the Group. Risk profiles are reviewed and updated on a yearly basis. Meetings are held at least once a year in which the updated risk profile will be deliberated by the AC before reporting to the Board.

During the financial year under review, the Group has continued with its ERM efforts. The risk profile of the Group was reviewed and updated to reflect the current conditions.

INTERNAL AUDIT FUNCTION

The Internal Audit Function adopts a risk-based approach, is guided by the International Professional Practice Framework (IPPF) and prepares its strategies and plans for AC's approval prior to execution of internal audit assessments. Internal audit reviews the internal controls in the key activities of the Group's businesses.

The internal audit team from PKF Advisory Sdn. Bhd. **("PKF")**, the independent consulting firm to which the Internal Audit Function has been outsourced, assesses the adequacy and effectiveness of the internal control system based on the scope of work approved by the AC and reports to the AC directly on its findings and recommendations for improvement. The Internal Auditor also reviews the extent to which its recommendations have been accepted and implemented by the Management. The AC reviews internal audit reports and management responses thereto and ensures significant findings especially control deficiencies are adequately addressed and rectified by the Management of the operating units concern. The AC reviews internal control matters and update the Board on significant issues for the Board's attention and action.

The Internal Auditors, which report directly to the AC, conducts reviews on the adequacy and effectiveness of the Group's system of internal controls that the Management has put in place. These audits review the internal controls in the key activities of the Group's business based on a three (3)-years detailed internal audit plan approved by the AC. Based on these audits, the Internal Auditors provide the AC with annual reports highlighting observations, recommendations and management action plans to improve the system of internal control.

During the financial year under review, the AC with the assistance of the external professional consulting firm, PKF, reviewed the adequacy and integrity of the Group's internal control systems relating to procurement and sales management.

The Engagement Partner, Dato' Josephine Low, a Certified Internal Auditor and certified Information Systems Auditor, has a diverse professional experience in internal audit, risk management and corporate governance advisory, and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence. Each internal audit review ranges from one (1) to two (2) staff per visit. Upon conduct a review on the Internal Audit Function, the AC concluded that the Internal Audit function is independent and PKF has performed their audit assignments with impartiality, proficiency and due professional care for the financial year under review.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the Group's system of internal controls comprises the following key elements:-

- a well defined organisational structure with clear reporting lines and accountabilities;
- clearly defined internal policies and procedures for key processes to ensure full compliance by all operating units and to minimise operating risks;
- a close monthly monitoring and review of financial results and forecasts for all operating units by the Managing Director; and
- clear reporting structures to ensure proper monitoring of the Group's operations together with regular quarterly reports which monitor the Group's performance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT
CONT'D

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed limited procedures on this Statement on Risk Management and Internal Control for the inclusion in the Annual Report 2019 of the Company in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Information and AAPG 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Controls. Their work performance are restricted to the requirements by Paragraph 15.23 of the MMLR of Bursa Malaysia Securities.

OPINION OF THE BOARD

The improvement of the system of internal control is an ongoing process and the Board maintains an ongoing commitment to strengthening the Group's internal control and risk management environment and processes.

Based on the internal processes which have been put into place by the Management, as well as the activities carried out by and subsequent reports of the outsourced Internal Audit function, the Board is of the view that the Group's system of internal control and risk management is sufficiently sound and adequate to safeguard the shareholders' investments and Group's assets for the financial year under review.

The Board has received assurance from the Managing Director and Executive Director that the Group's internal control and risk management system is operating adequately and effectively at the operating companies.

This statement is made in accordance with a resolution of the Board of Directors dated 15 June 2020 and has been duly reviewed by the external auditors, pursuant to Paragraph 15.23 of the MMLR of Bursa Malaysia Securities.

Based on their review, the External Auditors have reported that nothing has come to their attention that cause them believe that this Statement intended to be included in the Annual Report 2019 of the Company is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

The Directors are required under the provisions of the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and their results and cash flows of the Group and of the Company. In preparing the financial statements for the financial year ended 31 December 2019 in this Annual Report, the Directors have adopted suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent, as well as ensured that all applicable accounting standards in Malaysia have been followed.

The Directors have ensured that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company and ensured that the financial statements comply with the provision of the Companies Act 2016, Main Market Listing Requirements of Bursa Securities Malaysia Berhad and all applicable accounting standards in Malaysia.

The Directors also have general responsibilities for taking the necessary steps to safeguard the assets of the Group and of the Company and to detect and prevent fraud as well as other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 15 June 2020.

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities and other information of its subsidiaries are set out in Note 16 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year except for the disposal and discontinuance of the sterilisation business.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	22,197,414	63,086,393
Attributable to:		
- Owners of the Company	22,438,245	63,086,393
- Non-controlling interests	(240,831)	-
	22,197,414	63,086,393

DIVIDENDS

On 30 December 2019, the Directors declared a single-tier special dividend of RM0.07 per ordinary share amounting to RM10,695,004 for the current financial year, which was subsequently paid by the Company on 22 January 2020.

The Directors do not recommend any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES OR DEBENTURES

The Company has not issued any shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTOR' REPORT
CONT'D

DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial year to the date of this report are:

Low Chin Guan #
Kwek Siew Leng #
Toh Seng Thong
Edmond Cheah Swee Leng
Dato' Dr. Norraesah Binti Haji Mohamad

Being a Director of one or more subsidiaries

DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016 ("Act"), the Directors who served in the subsidiaries (excluding Directors who are also Directors of the Company) in office since the beginning of the financial year to the date of this report are as follows:

Tan Xi Yi	
Sellakapu Dinithi Niluthpala Silva	
Udayakantha Galabada Payagalage Dinesh	*(Appointed on 8 January 2020)*
Choy Wah Wei	*(Resigned on 1 June 2019)*
Hussain Jiffry Jazook Ahamed	*(Resigned on 8 January 2020)*

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Act, the interests of Directors in office at the end of the financial year in the shares of the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares			
	At 01.01.2019	**Acquired**	**Sold**	**At 31.12.2019**
Name of Directors:				
Ordinary shares in the Company				
Direct interest:				
- Low Chin Guan	58,446,552	-	-	58,446,552
- Kwek Siew Leng	1,000,000	-	-	1,000,000
- Toh Seng Thong	200,000	-	-	200,000
- Edmond Cheah Swee Leng	140,000	-	-	140,000
- Dato' Norraesah Binti Haji Mohamad	140,000	-	-	140,000

Low Chin Guan is deemed to have interest in the shares held by the Company in its subsidiaries by virtue of his substantial interest in shares of the Company.

DIRECTOR' REPORT
CONT'D

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company
	RM
Fees	271,200
Salaries and other emoluments	564,000
Contributions to defined contribution plan	107,160
Social security contributions	1,752
Estimated monetary value of benefits-in-kind	28,000
Total fees and other benefits	972,112

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 28(b) to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

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

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that 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 which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

 (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;

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

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

 (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

DIRECTOR' REPORT
CONT'D

OTHER STATUTORY INFORMATION (cont'd)

(c) At the date of this report, there does not exist:

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

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

(d) In the opinion of the Directors:

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

  (ii) 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; and

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

(e) The total amount paid to or receivable by the auditors of the Company and its subsidiaries as remuneration for their services for the financial year as set out in Note 8 to the financial statements.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

(g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company and its subsidiaries.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 18 May 2020.

LOW CHIN GUAN **KWEK SIEW LENG**

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 37 to 132 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 18 May 2020.

LOW CHIN GUAN **KWEK SIEW LENG**

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, KWEK SIEW LENG (MIA No.: 22423), being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 37 to 132 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 Petaling Jaya in the State of Selangor
Darul Ehsan on 18 May 2020

KWEK SIEW LENG

Before me,

NG SAY HUNG (B185)

INDEPENDENT AUDITORS' REPORT

to the members of Adventa Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Adventa Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 37 to 132.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Intangible Assets - Impairment Assessment of Development Costs

As at 31 December 2019, as shown in Note 15 to the financial statements, the carrying amount of the Group's development costs amounted to RM3,190,993, representing approximately 3% of the Group's total assets. During the financial year, the Group has recognised a written off of RM3,024,355 for its development costs.

A history of recent losses by the Group's healthcare business segment, particularly the renal dialysis business has resulted in an indication that the carrying amount of the development costs may be impaired. In prior period, the Group recognised an impairment loss of RM21,674,917 for its development costs. Accordingly, the Group estimated the recoverable amount of the development costs based on value-in-use ("VIU") calculation using cash flows projections derived from the most recent financial forecast and projections approved by the Directors covering a five-year period. The development costs were mainly divided into several phases.

We have identified the impairment review of development costs as a key audit matter as impairment test involves significant management judgement in estimating the underlying assumptions to be applied in the discounted cash flows projections of the VIU calculation. The recoverable amount of the development costs is highly sensitive to key assumptions applied in respect of revenue growth used in the cash flows projections. A small change in the assumptions can have a significant impact on the estimation of recoverable amount.

INDEPENDENT AUDITORS' REPORT

to the members of Adventa Berhad
(Incorporated in Malaysia)
CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key Audit Matters (cont'd)

Intangible Assets - Impairment Assessment of Development Costs (cont'd)

Our audit procedures performed and responses thereon

We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU: -

- We assessed the cash flows projections which was approved by the Directors against recent performance and the mathematical accuracy of the projections;
- We compared the key assumptions including forecasted revenue, gross margin and the pre-tax discount rate used against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available;
- We reviewed the pre-tax discount rate used by comparison to third party information, the Group's cost of capital and relevant risk factors;
- We performed sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amount of the development costs; and
- We assessed the appropriateness of the financial statements' disclosures concerning those key assumptions to which the outcome of the impairment testing is most sensitive.

Recoverability Assessment of Trade Receivables

As at 31 December 2019, as shown in Note 19 to the financial statements, the Group has net trade receivables balance of RM13,850,529, representing approximately 14% of the Group's total assets. During the financial year, the Group has recognised an impairment loss of RM1,506,847 for its trade receivables.

The impairment losses have been determined in accordance with Expected Credit Loss model ("ECL") upon the first-time adoption of MFRS 9 *Financial Instruments* which requires significant judgement and estimation to determine the recoverability of the trade debts.

We have identified recoverability on trade receivables as a key audit matter because of the significance of trade receivables in the financial statements both in amount and nature and the significant judgements required for the determination of the amount of impairment loss required as mentioned above.

Our audit procedures performed and responses thereon

We have performed the following audit procedures in relation to the recoverability assessment of trade receivables: -

- We reviewed the reliability of ageing of trade receivables at year end and understand the credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by management;
- We reviewed subsequent settlement of trade receivables after the financial year end, if any;
- We reviewed management's assessment on the recoverability of past due debts to assess the sufficiency of allowance for trade receivables through specific and collective provisions with reference to historical payment pattern of the customer, historical trend of bad debts or impairment provided for and forward-looking information as well as its correlation with macroeconomic factors; and
- We circulated confirmation letters to debtors to ascertain validity of the balance of debtors as at financial year end.

INDEPENDENT AUDITORS' REPORT

to the members of Adventa Berhad
(Incorporated in Malaysia)
CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key Audit Matters (cont'd)

Impairment Assessment of the Company's Investment in Subsidiaries

As at 31 December 2019, as shown in Note 16 to the financial statements, the carrying amount of the Company's investment in subsidiaries amounted to RM52,156,728, representing approximately 53% of the Company's total assets.

A history of recent losses and significant accumulated losses recorded by certain subsidiaries has resulted in multiple indications that the carrying amount of investment in subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amounts of the investment in subsidiaries based on value-in-use ("VIU") calculation and using cash flows projections derived from the most recent financial forecast and projections approved by the Directors covering a five-year period.

We have identified the impairment review of investment in subsidiaries as a key audit matter as impairment test involves significant management judgement in estimating the underlying assumptions to be applied in the discounted cash flows projections of the VIU calculation. The recoverable amount of the Company's investment in subsidiaries is highly sensitive to key assumptions applied in respect of revenue growth, gross margin, and the pre-tax discount rate used in the cash flows projections. A small change in the assumptions can have a significant impact on the estimation of the recoverable amount.

Our audit procedures performed and responses thereon

We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU: -

- We assessed the cash flows projections which was approved by the Directors against recent performance and the mathematical accuracy of the projections;
- We compared the key assumptions including forecasted revenue, gross margin and the pre-tax discount rate used against our knowledge of the individual subsidiary's historical performance, business and cost management strategies based on facts and circumstances currently available;
- We reviewed the pre-tax discount rate used by comparison to third party information, the Group's cost of capital and relevant risk factors;
- We performed sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the investment in subsidiaries; and
- We assessed the appropriateness of the financial statements' disclosures concerning those key assumptions to which the outcome of the impairment testing is most sensitive.

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 Annual Report 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 Annual Report 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 Annual Report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

to the members of Adventa Berhad
(Incorporated in Malaysia)
CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

(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 Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(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.

INDEPENDENT AUDITORS' REPORT

to the members of Adventa Berhad
(Incorporated in Malaysia)
CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

Other Matter

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

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

LO KUAN CHE
03016/11/2020 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 18 May 2020

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	Note	RM	RM	RM	RM
Continuing operations					
Revenue	4	30,229,013	41,589,922	2,168,800	-
Cost of sales	5	(26,426,104)	(35,785,135)	-	-
Gross profit		3,802,909	5,804,787	2,168,800	-
Other income	6	502,945	169,300	64,794,438	73,804
Other items of expense					
Administrative expenses		(6,311,787)	(6,193,106)	(2,549,992)	(619,806)
Selling and marketing expenses		(1,411,473)	(3,535,604)	-	-
Other operating expenses		(7,852,790)	(27,075,715)	(1,063,121)	(37,569,337)
(Loss)/profit from operations		(11,270,196)	(30,830,338)	63,350,125	(38,115,339)
Finance costs	7	(748,850)	(470,507)	(263,732)	(141,878)
(Loss)/profit before tax	8	(12,019,046)	(31,300,845)	63,086,393	(38,257,217)
Income tax expense	11	(486,560)	(119,946)	-	(226,368)
(Loss)/profit from continuing operations, net of tax		(12,505,606)	(31,420,791)	63,086,393	(38,483,585)
Discontinued operation					
Profit from discontinued operation, net of tax	16(c)(i)	34,703,020	5,986,740	-	-
Profit/(loss) for the financial year/period		22,197,414	(25,434,051)	63,086,393	(38,483,585)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		34,679	3,613	-	-
Total comprehensive income for the financial year/period		22,232,093	(25,430,438)	63,086,393	(38,483,585)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
CONT'D

		Group		Company	
		01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	Note	RM	RM	RM	RM
Profit/(loss) attributable to:					
- Owners of the Company		22,438,245	(25,434,051)	63,086,393	(38,483,585)
- Non-controlling interests		(240,831)	-	-	-
		22,197,414	(25,434,051)	63,086,393	(38,483,585)
Total comprehensive income attributable to:					
- Owners of the Company		22,456,537	(25,430,438)	63,086,393	(38,483,585)
- Non-controlling interests		(224,444)	-	-	-
		22,232,093	(25,430,438)	63,086,393	(38,483,585)
Basic earnings/(loss) per ordinary share attributable to Owners of the Company (sen):	12				
- from continuing operations		(8.19)	(20.57)		
- from discontinued operation		22.71	3.92		
		14.53	(16.65)		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	13	9,156,483	48,903,396	612,707	440,227
Right-of-use assets	14	7,721,501	-	-	-
Intangible assets	15	3,628,581	9,932,311	-	-
Investment in subsidiaries	16	-	-	52,156,728	37,656,726
Deferred tax assets	17	-	427,681	-	-
		20,506,565	59,263,388	52,769,435	38,096,953
Current Assets					
Inventories	18	11,632,076	15,565,300	-	-
Trade and other receivables	19	29,280,576	18,702,248	12,469,403	2,632,072
Tax recoverable		261,019	449,750	21,000	-
Fixed deposits placed with licensed banks	20	25,322,165	-	22,822,165	-
Cash and bank balances	20	14,810,360	9,299,400	9,989,208	235,704
		81,306,196	44,016,698	45,301,776	2,867,776
TOTAL ASSETS		101,812,761	103,280,086	98,071,211	40,964,729

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
CONT'D

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	21	57,680,204	57,680,204	57,680,204	57,680,204
Retained earnings/(Accumulated loss)		9,252,044	(2,491,197)	24,138,738	(28,252,651)
Reserves	22	21,905	3,613	-	-
Total equity attributable to Owners of the Company		66,954,153	55,192,620	81,818,942	29,427,553
Non-controlling interests		(504,850)	-	-	-
Total Equity		66,449,303	55,192,620	81,818,942	29,427,553
Non-Current Liabilities					
Loans and borrowings	23	1,500,000	16,267,575	-	-
Lease liabilities	25	595,772	-	-	-
Deferred tax liabilities	17	-	2,718,615	-	-
		2,095,772	18,986,190	-	-
Current Liabilities					
Trade and other payables	26	17,691,250	15,733,783	5,557,265	11,537,176
Loans and borrowings	23	4,500,000	12,898,539	-	-
Lease liabilities	25	381,413	-	-	-
Tax payables		19	468,954	-	-
Dividend payables	27	10,695,004	-	10,695,004	-
		33,267,686	29,101,276	16,252,269	11,537,176
Total Liabilities		35,363,458	48,087,466	16,252,269	11,537,176
TOTAL EQUITY AND LIABILITIES		101,812,761	103,280,086	98,071,211	40,964,729

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to Owners of the Company			
	Non-Distributable		Distributable	
	Share Capital	Foreign Currency Translation Reserves	Retained Earnings/ (Accumulated Loss)	Total Equity
	RM	RM	RM	RM
Group				
At 1 November 2017	58,304,809	-	22,942,854	81,247,663
Loss net of tax	-	-	(25,434,051)	(25,434,051)
Other comprehensive income:				
Foreign currency translation differences for foreign operations	-	3,613	-	3,613
Total comprehensive income	-	3,613	(25,434,051)	(25,430,438)
Transaction with Owners of the Company:				
Share issuance expenses	(624,605)	-	-	(624,605)
At 31 December 2018	57,680,204	3,613	(2,491,197)	55,192,620

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
CONT'D

		Attributable to Owners of the Company					
		Non-Distributable		Distributable			
	Note	Share Capital RM	Foreign Currency Translation Reserves RM	(Accumulated Loss)/ Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group							
At 1 January 2019		57,680,204	3,613	(2,491,197)	55,192,620	-	55,192,620
Profit/(loss) net of tax		-	-	22,438,245	22,438,245	(240,831)	22,197,414
Other comprehensive income:							
Foreign currency translation differences for foreign operations		-	18,292	-	18,292	16,387	34,679
Total comprehensive income		-	18,292	22,438,245	22,456,537	(224,444)	22,232,093
Transactions with Owners of the Company:							
- Acquisition of a subsidiary	16(a)(i)	-	-	-	-	(280,406)	(280,406)
- Dividend	27	-	-	(10,695,004)	(10,695,004)	-	(10,695,004)
Total transactions with Owners of the Company		-	-	(10,695,004)	(10,695,004)	(280,406)	(10,975,410)
At 31 December 2019		57,680,204	21,905	9,252,044	66,954,153	(504,850)	66,449,303

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		◄-- Attributable to Owners of the Company --►		
		Non-Distributable	Distributable	
		Share Capital	Retained Earnings/ (Accumulated Loss)	Total Equity
	Note	RM	RM	RM
Company				
At 1 November 2017		58,304,809	10,230,934	68,535,743
Loss net of tax, representing total comprehensive income for the financial period		-	(38,483,585)	(38,483,585)
Transaction with Owners of the Company:				
Share issuance expenses		(624,605)	-	(624,605)
At 31 December 2018		57,680,204	(28,252,651)	29,427,553
At 1 January 2019		57,680,204	(28,252,651)	29,427,553
Profit net of tax, representing total comprehensive income for the financial year		-	63,086,393	63,086,393
Transaction with Owners of the Company:				
Dividend	27	-	(10,695,004)	(10,695,004)
At 31 December 2019		57,680,204	24,138,738	81,818,942

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 01.01.2019 to 31.12.2019 RM	Group 01.11.2017 to 31.12.2018 RM	Company 01.01.2019 to 31.12.2019 RM	Company 01.11.2017 to 31.12.2018 RM
Cash Flows from Operating Activities					
Profit/(loss) before tax:					
- from continuing operations		(12,019,046)	(31,300,845)	63,086,393	(38,257,217)
- from discontinued operation	16(c)(i)	35,565,220	8,459,812	-	-
		23,546,174	(22,841,033)	63,086,393	(38,257,217)
Adjustments for:					
Amortisation of development costs	15	-	881,335	-	-
Development costs written off	15	3,024,355	-	-	-
Deposit written off		8,610	-	-	-
Depreciation of property, plant and equipment	13	1,414,259	2,283,934	216,104	29,004
Depreciation of right-of-use assets	14	417,602	-	-	-
Gain on disposal of a subsidiary	16(c)(iii)	(31,733,656)	-	(64,141,780)	-
Impairment loss on:					
- development costs	15	-	21,674,917	-	-
- goodwill	15	-	193,169	-	-
- investment in subsidiaries	16(d)	-	-	-	37,400,000
- trade receivables	30	1,506,847	1,731,091	-	-
- other receivables	30	34,253	356,183	-	-
Interest expense	7	1,100,101	1,315,024	263,732	141,878
Interest income	6	(479,274)	(132,523)	(652,658)	(73,804)
Inventories written down	18	1,651,025	21,461	-	-
Inventories written off	18	10,482	345,848	-	-
Loss on disposal of property, plant and equipment	8	46,219	-	46,219	-
Property, plant and equipment written off	8	1,342	8,951	-	-
Reversal of impairment loss on trade receivables	30	(403,002)	(1,780)	-	-
Unrealised loss on foreign exchange, net		221,552	78,602	-	-
Operating profit/(loss) before changes in working capital, balance carried forward		366,889	5,915,179	(1,181,990)	(760,139)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
CONT'D

		Group		Company	
		01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	Note	RM	RM	RM	RM
Operating profit/(loss) before changes in working capital, balance brought forward		366,889	5,915,179	(1,181,990)	(760,139)
Changes in working capital:					
Inventories		440,367	(1,210,866)	-	-
Trade and other receivables		(8,924,268)	689,610	(76,177)	201,569
Trade and other payables		11,386,192	(4,531,481)	361,737	76,876
Cash generated from/(used in) operations		3,269,180	862,442	(896,430)	(481,694)
Income tax paid		(825,109)	(828,799)	(21,000)	-
Income tax refund		452,750	36,832	-	36,832
Interest paid		(1,100,101)	(1,315,024)	(263,732)	-
Interest received		479,274	132,523	652,658	38,042
Net cash from/(used in) operating activities		2,275,994	(1,112,026)	(528,504)	(406,820)
Cash Flows from Investing Activities					
Acquisition of a subsidiary	16(a)(ii)	-	-	(2)	-
Additional investment in subsidiaries	16(a)(iii)	-	-	(23,500,000)	(7,000,000)
Net cash inflow arising from acquisition of a subsidiary	16(a)(i)	282,903	-	-	-
Net cash inflow arising from disposal of a subsidiary	16(c)(iv)	53,475,200	-	65,641,780	-
Payment for development costs	15	(1,107,061)	(1,152,970)	-	-
Purchase of property, plant and equipment	13	(1,095,763)	(1,727,510)	(565,803)	(466,590)
Purchase of right-of-use assets	14	(23,700)	-	-	-
Proceeds from disposal of property, plant and equipment		131,000	-	131,000	-
Net cash from/(used in) investing activities		51,662,579	(2,880,480)	41,706,975	(7,466,590)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
CONT'D

		Group		Company	
		01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	Note	RM	RM	RM	RM
Balance brought forward		53,938,573	(3,992,506)	41,178,471	(7,873,410)
Cash Flows from Financing Activities					
Advances from a Director		-	5,000,000	-	5,000,000
Increase in pledged deposits		(332,915)	-	-	-
Increase in fixed deposit pledged		(2,500,000)	-	-	-
Net advances (to)/from subsidiaries		-	-	(8,602,802)	3,709,049
Payment of share issuance expenses	21	-	(624,605)	-	(624,605)
Payment for the principal portion of lease liabilities	(i)	(420,046)	-	-	-
(Repayment to)/advances from a former Director		(106,000)	5,000,000	-	-
Repayment of loans and borrowings		(22,567,008)	(6,292,011)	-	-
Net cash (used in)/from financing activities		(25,925,969)	3,083,384	(8,602,802)	8,084,444
Net increase/(decrease) in cash and cash equivalents		28,012,604	(909,122)	32,575,669	211,034
Effect of exchange rate changes on cash and cash equivalents		(12,394)	(6,740)	-	-
Cash and cash equivalents at beginning of the financial year/period		9,299,400	10,215,262	235,704	24,670
Cash and cash equivalents at end of the financial year/period	(ii)	37,299,610	9,299,400	32,811,373	235,704

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
CONT'D

(i) Cash outflows for right-of-use assets are as follows:

	Group 01.01.2019 to 31.12.2019 RM
Included in net cash from operating activities	
- Interest paid in relation to lease liabilities	(25,951)
- Payment relating to short-term leases	(453,013)
Included in net cash used in financing activities	
- Payment for the principal portion of lease liabilities	(420,046)
	(899,010)

(ii) Cash and cash equivalents comprise:

		Group		Company	
	Note	01.01.2019 to 31.12.2019 RM	01.11.2017 to 31.12.2018 RM	01.01.2019 to 31.12.2019 RM	01.11.2017 to 31.12.2018 RM
Cash and bank balances		14,477,445	9,299,400	9,989,208	235,704
Pledged deposits to licensed banks	20(i)	332,915	-	-	-
		14,810,360	9,299,400	9,989,208	235,704
Fixed deposits placed with licensed banks	20(ii)	25,322,165	-	22,822,165	-
		40,132,525	9,299,400	32,811,373	235,704
Less:					
- Pledged deposit as performance bond		(332,915)	-	-	-
- Fixed deposit pledged as collateral		(2,500,000)	-	-	-
		37,299,610	9,299,400	32,811,373	235,704

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
CONT'D

(iii) The reconciliation of the movement of liabilities to cash flows arising from financing activities:

	At 1 November 2017	Drawdown	Repayment	Advances from	Net changes from financing cash flows	Acquisition of new leases	At 31 December 2018
	RM	RM	RM	RM	RM	RM	RM
Group							
01.11.2017 to 31.12.2018							
Amount due to a Director	-	-	-	5,000,000	5,000,000	-	5,000,000
Amount due to a former Director	-	-	-	5,000,000	5,000,000	-	5,000,000
Loans and borrowings:							
- Bankers' acceptance	474,000	4,847,000	(3,888,000)	-	959,000	-	1,433,000
- Hire purchase payables	54,695	-	(38,853)	-	(38,853)	583,264	599,106
- Revolving credit	14,000,000	-	(800,000)	-	(800,000)	-	13,200,000
- Term loans	20,346,166	-	(6,412,158)	-	(6,412,158)	-	13,934,008
	34,874,861	4,847,000	(11,139,011)	-	(6,292,011)	583,264	29,166,114
Total liabilities from financing activities	34,874,861	4,847,000	(11,139,011)	10,000,000	3,707,989	583,264	39,166,114

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
CONT'D

(iii) The reconciliation of the movement of liabilities to cash flows arising from financing activities: (cont'd)

	At 1 January 2019, as previously reported	Adjustment on initial application of MFRS 16	At 1 January 2019, as restated	Drawdown	Repayment	Net changes from financing cash flows	Acquisition of new leases	At 31 December 2019
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
01.01.2019 to 31.12.2019								
Amount due to a former Director	5,000,000	-	5,000,000	-	(106,000)	(106,000)	-	4,894,000
Lease liabilities	-	599,106	599,106	-	(420,046)	(420,046)	798,125	977,185
Loans and borrowings:								
- Bankers' acceptance	1,433,000	-	1,433,000	2,833,000	(4,266,000)	(1,433,000)	-	-
- Hire purchase payables	599,106	(599,106)	-	-	-	-	-	-
- Revolving credit	13,200,000	-	13,200,000	-	(10,700,000)	(10,700,000)	-	2,500,000
- Term loans	13,934,008	-	13,934,008	-	(10,434,008)	(10,434,008)	-	3,500,000
	29,166,114	(599,106)	28,567,008	2,833,000	(25,400,008)	(22,567,008)	-	6,000,000
Total liabilities from financing activities	34,166,114	-	34,166,114	2,833,000	(25,926,054)	(23,093,054)	798,125	11,871,185

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
CONT'D

(iii) The reconciliation of the movement of liabilities to cash flows arising from financing activities: (cont'd)

	At 1 November 2017	Net changes from financing cash flows	Interest payable/ (Interest receivable)	At 31 December 2018
	RM	RM	RM	RM
Company				
01.11.2017 to 31.12.2018				
Amount due to a Director	-	5,000,000	-	5,000,000
Amounts due to subsidiaries	-	6,199,770	141,878	6,341,648
Amount due from a subsidiary	-	(2,490,721)	(35,762)	(2,526,483)
	-	3,709,049	106,116	3,815,165
Total liabilities from financing activities	-	8,709,049	106,116	8,815,165

	At 1 January 2019	Net changes from financing cash flows	At 31 December 2019
	RM	RM	RM
Company			
01.01.2019 to 31.12.2019			
Amounts due from subsidiaries	(2,526,483)	(2,261,154)	(4,787,637)
Amounts due to subsidiaries	6,341,648	(6,341,648)	-
Total liabilities from financing activities	3,815,165	(8,602,802)	(4,787,637)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding.

The principal activities and other information of its subsidiaries are set out in Note 16. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year except for the disposal and discontinuance of the sterilisation business.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 18 May 2020.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int

(i) Adoption of new MFRSs, Amendments/Improvements to MFRSs and IC Int

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
MFRS 16	Leases
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 15	Clarification to MFRS 15: Revenue from Contracts with Customers
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2014-2016 Cycle	
Annual Improvements to MFRSs 2015-2017 Cycle	

The adoption of the new MFRSs, Amendments/Improvements to MFRSs and IC Int did not have any significant effect on the financial statements of the Group and of the Company except for: -

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

2. **BASIS OF PREPARATION** (cont'd)

(a) **Statement of compliance** (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(i) **Adoption of new MFRSs, Amendments/Improvements to MFRSs and IC Int** (cont'd)

MFRS 9 Financial Instruments

(i) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets:

Loans and receivables classified as amortised cost

Trade, other receivables and other financial assets, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 December 2018 are measured at amortised cost and there is no material difference in the measurement upon adoption of MFRS 9.

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis. No additional impairment losses are recognised at the date of initial application.

MFRS 15 Revenue from Contracts with Customers

The adoption of MFRS 15 resulted in changes in accounting policies in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and of the Company.

MFRS 16 Leases

MFRS 16 replaced MFRS 117 *Leases*, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 *Property, Plant and Equipment* whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made. Leases that were classified as finance leases under MFRS 117, the carrying amount of the ROU asset and lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before the date of initial application.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(i) Adoption of new MFRSs, Amendments/Improvements to MFRSs and IC Int *(cont'd)*

MFRS 16 Leases (cont'd)

The Group has also applied the following practical expedients permitted by MFRS 16 as follows:

- Leases of less than 12 months duration and leases for low value items are excluded. Rental payments associated with these leases will be recognised in the statements of comprehensive income on a straight-line basis over the life of the lease;
- The Group does not apply the standard to leases which lease terms end within 12 months from 1 January 2019; and
- The Group uses hindsight in determining lease terms for contracts that contain options for extension or termination.

The adoption of MFRS 16 required the Group to make judgment on the discount rate used on transition to discount future lease payments (i.e. the Group's incremental borrowing rates). This rate has been calculated to reflect the underlying lease terms and observable inputs. The risk-free rate component has been based on Cost of Fund ("COF") and has been adjusted for credit risk.

The Group applied the modified retrospective approach which requires the impact of the adoption to be included in the opening retained earnings on 1 January 2019. As such, comparative information was not restated and continues to be reported under MFRS 117 and related interpretations.

The right-of-use assets and lease liabilities are presented as a separate line in the statements of financial position.

The effects on presentation of statements of financial position of the Group arising from the initial application of MFRS 16 is as follows:

	As previously reported	Effects on adoption of MFRS 16	As restated
	RM	RM	RM
Group			
1 January 2019			
Assets:			
Property, plant and equipment	48,903,396	(10,561,191)	38,342,205
Right-of-use assets	-	10,561,191	10,561,191
Liabilities:			
Lease liabilities	-	599,106	599,106
Loans and borrowings	29,166,114	(599,106)	28,567,008

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(i) Adoption of new MFRSs, Amendments/Improvements to MFRSs and IC Int *(cont'd)*

MFRS 16 Leases (cont'd)

As disclosed in Note 16(c)(iii), the right-of-use assets of the discontinued operation have been derecognised and the movement during the financial year are as follows:

	2019 **RM**
Right-of-use assets	
Cost	
At 1 January, previously reported	-
Effect on adoption of MFRS 16	3,699,299
At 1 January, as restated	3,699,299
Transfer to property, plant and equipment (Note 13)	(202,539)
Disposal of a subsidiary	(3,496,760)
At 31 December	-
Accumulated Depreciation	
At 1 January, previously reported	-
Effect on adoption of MFRS 16	421,857
At 1 January, as restated	421,857
Charge for the financial year	33,529
Transfer to property, plant and equipment (Note 13)	(18,568)
Disposal of a subsidiary	(436,818)
At 31 December	-
Net Carrying Amount	
At 31 December	-

The interest expense on lease liabilities charged to the profit or loss during the financial year is RM4,940.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs, Amendments/Improvements to MFRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company: -

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Costs

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

Effective date to be announced

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

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

2. **BASIS OF PREPARATION** (cont'd)

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, unless otherwise stated.

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

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

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

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line method over the assets' useful lives. The Directors estimate the useful lives of these property, plant and equipment to be between 4 to 85 years.

The Group and the Company anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment of development costs

The development costs are related to development of home dialysis machines including patient care management system.

The Group reviews the useful lives of development costs at each reporting date in accordance with the accounting policy as disclosed in Note 3(l). The Group also assesses whether there are any indicators of impairment for development costs at each reporting date and tested for impairment when there are indicators that the carrying amounts may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

(ii) Impairment of development costs (cont'd)

This requires management to estimate the expected future cash flows, which depends significantly on the procurement of future projects, to apply a suitable discount rate to determine the present value of those cash flows. The impairment assessment could be materially affected by the changes in the assumptions and estimates used in the cash flows projection.

(iii) Amortisation of development costs

The development costs are amortised on a straight-line basis over its useful life. The management estimates the useful lives of the development costs to be 20 years which is a common life expectancy in the healthcare industry. Changes in the technology could impact the economic useful lives of these assets, therefore future amortisation charges could be revised.

(iv) Impairment of goodwill

The Group is required to perform an annual impairment test and at other times when such indicators exist of the cash-generating units ("CGUs") or groups of CGUs to which goodwill has been allocated. The Group estimates the recoverable amounts of its CGUs or group of CGUs to which goodwill is allocated based on the higher of an assets' fair value less costs to sell and value in use.

This requires management to estimate the expected future cash flows of the CGUs and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(v) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business.

Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(vi) Impairment of financial assets and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a loan or receivable is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's loans and receivables at the reporting date are disclosed in notes to the financial statements.

In adoption of MFRS 9, the Group and the Company assess on a forward-looking basis the expected credit loss associated with their debt instruments carried at amortised cost. The impairment methodology applied as disclosed in Note 3(p)(i) depends on whether there has been a significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

2. **BASIS OF PREPARATION** (cont'd)

(d) **Significant accounting estimates and judgements** (cont'd)

(vii) Write-down of inventories

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

(viii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(ix) Carrying value of investments in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries.

(x) Fair value estimates for certain financial assets and liabilities

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

(e) **Change in accounting policy**

The Group changes its accounting policy for inventories as disclosed in Note 3(m) from weighted average cost formula to first-in, first-out ("FIFO") cost formula comparatively. According to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, this constitutes a change in accounting policy with potential retrospective implications.

Accordingly, the management has quantified the impact of such changes as immaterial and no adjustment being made to the Group's opening retained earnings and the impact of the change in accounting policy as described above will be accounted for prospectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

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

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

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in the profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in the profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(a) **Basis of consolidation** (cont'd)

Business combination (cont'd)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss.

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

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

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

Subsidiaries

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

Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated of financial position, separately from equity attributable to Owners of the Company. Non-controlling interest is initially measured at acquisition-date share of net assets other than goodwill as of the acquisition after and is subsequently adjusted for the changes in the net assets of the subsidiary after the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Non-controlling interests (cont'd)

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

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

(ii) Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows: -

- Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to other comprehensive income.

Exchange reserve in respect of a foreign operation is recognised to the profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to the profit or loss in respect of all other partial disposals.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue and other income recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- The Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- The Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

<u>Rental income</u>

Rental income from dialysis machine is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

<u>Sale of goods</u>

Revenue from the sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and goods and services taxes and discounts.

<u>Service rendered</u>

Revenue from services rendered is recognised in the profit or loss when the services are performed.

<u>Warehouse handling services</u>

Revenue from service rendered is recognised in the profit or loss when the services are performed.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue and other income recognition (cont'd)

Management fee

Management fee are recognised when services are rendered.

Other revenue earned by the Group and the Company are recognised on the following basis:

Interest income

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

(d) Employee benefits

Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). The subsidiaries outside Malaysia make contributions to the relevant state pension scheme. Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(f) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year/period, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(f) **Income taxes** (cont'd)

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(g) **Leases**

Current financial year

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land	40 years
Motor vehicles	10 years
Warehouse premise	Over the lease period of 2 years

If right-of-use asset relates to a class of property, plant and equipment to which the lessee applies the revaluation model in MFRS 116, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

The right-of-use assets and lease liabilities are presented as a separate line in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Leases (cont'd)

Current financial year (cont'd)

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3(p)(ii).

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Previous financial year

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

(i) Finance Lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating Lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, whichever is earlier. When an operation is classified as a discontinued operation, the comparative statements of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(i) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year/period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year/period for the effects of all dilutive potential ordinary shares.

(j) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in the profit or loss as incurred.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Buildings	2% - 2.5%
Computers	20% - 25%
Motor vehicles	10%
Plant and equipment	3.33% - 14%
Furniture and fittings, medical equipment, office equipment, renovation, signboard and warehouse equipment	10% - 20%

In prior year, leasehold land is amortised evenly over the remaining lease periods range from 40 to 85 years.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(k) Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing costs incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

(l) Intangible assets

Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash-generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in subsidiary in the profit or loss.

Development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Intangible assets (cont'd)

Development costs (cont'd)

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to prepare the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in the profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Development costs	20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first-in, first-out ("FIFO") cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances and fixed deposits placed with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9 *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Previous financial year

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

<u>Amortised cost</u>

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(o) **Financial instruments** (cont'd)

(ii) **Financial instrument categories and subsequent measurement** (cont'd)

Financial assets (cont'd)

Current financial year (cont'd)

Amortised cost (cont'd)

Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in the profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(p)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 3(p)(i)).

Previous financial year

All financial assets of the Group and of the Company were classified and measured under MFRS 139 *Financial Instruments: Recognition and Measurement* as follows:

Loans and receivables

Loans and receivables category comprise debt instruments and financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to impairment assessment (see Note 3(p)(i)).

Financial liabilities

Current financial year

The category of financial liabilities at initial recognition is as follows:

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

All financial liabilities of the Group and of the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities (cont'd)

Previous financial year (cont'd)

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in the profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

Fair value arising from financial guarantee contracts were classified as deferred income and was amortised to the profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in the profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(v) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial instruments (cont'd)

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

(p) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9 *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowances of the Group and of the Company are measured on either of the following basis:

(i) 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach - trade receivables

The Group and the Company apply the simplified approach to provide ECLs for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment (cont'd)

(i) Financial assets (cont'd)

Current financial year (cont'd)

General approach - other financial instruments contracts and financial guarantee contracts

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-months ECLs at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset is more than the range from 61 days to 270 days past due, depending on customer profiles.

The Group and the Company consider a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held). The Group and the Company only apply a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Credit impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event (e.g. being more than the range from 270 days to 365 days past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(p) Impairment (cont'd)

(i) Financial assets (cont'd)

Current financial year (cont'd)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due. Any recoveries made are recognised in the profit or loss.

Previous financial year

All financial assets, other than those at fair value through profit or loss, investment in subsidiaries and investment in associate company are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in the profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(p) **Impairment** (cont'd)

(ii) Non-financial assets (cont'd)

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in the profit or loss.

(q) **Equity instruments**

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

Ordinary shares

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

(r) **Provisions**

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of comprehensive income net of any reimbursement.

(s) **Operating segments**

Operating segments are defined as components of the Group that:

(a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(s) **Operating segments** (cont'd)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

(b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and
(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are 10% or more of the combined segments that reported a loss.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75% of the revenue of the Group. Operating segments identified as reportable segments in the current financial year/period in accordance with the quantitative thresholds would result in a restatement of prior period segment date for comparative purposes.

(t) **Contingencies**

(i) **Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) **Contingent assets**

Where is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(u) **Fair value measurements**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Fair value measurements (cont'd)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

		Group		Company	
		01.01.2019 to 31.12.2019	**01.11.2017 to 31.12.2018**	**01.01.2019 to 31.12.2019**	**01.11.2017 to 31.12.2018**
	Note	**RM**	**RM**	**RM**	**RM**
Continuing operations					
Healthcare business:					
- Distribution of medical and healthcare equipment	(i)	28,524,424	40,881,325	-	-
- Renal dialysis	(ii)	1,484,589	708,597	-	-
Management fee	(iii)	220,000	-	2,168,800	-
		30,229,013	41,589,922	2,168,800	-
Discontinued operation					
Sterilisation of medical product and equipment	(iv)	8,650,868	18,439,897	-	-
		38,879,881	60,029,819	2,168,800	-
Timing of revenue recognition:					
- Point in time		38,879,881	60,029,819	2,168,800	-

The disaggregation of revenue by segment and geographical market is disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

4. **REVENUE** (cont'd)

Continuing operations

(i) Distribution of medical and healthcare equipment

Performance obligation ("PO")

The contracts with customers are bundled and consist of obligations for the sale of goods and delivery of goods to its customers in some instances. Contracts for bundled services are comprised of multiple POs and are capable of being distinct and separately identifiable. However, the management has assessed that the delivery obligation is primarily a value-added fulfilment service and is not considered to be a significant distinct PO. Accordingly, the contracts with the respective customers are considered as a single PO and is satisfied on point in time basis.

Timing of recognition / Unsatisfied PO

Revenue is recognised at point in time when the control over the goods have been transferred to the customer and obtain customer acceptance of the said goods. Revenue is recognised based on the price specified in the invoices, net of discounts, rebates and incentives where applicable. There is no unsatisfied POs yet to be recognised as revenue as at the reporting date.

(ii) Renal dialysis

The Group provides home dialysis products for the treatment of end stage renal disease and its related services to its customers.

Performance obligation ("PO")

The contracts with customers are bundled and consist of obligations for the sales of dialysis treatment package which includes supply of dialysis machine and medical consumables in relation to the treatment of end stage renal disease. However, the management has assessed that these services are interrelated and interdependent and shall not be considered as distinct services which come as a service package offered to customer. The PO is satisfied upon monthly services rendered charged based on the fixed package price per month.

Timing of recognition / Unsatisfied PO

Revenue is recognised at point in time when the agreed scope of work stipulated in the service contract has been performed and accepted by respective contract customer. There is no unsatisfied POs yet to be recognised as revenue as at the reporting date.

(iii) Management fee

The performance obligation is satisfied at point in time upon completion of services rendered and billed on a monthly basis.

Discontinued operation

(iv) Sterilisation of medical product and equipment

Performance obligation ("PO")

The contracts with customers are considered as a single PO and capable of being distinct and separately identifiable as stipulated in the service contract and scope of work. The duration and price are also stipulated in the respective contract. The PO is satisfied upon services rendered and acknowledged by customers via the issuance of Certificate of Irradiation.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

4. **REVENUE** (cont'd)

Discontinued operation (cont'd)

(iv) Sterilisation of medical product and equipment (cont'd)

Timing of recognition / Unsatisfied PO

Revenue is recognised at point in time when sterilisation of medical product and equipment have been completed and obtain customer acceptance of the sterilised products. There is no unsatisfied POs yet to be recognised as revenue as at the reporting period as the sole revenue generating subsidiary pertaining to the sterilisation provider segment has been disposed as disclosed in Note 16(c).

5. **COST OF SALES**

Cost of sales represents cost of goods sold, direct costs and overheads of services provided.

6. **OTHER INCOME**

	Group		Company	
	01.01.2019 to 31.12.2019	**01.11.2017 to 31.12.2018**	**01.01.2019 to 31.12.2019**	**01.11.2017 to 31.12.2018**
	RM	**RM**	**RM**	**RM**
Continuing operations				
Gain on disposal of a subsidiary	-	-	64,141,780	-
Interest income	449,710	93,175	652,658	73,804
Realised gain on foreign exchange	53,235	39,997	-	-
Sundry income		33,161	-	-
Unrealised gain on foreign exchange	-	2,967	-	-
	502,945	169,300	64,794,438	73,804
Discontinued operation				
Gain on disposal of a subsidiary	31,733,656	-	-	-
Interest income	29,564	39,348	-	-
Reversal of impairment loss on trade receivables	403,002	-	-	-
Sundry income	-	27,504	-	-
Unrealised gain on foreign exchange	10,204	4,243	-	-
	32,176,426	71,095	-	-
	32,679,371	240,395	64,794,438	73,804

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

7. FINANCE COSTS

	Group		Company	
	01.01.2019 to 31.12.2019 RM	01.11.2017 to 31.12.2018 RM	01.01.2019 to 31.12.2019 RM	01.11.2017 to 31.12.2018 RM
Continuing operations				
Interest expense on:				
- Bankers' acceptance	28,881	68,448	-	-
- Bank overdraft	15,201	-	15,201	-
- Hire purchase payables	-	5,604	-	-
- Interest charged by subsidiaries	-	-	248,531	141,878
- Lease liabilities	21,011	-	-	-
- Letter of credit	8,621	-	-	-
- Revolving credit	229,828	-	-	-
- Term loans	445,308	396,455	-	-
	748,850	470,507	263,732	141,878
Discontinued operation				
Interest expense on:				
- Bank overdraft	14,691	27,997	-	-
- Hire purchase payables	-	2,254	-	-
- Lease liabilities	4,940			
- Revolving credit	261,354	565,347	-	-
- Term loan	70,266	248,919	-	-
	351,251	844,517	-	-
	1,100,101	1,315,024	263,732	141,878

8. (LOSS)/PROFIT BEFORE TAX

Other than those disclosed in Notes 6 and 7, (loss)/profit before tax is arrived at after charging/(crediting): -

		Group		Company	
	Note	01.01.2019 to 31.12.2019 RM	01.11.2017 to 31.12.2018 RM	01.01.2019 to 31.12.2019 RM	01.11.2017 to 31.12.2018 RM
Auditors' remuneration					
- auditors of the Company:					
- statutory audit		135,000	155,000	70,000	65,000
- underprovision in prior year		-	25,000	-	25,000
- other services		20,000	13,000	20,000	5,000
- overprovision in prior period		(8,000)	-	-	-
- component auditors:					
- statutory audit		5,744	-	-	-
- other auditors:					
- statutory audit		-	42,000	-	42,000
- other services		-	30,000	-	30,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

8. (LOSS)/PROFIT BEFORE TAX (cont'd)

Other than those disclosed in Notes 6 and 7, (loss)/profit before tax is arrived at after charging/(crediting): (cont'd)

		Group		Company	
		01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	Note	RM	RM	RM	RM
Amortisation of development costs	15	-	881,335	-	-
Development costs written off	15	3,024,355	-	-	-
Deposit written off		8,610	-	-	-
Depreciation of property, plant and equipment	13	1,414,259	2,283,934	216,104	29,004
Depreciation of right-of-use assets	14	417,602	-	-	-
Employee benefit expenses	9	8,004,607	8,368,313	2,378,621	319,200
Impairment loss on:					
- development costs	15	-	21,674,917	-	-
- goodwill	15	-	193,169	-	-
- investment in subsidiaries	16(d)	-	-	-	37,400,000
- trade receivables	30	1,506,847	1,731,091	-	-
- other receivables	30	34,253	356,183	-	-
Inventories written down	18	1,651,025	21,461	-	-
Inventories written off	18	10,482	345,848	-	-
Loss on foreign exchange:					
- realised		68,964	46,554	-	-
- unrealised		231,756	85,812	-	-
Loss on disposal of property, plant and equipment		46,219	-	46,219	-
Property, plant and equipment written off		1,342	8,951	-	-
Rental of factory equipment		13,142	41,259	-	-
Rental of premises		439,871	454,600	-	-
Reversal of impairment loss on trade receivables	30	(403,002)	(1,780)	-	-

9. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	RM	RM	RM	RM
Salaries, allowances, overtime and bonus	6,036,094	6,025,975	1,234,211	2,800
Directors' remuneration (Note 10)	1,235,224	1,635,759	972,112	316,400
Contributions to defined contribution plan	655,487	636,792	147,672	-
Social security contributions	77,802	69,787	24,626	-
	8,004,607	8,368,313	2,378,621	319,200

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

10. DIRECTORS' REMUNERATION

	Group		Company	
	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	RM	RM	RM	RM
Directors of the Company:				
Executive Directors:				
Fees	62,400	72,800	62,400	72,800
Salaries and other emoluments	564,000	658,000	564,000	-
Contributions to defined contribution plan	107,160	125,020	107,160	-
Social security contributions	1,752	3,872	1,752	-
Estimated monetary value of benefits-in-kind	28,000	4,667	28,000	-
	763,312	864,359	763,312	72,800
Non-Executive Directors:				
Fees	208,800	243,600	208,800	243,600
	972,112	1,107,959	972,112	316,400
Directors of the subsidiaries:				
Executive Directors:				
Salaries and other emoluments	237,000	485,100	-	-
Contributions to defined contribution plan	25,140	41,652	-	-
Social security contributions	972	1,048	-	-
	263,112	527,800	-	-
Total	1,235,224	1,635,759	972,112	316,400

The number of Directors of the Company whose total remuneration during the financial year/period fell within the following bands is analysed as below:

	Number of Directors	
	2019	2018
Executive Directors:		
RM200,001 - RM250,000	1	1
RM550,001 - RM600,000	1	-
RM600,001 - RM650,000	-	1
Non-Executive Directors:		
RM50,001 - RM100,000	3	3

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

11. INCOME TAX EXPENSE

	Group		Company	
	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	RM	RM	RM	RM
Income tax:				
Continuing operations:				
- Current year/period	27,731	-	-	-
- Underprovision in prior years	31,148	3,237	-	-
	58,879	3,237	-	-
Discontinued operation:				
- Current year/period	304,300	700,594	-	-
- (Over)/underprovision in prior period/year	(100)	82,913	-	-
	304,200	783,507	-	-
	363,079	786,744	-	-
Deferred tax (Note 17):				
Continuing operations:				
- Relating to origination of temporary differences	405,335	2,165	-	226,573
- Underprovision in prior period/year	22,346	114,544	-	(205)
	427,681	116,709	-	226,368
Discontinued operation:				
- Relating to origination of temporary differences	669,500	1,400,227	-	-
- (Over)/underprovision in prior period/year	(111,500)	289,338	-	-
	558,000	1,689,565	-	-
	985,681	1,806,274	-	226,368
Income tax expense for the financial year/period				
- from continuing operations	486,560	119,946	-	226,368
- from discontinued operation	862,200	2,473,072	-	-
	1,348,760	2,593,018	-	226,368

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year/period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

11. INCOME TAX EXPENSE (cont'd)

The reconciliation of the tax amount at statutory income tax rate to the Group's and the Company's tax expense is as follows:

	Group		Company	
	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	RM	RM	RM	RM
Profit/(loss) before tax:				
- from continuing operations	(12,019,046)	(31,300,845)	63,086,393	(38,257,217)
- from discontinued operation	35,565,220	8,459,812	-	-
	23,546,174	(22,841,033)	63,086,393	(38,257,217)
Tax at the Malaysian statutory income tax rate of 24% (2018: 24%)	5,651,100	(5,481,848)	15,140,700	(9,181,732)
Income not subject to tax	(7,616,100)	(169,547)	(15,394,000)	(17,713)
Expenses not deductible for tax purposes	1,503,146	5,219,811	253,300	9,192,740
Deferred tax assets not recognised	1,868,720	2,534,570	-	233,278
Under/(over)provision in prior years/period				
- income tax	31,048	86,150	-	-
- deferred tax	(89,154)	403,882	-	(205)
Income tax expense for the financial year/period	1,348,760	2,593,018	-	226,368

The Group and the Company have the following estimated unutilised tax losses, investment tax allowances and unabsorbed capital allowances, available for set-off against future taxable profits as follows:

	Group		Company	
	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	RM	RM	RM	RM
Unutilised tax losses	19,242,954	14,374,280	730,188	730,188
Unutilised investment tax allowance	-	7,849,751	-	-
Unabsorbed capital allowances	6,859,747	5,669,007	215,651	215,651
	26,102,701	27,893,038	945,839	945,839

The availability of the tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

With effect from Year of Assessment 2019, the unutilised tax losses in a year of assessment of the Company and its subsidiaries in Malaysia can only be carried forward for a maximum period of 7 consecutive years of assessment to be utilised against income from any business source.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

12. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic

Basic earnings/(loss) per ordinary share for the financial year/period is calculated by dividing profit/(loss) after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year/period.

	Group	
	01.01.2019 to 31.12.2019	**01.11.2017 to 31.12.2018**
	RM	**RM**
Basic earnings/(loss) per share:		
Profit/(loss) after tax attributable to Owners of the Company (RM):		
- from continuing operations	(12,505,606)	(31,420,791)
- from discontinued operation	34,703,020	5,986,740
	22,197,414	(25,434,051)
Weighted average number of ordinary shares in issue (unit)	152,785,770	152,785,770
Basic earnings/(loss) per share (sen):		
- from continuing operations	(8.19)	(20.57)
- from discontinued operation	22.71	3.92
	14.53	(16.65)

(b) Diluted

The Group has no dilution in its earnings/(loss) per ordinary share as there were no potential dilutive ordinary shares outstanding as at 31 December 2019 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Motor vehicles	Plant and equipment	Computers	Capital work-in progress	Other assets *	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
2019								
Cost								
At 1 January, as previously reported	10,996,760	23,370,562	1,212,427	24,330,273	989,082	-	2,157,870	63,056,974
Effect on adoption of MFRS 16	(10,996,760)	-	(813,040)	-	-	-	-	(11,809,800)
At 1 January, as restated	-	23,370,562	399,387	24,330,273	989,082	-	2,157,870	51,247,174
Additions	-	-	-	3,374	400,799	442,493	249,097	1,095,763
Acquisition of a subsidiary [Note 16(a)(i)]	-	-	323,736	-	59,430	-	56,457	439,623
Disposal	-	-	(202,539)	-	-	-	-	(202,539)
Disposal of a subsidiary [Note 16(c)(iii)]	-	(16,381,827)	(96,000)	(23,590,273)	(191,664)	-	(490,940)	(40,750,704)
Transfer from right-of-use assets (Note 14)	-	-	202,539	-	-	-	-	202,539
Written off	-	-	-	-	(2,392)	-	-	(2,392)
Exchange differences	-	-	(7,956)	-	(1,714)	-	(1,570)	(11,240)
At 31 December 2019	-	6,988,735	619,167	743,374	1,253,541	442,493	1,970,914	12,018,224
Accumulated Depreciation								
At 1 January, as previously reported	1,194,667	3,925,332	267,102	7,338,229	349,060	-	1,079,188	14,153,578
Effect on adoption of MFRS 16	(1,194,667)	-	(53,942)	-	-	-	-	(1,248,609)
At 1 January, as restated	-	3,925,332	213,160	7,338,229	349,060	-	1,079,188	12,904,969
Charge for the financial year	-	360,555	56,080	543,164	275,885	-	178,575	1,414,259
Acquisition of a subsidiary [Note 16(a)(i)]	-	-	19,388	-	2,878	-	2,338	24,604
Disposal	-	-	(25,320)	-	-	-	-	(25,320)
Disposal of a subsidiary [Note 16(c)(iii)]	-	(3,516,808)	(69,582)	(7,632,892)	(101,923)	-	(151,564)	(11,472,769)
Transfer from right-of-use assets (Note 14)	-	-	18,568	-	-	-	-	18,568
Written off	-	-		-	(1,050)	-	-	(1,050)
Exchange differences	-	-	(1,069)	-	(284)	-	(167)	(1,520)
At 31 December 2019	-	769,079	211,225	248,501	524,566	-	1,108,370	2,861,741
Net Carrying Amount								
At 31 December 2019	-	6,219,656	407,942	494,873	728,975	442,493	862,544	9,156,483

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

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

	Leasehold land RM	Buildings RM	Motor vehicles RM	Plant and equipment RM	Computers RM	Other assets * RM	Total RM
Group							
2018							
Cost							
At 1 November 2017	10,996,760	23,334,373	491,570	24,011,214	371,548	1,551,088	60,756,553
Additions	-	36,189	720,857	316,822	627,954	608,952	2,310,774
Written off	-	-	-	(4,700)	(9,500)	(2,170)	(16,370)
Reclassification	-	-	-	(735,563)	-	-	(735,563)
Transfer from development costs (Note 15)	-	-	-	742,500	-	-	742,500
Exchange differences	-	-	-	-	(920)	-	(920)
At 31 December 2018	10,996,760	23,370,562	1,212,427	24,330,273	989,082	2,157,870	63,056,974
Accumulated Depreciation							
At 1 November 2017	927,785	3,339,327	197,285	6,220,663	239,942	786,038	11,711,040
Charge for the financial period	266,882	586,005	69,817	953,140	114,940	293,150	2,283,934
Written off	-	-	-	(1,677)	(5,742)	-	(7,419)
Transfer from development costs (Note 15)	-	-	-	166,103	-	-	166,103
Exchange differences	-	-	-	-	(80)	-	(80)
At 31 December 2018	1,194,667	3,925,332	267,102	7,338,229	349,060	1,079,188	14,153,578
Net Carrying Amount							
At 31 December 2018	9,802,093	19,445,230	945,325	16,992,044	640,022	1,078,682	48,903,396

* *Other assets comprise of furniture and fittings, medical equipment, office equipment, renovation, signboard and warehouse equipment*

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

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

	Computers RM	Motor vehicles RM	Office equipment, renovation, furniture and fittings RM	Total RM
Company				
2019				
Cost				
At 1 January 2019	456,068	-	19,306	475,374
Additions	346,652	183,971	35,180	565,803
Disposal	-	(183,971)	-	(183,971)
At 31 December 2019	802,720	-	54,486	857,206
Accumulated Depreciation				
At 1 January 2019	34,470	-	677	35,147
Charge for the financial year	204,645	6,752	4,707	216,104
Disposal	-	(6,752)	-	(6,752)
At 31 December 2019	239,115	-	5,384	244,499
Net Carrying Amount				
At 31 December 2019	563,605	-	49,102	612,707
2018				
Cost				
At 1 November 2017	6,948	-	1,836	8,784
Additions	449,120	-	17,470	466,590
At 31 December 2018	456,068	-	19,306	475,374
Accumulated Depreciation				
At 1 November 2017	5,839	-	304	6,143
Charge for the financial period	28,631	-	373	29,004
At 31 December 2018	34,470	-	677	35,147
Net Carrying Amount				
At 31 December 2018	421,598	-	18,629	440,227

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

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

(i) The Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,095,763 (2018: RM2,310,774) and RM565,803 (2018: RM466,590) respectively, which are satisfied by the following:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash payments	1,095,763	1,727,510	565,803	466,590
Hire purchase arrangements	-	583,264	-	-
	1,095,763	2,310,774	565,803	466,590

(ii) Net carrying amount of property, plant and equipment of the Group held under hire purchase arrangements as at reporting date is as follows:

	Group	
	2019	2018
	RM	RM
Motor vehicles	-	776,954

(iii) Net carrying amount of leasehold land and buildings of the Group pledged to financial institutions as securities for loans and borrowings (Note 23) granted to the Group as at reporting date is as follows:

	Group	
	2019	2018
	RM	RM
Leasehold land	-	9,802,093
Buildings	-	6,394,374
	-	16,196,467

As at 31 December 2019, the pledge with respective financial institutions have been discharged as the Group has fully settled its term loans and revolving credit facilities as disclosed in Note 23.

(iv) In prior year, the leasehold land has remaining unexpired lease period of 37 to 79 years.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

14. RIGHT-OF-USE ASSETS

	Leasehold land RM	Motor vehicles RM	Warehouse premise RM	Total RM
Group				
2019				
Cost				
At 1 January, as previously reported	-	-	-	-
Effect on adoption of MFRS 16	10,996,760	813,040	-	11,809,800
At 1 January, as restated	10,996,760	813,040	-	11,809,800
Additions:				
- Cash payments	-	23,700	-	23,700
- Hire purchase arrangements	-	276,000	-	276,000
- New lease	-	-	522,125	522,125
Transfer to property, plant and equipment (Note 13)	-	(202,539)	-	(202,539)
Disposal of a subsidiary [Note 16(c)(iii)]	(3,496,760)	-	-	(3,496,760)
At 31 December 2019	7,500,000	910,201	522,125	8,932,326
Accumulated Depreciation				
At 1 January, as previously reported	-	-	-	-
Effect on adoption of MFRS 16	1,194,667	53,942	-	1,248,609
At 1 January, as restated	1,194,667	53,942	-	1,248,609
Charge for the financial year	210,901	76,170	130,531	417,602
Transfer to property, plant and equipment (Note 13)	-	(18,568)	-	(18,568)
Disposal of a subsidiary [Note 16(c)(iii)]	(436,818)	-	-	(436,818)
At 31 December 2019	968,750	111,544	130,531	1,210,825
Net Carrying Amount				
At 31 December 2019	6,531,250	798,657	391,594	7,721,501

(i) The expenses charged to the profit or loss during the financial year are as follows:

	Group 01.01.2019 to 31.12.2019 RM
Depreciation of right-of-use assets	417,602
Interest expense on lease liabilities	25,951
Expenses relating to short-term leases	453,013

(ii) The leasehold land has remaining unexpired lease period of 36 years.

(iii) As at 31 December 2019, the pledge of leasehold land with respective financial institutions have been discharged as the Group has fully settled its term loans and revolving credit facilities as disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

15. INTANGIBLE ASSETS

	Goodwill RM	Development costs RM	Total RM
Group			
2019			
Cost			
At 1 January 2019	5,017,193	29,658,716	34,675,909
Acquisition of a subsidiary [Note (16(a)(i)]	382,718	-	382,718
Additions	-	1,107,061	1,107,061
Written off	-	(3,024,355)	(3,024,355)
Disposal of a subsidiary [Note 16(c)(iii)]	(4,769,154)	-	(4,769,154)
At 31 December 2019	630,757	27,741,422	28,372,179
Accumulated Amortisation			
At 1 January/31 December 2019	-	2,875,512	2,875,512
Accumulated Impairment Loss			
At 1 January/31 December 2019	193,169	21,674,917	21,868,086
Net Carrying Amount			
At 31 December 2019	437,588	3,190,993	3,628,581
2018			
Cost			
At 1 November 2017	5,017,193	29,248,246	34,265,439
Additions	-	1,152,970	1,152,970
Transfer to property, plant and equipment (Note 13)	-	(742,500)	(742,500)
At 31 December 2018	5,017,193	29,658,716	34,675,909
Accumulated Amortisation			
At 1 November 2017	-	2,160,280	2,160,280
Amortisation for the financial period	-	881,335	881,335
Transfer to property, plant and equipment (Note 13)	-	(166,103)	(166,103)
At 31 December 2018	-	2,875,512	2,875,512
Accumulated Impairment Loss			
At 1 November 2017	-	-	-
Impairment loss for the financial period	193,169	21,674,917	21,868,086
At 31 December 2018	193,169	21,674,917	21,868,086
Net Carrying Amount			
At 31 December 2018	4,824,024	5,108,287	9,932,311

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

15. INTANGIBLE ASSETS (cont'd)

Development costs

Development costs relate to development of home dialysis machines including patient care management system and amortised over a period of 20 years. It includes development costs of completed successful projects for commercial implementation and also ongoing development projects.

Amortisation expense

The amortisation of development costs is shown in the "other operating expenses" line item in the statements of comprehensive income.

Impairment testing for development costs

The recoverable amount of the product development costs has been determined based on value-in-use calculation using cash flows projections from financial forecast and projections approved by the Board of Directors covering a five-year period for the renal dialysis business. This is grouped under the healthcare business segment.

The key parameters used in the preparation of the cash flows projections is the pre-tax discount rate (per annum) of 5.65% (2018: 5.77%).

Impairment loss recognised

2018

During the financial period, total impairment loss amounted to RM21,674,917 was recognised to write-down the carrying amount of development costs shown in the "other operating expenses" line item in the statements of comprehensive income.

As there is no indication from past records to show the improvement trend of results plus some complexities in determining future values as the products are relatively new in different markets, the development costs arguably are subject to impairment.

Goodwill

Impairment testing for goodwill

Goodwill arising from business combinations has been allocated to three individual cash-generating units ("CGUs") for impairment testing as follows:

- Healthcare business:
  i) Sun Healthcare (M) Sdn. Bhd.; and
  ii) Lucenxia Healthcare (Private) Limited

- Sterilisation provider:
  i) Electron Beam Sdn. Bhd.

The carrying amounts of goodwill allocated to each CGUs are as follows:

	Group	
	2019	**2018**
	RM	**RM**
Sun Healthcare (M) Sdn. Bhd.	54,870	54,870
Lucenxia Healthcare (Private) Limited	382,718	-
Electron Beam Sdn. Bhd.	-	4,769,154
	437,588	4,824,024

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

15. INTANGIBLE ASSETS (cont'd)

Goodwill (cont'd)

Impairment testing for goodwill (cont'd)

The recoverable amounts of the CGUs have been determined based on value-in-use calculation using cash flows projections from financial forecast and projections approved by Board of Directors covering a five-year period and by extrapolation using the growth rate based on historical experience, management's assessment of future trends and expectation of market development in the respective segments. The pre-tax discount rate (per annum) applied to the cash flow projections are as follows:

	Pre-tax discount rates	
	2019	**2018**
	RM	**RM**
Sun Healthcare (M) Sdn. Bhd. *	5.65%	5.77%
Lucenxia Healthcare (Private) Limited *	5.65%	-
Electron Beam Sdn. Bhd.	-	5.77%

The calculations of value-in-use for the CGUs (*) are most sensitive to the following assumptions:

(i) Revenue and growth

Revenue is projected based on future demand outlook as well as average historical revenue growth achieved in the past four years.

(ii) Pre-tax discount rate

Pre-tax discount rate per annum applied to the cash flows was used to determine the recoverable amounts of the CGUs.

2019

The discount rate used is based on the average cost of capital of the Company and several comparable that operates in the similar industry.

2018

The discount rate used is based on the weighted average cost of capital of the Company.

Impairment loss recognised

2018

During the financial period, total impairment loss amounted to RM193,169 was recognised to write-down the carrying amount of goodwill attributable to individual CGU pertaining to the healthcare business segment shown in the "other operating expenses" line item in the statements of comprehensive income.

As there is no indication from past records to show the improvement trend of results plus some complexities in determining future values as the products are relatively new in different markets, the goodwill arguably is subject to impairment.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

16. INVESTMENT IN SUBSIDIARIES

	Company 2019 RM	Company 2018 RM
Unquoted shares, at cost		
At beginning of the financial year/period	75,056,726	68,056,726
Additions	23,500,002	7,000,000
Disposal of a subsidiary	(9,000,000)	-
At end of the financial year/period	89,556,728	75,056,726
Accumulated Impairment Loss		
At beginning of the financial year/period	37,400,000	-
Impairment loss for the financial year/period	-	37,400,000
At end of the financial year/period	37,400,000	37,400,000
Net Carrying Amount		
At end of the financial year/period	52,156,728	37,656,726

The details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Equity Interest 2019	Effective Equity Interest 2018
Held through the Company:				
Sun Healthcare (M) Sdn. Bhd. ("SH")	Malaysia	Distribution of medical and healthcare equipment, appliances and medical disposal products	100%	100%
Electron Beam Sdn. Bhd.	Malaysia	Providing industrial and commercial sterilisation, warehousing and handling services	-	100%
Lucenxia (M) Sdn. Bhd. ("LCX")	Malaysia	Provision of home dialysis products for the treatment of end stage renal disease and its related services	100%	100%
PTM Progress Trading & Marketing Sdn. Bhd. ("PTM")	Malaysia	Provision of storage and warehousing services	100%	100%
Lucenxia International Sdn. Bhd.	Malaysia	Dormant	100%	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

16. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Equity Interest 2019	Effective Equity Interest 2018
Held through SH:				
Mycare Lanka (Private) Limited	Sri Lanka	Dormant	51%	-
Held through LCX:				
Lucenxia Lanka (Private) Limited ("Lucenxia Lanka") ^	Sri Lanka	Dormant	100%	100%
Lucenxia Healthcare (Private) Limited ("Lucenxia Healthcare") ^	Sri Lanka	Provision of home dialysis products for the treatment of end stage renal disease and its related services	55%	-

^ *Audited by member firm of Moore Global Network Limited*

(a) Acquisition of subsidiaries

(i) Addition of subsidiary by the Group

On 23 July 2019, LCX completed the acquisition of 55% equity interest in Lucenxia Healthcare from Mr. S. M. Vignaswaren S. Suppiah comprising 165,000 ordinary shares of LKR10 each for a total cash consideration of LKR 1.65 million equivalent to RM40,000. Consequent thereon, Lucenxia Healthcare become a subsidiary of LCX. For accounting purposes, the cut-off was taken on 23 July 2019.

Fair values of the identifiable assets and liabilities of Lucenxia Healthcare as at the date of acquisition were: -

	As at 23 July 2019 RM
Plant and equipment	415,019
Inventories	66,140
Other receivables, deposits and prepayments	354,461
Cash at bank balances	322,903
Trade and other payables	(50,299)
Amounts due to related parties	(1,731,348)
Fair value of net identifiable liabilities acquired	(623,124)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

16. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) Acquisition of subsidiaries (cont'd)

(i) Addition of subsidiary by the Group (cont'd)

The effect of the acquisition on cash flows is as follows:

	As at 23 July 2019 RM
Net cash flow arising from acquisition of a subsidiary	
Cash consideration	40,000
Less: Cash and cash equivalents of the subsidiary acquired	(322,903)
Net cash inflow from acquisition of a subsidiary	(282,903)

	RM
Goodwill arising from business combination	
Fair value of consideration transferred	40,000
Less:	
- Fair value of net identifiable liabilities acquired	(623,124)
- Attributable to non-controlling interests	280,406
	(342,718)
Goodwill on consolidation (Note 15)	382,718

(ii) Addition of subsidiary by the Company

On 5 November 2019, the Company completed the acquisition of 100% equity interest in Lucenxia International Sdn. Bhd. from Mr. Low Chin Guan and Mr. Tan Xi Yi comprising 2 ordinary shares of RM1 each for a total cash consideration of RM2. Consequent thereon, Lucenxia International Sdn. Bhd. become a wholly-owned subsidiary of the Company.

(iii) Additional investment in subsidiaries

2019

During the financial year, the Company has capitalised the amounts due from LCX and PTM amounted to RM9,000,000 and RM8,400,000 by way of subscription of 9,000,000 units and 8,400,000 units of additional redeemable preference shares of the subsidiaries respectively, representing additional investments into the subsidiaries by the Company.

During the financial year, the Company has subscribed for 6,000,000 units and 100,000 units of additional redeemable preference shares in LCX and PTM amounted to RM6,000,000 and RM100,000 respectively, representing additional investments into the subsidiaries by the Company.

2018

On 31 December 2018, the Company has capitalised the amount due from LCX amounted to RM7,000,000 by way of subscription of 7,000,000 units of redeemable preference shares, representing additional investment into LCX by the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

16. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) Incorporation of a subsidiary

2019

On 10 September 2019, Mycare Lanka (Private) Limited has been incorporated. Consequent thereon, Mycare Lanka (Private) Limited become a subsidiary of SH. As at 31 December 2019, the issued and paid-up share capital has not been made.

2018

A new subsidiary has been incorporated in Sri Lanka on 24 May 2017 with an issued and paid-up capital of 1 ordinary share of LKR10 each. Lucenxia Lanka is a wholly-owned subsidiary of LCX where LCX is a wholly-owned subsidiary of the Company.

On 31 March 2018, the issued and paid-up ordinary share capital of Lucenxia Lanka was increased from LKR10 to LKR3,000,000, by way of issuance of additional 299,999 ordinary shares for a total cash consideration of RM75,336.

(c) Disposal of a subsidiary

On 28 May 2019, the Company entered into a Share Sale Agreement ("SSA") with Synergy Sterilisation (M) Sdn. Bhd. ("Purchaser") to dispose 100% equity interest in one of its subsidiaries, Electron Beam Sdn. Bhd. ("EBSB") ("Disposed Subsidiary" or "Discontinued Operation"), comprising 2,500,000 ordinary shares for a total cash consideration of RM75,000,000.

The SSA became unconditional and the disposal was completed on 25 July 2019 ("Completion Date").

A sum of RM7,500,000 was paid upon signing of the SSA as deposit and the balance consideration of RM67,500,000 was partially utilised to settle the outstanding loans and borrowings of EBSB and the remaining was paid on the Completion Date.

The balances of RM2,301,013 and RM7,500,000 being the adjustment on the consideration pursuant to the terms and conditions set forth in the SSA and 10% retention sum which shall be paid by the Purchaser until the expiry of twelve (12) months from the Completion Date respectively.

The Disposed Subsidiary was not a discontinued operation or classified as held for sale as at 31 December 2018 and the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

The management decided to dispose EBSB, being the sole revenue generating subsidiary pertaining to the sterilisation provider segment due to the collective decision to focus on the healthcare business segment during the financial year. Upon completion of the disposal exercise, EBSB ceased to be a subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

16. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) Disposal of a subsidiary (cont'd)

(i) Profit attributable to the discontinued operation was as follows:

	Group	
	01.01.2019 to 25.07.2019	**01.11.2017 to 31.12.2018**
	RM	**RM**
Revenue	8,650,868	18,439,897
Cost of sales	(3,898,615)	(6,773,140)
Gross profit	4,752,253	11,666,757
Other income	442,770	71,095
Expenses	(1,012,208)	(2,433,523)
Results from operating activities	4,182,815	9,304,329
Finance costs	(351,251)	(844,517)
Gain on disposal of a subsidiary [Note 16(c)(iii)]	31,733,656	-
Profit before tax	35,565,220	8,459,812
Income tax expense	(862,200)	(2,473,072)
Result from operating activities, net of tax	34,703,020	5,986,740

The profit from discontinued operation of RM34,703,020 (2018: RM5,986,740) is attributable entirely to the Owners of the Company.

(ii) The net cash flows of the discontinued operation before intra-group elimination of the subsidiary were as follows:

	Group	
	01.01.2019 to 25.07.2019	**01.11.2017 to 31.12.2018**
	RM	**RM**
Cash and cash equivalents at beginning of the financial period	7,153,312	4,683,574
Net cash from operating activities	3,171,357	9,225,238
Net cash from/(used in) investing activities	149,382	(731,027)
Net cash from/(used in) financing activities	1,692,529	(6,024,473)
Net increase in cash and cash equivalents	5,013,268	2,469,738
Cash and cash equivalents at end of the financial period	12,166,580	7,153,312

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

16. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) Disposal of a subsidiary (cont'd)

(iii) The summary of the effect of disposal of a subsidiary on the financial position of the Group was as follows:

	As at 25 July 2019 RM
Property, plant and equipment	29,277,935
Right-of-use assets	3,059,942
Inventories	1,897,360
Trade and other receivables	5,018,827
Cash and bank balances	12,166,580
Deferred tax liabilities	(3,276,615)
Trade and other payables	(11,234,135)
Tax payable	(270,924)
Attributable assets disposed	36,638,970
Goodwill on consolidation (Note 15)	(4,769,154)
Other incidental costs arising from disposal	(4,159,233)
Total adjusted cash consideration [Note 16(c)(iv)]	77,301,013
Gain on disposal of a subsidiary	(31,733,656)

The summary of the effect of disposal of a subsidiary on the financial position of the Company was as follows:

	RM
Total adjusted cash consideration [Note16(c)(iv)]	77,301,013
Less:	
- Cost of investment of disposed subsidiary	(9,000,000)
- Other incidental costs arising from disposal	(4,159,233)
	(13,159,233)
Gain on disposal of a subsidiary	64,141,780

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

16. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) Disposal of a subsidiary (cont'd)

(iv) The effect of the disposal on cash flows is as follows:

	As at 25 July 2019 RM
Net cash flow arising from disposal of a subsidiary	
Cash consideration	75,000,000
Adjustment on the net cash pursuant to the SSA	2,301,013
Adjusted cash consideration	77,301,013
Less:	
- Other incidental costs arising from disposal	(4,159,233)
- Retention sum, consideration receivable through deferred payment 12 months from Completion Date	(7,500,000)
	(11,659,233)
Net cash inflow from disposal (Company)	65,641,780
Less: Cash and cash equivalents of the subsdiary disposed	(12,166,580)
Net cash inflow from disposal (Group)	53,475,200

(d) Impairment loss on investment in subsidiaries

<u>2018</u>

As at 31 December 2018, the Group carried out a review of the recoverable amount of its investment in LCX due to its continuously loss-making and significant accumulated losses position. An impairment loss of RM37,400,000 representing the impairment of the investment in subsidiaries to the recoverable amount was recognised as "other operating expenses" line item of the statements of comprehensive income for the financial period ended 31 December 2018. The recoverable amount was derived based on fair value less costs of disposal which was measured based on adjusted net assets of the subsidiary.

(e) Non-controlling interests in a subsidiary

The subsidiary of the Group that has non-controlling interests ("NCI") is as follows:

	Lucenxia Healthcare RM
2019	
NCI percentage of ownership and voting interest	45%
Carrying amount to NCI	(504,850)
Loss allocated to NCI	(240,831)
Other comprehensive income allocated to NCI	16,387
Total comprehensive income allocated to NCI	(224,444)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

16. INVESTMENT IN SUBSIDIARIES (cont'd)

(e) Non-controlling interests in a subsidiary (cont'd)

The summarised financial information before intra-group elimination of the subsidiary that has NCI as at the end of the reporting period are as follows:

	Lucenxia Healthcare 2019 RM
As at 31 December	
Assets and liabilities:	
Non-current assets	398,690
Current assets	860,570
Current liabilities	(2,380,821)
Net liabilities	(1,121,561)

	Lucenxia Healthcare 23.07.2019 to 31.12.2019 RM
Results:	
Revenue	166,437
Loss for the financial period	(535,179)
Total comprehensive income	(498,764)
Cash flows:	
Cash and cash equivalents as at date of acquisition	322,903
Net cash used in operating activities	(448,852)
Net cash used in investing activity	(17,726)
Net cash from financing activities	542,390
Net increase in cash and cash equivalents	75,812
Cash and cash equivalents as at 31 December 2019	398,715

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

17. DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
At beginning of the financial year/period	2,290,934	484,660	-	(226,368)
Recognised in profit or loss (Note 11)	985,681	1,806,274	-	226,368
Disposal of a subsidiary [Note 16(c)(iii)]	(3,276,615)	-	-	-
At end of the financial year/period	-	2,290,934	-	-
Deferred tax assets	-	(427,681)	-	-
Deferred tax liabilities	-	2,718,615	-	-
	-	2,290,934	-	-

Presented after appropriate offsetting as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Deferred tax assets	(356,533)	(2,792,853)	-	(36,873)
Deferred tax liabilities	356,533	5,083,787	-	36,873
	-	2,290,934	-	-

The recognised deferred tax (assets)/liabilities arising from temporary differences before offsetting are as follows:

	Unutilised investment tax allowances	Unutilised tax losses and Unabsorbed capital allowances	Others	Total
	RM	RM	RM	RM
Group				
Deferred tax assets:				
At 1 January 2019	(1,884,239)	(623,514)	(285,100)	(2,792,853)
Recognised in profit or loss (Note 11)	617,003	355,432	152,598	1,125,033
	(1,267,236)	(268,082)	(132,502)	(1,667,820)
Disposal of a subsidiary [Note 16(c)(iii)]	1,267,236	-	44,051	1,311,287
At 31 December 2019	-	(268,082)	(88,451)	(356,533)
At 1 November 2017	(3,624,955)	(725,494)	(38,541)	(4,388,990)
Recognised in profit or loss (Note 11)	1,740,716	101,980	(246,559)	1,596,137
At 31 December 2018	(1,884,239)	(623,514)	(285,100)	(2,792,853)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

17. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

The recognised deferred tax (assets)/liabilities arising from temporary differences before offsetting are as follows: (cont'd)

	Property, plant and equipment and Right-of-use assets RM	Others RM	Total RM
Group			
Deferred tax liabilities:			
At 1 January 2019	5,065,141	18,646	5,083,787
Recognised in profit or loss (Note 11)	(130,911)	(8,441)	(139,352)
	4,934,230	10,205	4,944,435
Disposal of a subsidiary [Note 16(c)(iii)]	(4,584,703)	(3,199)	(4,587,902)
At 31 December 2019	349,527	7,006	356,533
At 1 November 2017	4,873,650	-	4,873,650
Recognised in profit or loss (Note 11)	191,491	18,646	210,137
At 31 December 2018	5,065,141	18,646	5,083,787

	Unutilised tax losses and Unabsorbed capital allowances RM	Property, plant and equipment RM	Total RM
Company			
At 1 January 2019	(36,873)	36,873	-
Recognised in profit or loss (Note 11)	36,873	(36,873)	-
At 31 December 2019	-	-	-
At 1 November 2017	(227,277)	909	(226,368)
Recognised in profit or loss (Note 11)	190,404	35,964	226,368
At 31 December 2018	(36,873)	36,873	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

17. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Unutilised tax losses	18,787,654	12,603,230	730,188	730,188
Unabsorbed capital allowances	5,717,122	4,574,310	215,651	215,651
Other deductible temporary differences	2,053,933	1,594,911	-	-
	26,558,709	18,772,451	945,839	945,839

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits therefrom.

The comparative figures have been restated to reflect the actual tax losses carry forward, capital allowances and other deductible temporary differences available to the Company and its subsidiaries.

18. INVENTORIES

	Group	
	2019	2018
	RM	RM
At cost:		
- Trading goods	10,273,968	12,739,153
- Spare parts	-	1,882,555
- Consumables	1,352,002	859,991
	11,625,970	15,481,699
At net realisable value:		
- Consumables	6,106	-
- Trading goods	-	83,601
	11,632,076	15,565,300

During the financial year/period:

(a) The Group recognised inventories as cost of sales amounted to RM24,372,511 (2018: RM35,222,067).

(b) The Group has written down inventories of RM1,651,025 (2018: RM21,461) which was recognised as cost of sales.

(c) The Group has written off inventories of RM10,482 (2018: RM345,848) which was recognised as cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

CONT'D

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Trade receivables:				
Third parties	16,932,141	14,804,412	-	-
Less: Allowance for impairment loss	(3,081,612)	(2,126,182)	-	-
Trade receivables, net	13,850,529	12,678,230	-	-
Other receivables:				
Third parties	15,141,098	5,190,462	7,581,150	591
Goods and Services Tax ("GST") receivable	287,705	331,119	-	-
Amounts due from subsidiaries	-	-	4,787,637	2,526,483
	15,428,803	5,521,581	12,368,787	2,527,074
Less: Allowance for impairment loss				
- Third parties	(390,436)	(356,183)	-	-
	15,038,367	5,165,398	12,368,787	2,527,074
Deposits	219,541	217,804	2,500	200
Prepayments	172,139	640,816	98,116	104,798
Other receivables, net	15,430,047	6,024,018	12,469,403	2,632,072
Total trade and other receivables	29,280,576	18,702,248	12,469,403	2,632,072

(a) Trade receivables

The normal credit terms of trade receivables of the Group and of the Company are 30 to 90 days (2018: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Other receivables

(i) Included in the other receivables of the Group and of the Company is an amount of RM7,500,000 (2018: Nil), being 10% retention sum, consideration receivable through deferred payment 12 months from Completion Date due from Purchaser of EBSB as disclosed in Note 16(c)(iv).

(ii) Included in other receivables of the Group are net advance payments made to suppliers for purchase of inventories amounted to RM360,993 (2018: RM467,541).

(c) Amounts due from subsidiaries

These amounts represent unsecured advances, bear interest of 3.25% (2018: 3.25%) per annum and are collectible on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

20. FIXED DEPOSITS PLACED WITH LICENSED BANKS / CASH AND BANK BALANCES

(i) Included in the cash and bank balances of the Group at the end of the reporting period was an amount of RM332,915 (2018: Nil) pledged deposits to licensed banks as security for performance guarantee which is non-interest bearing.

(ii) The effective interest rates of the fixed deposits placed with licensed banks range from 2.75% to 3.30% (2018: Nil) per annum and has maturity period of 1 month (2018: Nil). Included in the fixed deposits placed with licensed banks of the Group at the end of the reporting period was an amount of RM2,500,000 (2018: Nil) which has been pledged to a licensed bank as security for banking facilities granted to a subsidiary as disclosed in Note 23.

21. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2019	2018	2019	2018
	Unit	Unit	RM	RM
Ordinary shares				
Issued and fully paid:				
At beginning of the financial year/period	152,785,770	152,785,770	57,680,204	58,304,809
Share issuance expenses	-	-	-	(624,605)
At end of the financial year/period	152,785,770	152,785,770	57,680,204	57,680,204

<u>2018</u>

During the financial period, there were share issuance expenses amounted to RM624,605 being incurred by which the Companies Act 2016 ("Act") allows for writing off share issuance expenses within the stipulated two years of transition to the Act.

The share issuance expenses are in relation to the proposed corporate exercise by which the status of the proposed corporate exercise has been updated and disclosed in Note 35.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual interests.

22. RESERVES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Non-distributable reserve:				
Foreign currency translation reserves	21,905	3,613	-	-

Foreign currency translation reserves

The foreign currency translation reserves represent exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

23. LOANS AND BORROWINGS

	Bankers' Acceptance	Revolving Credit I	Revolving Credit II	Term Loan I	Term Loan II	Term Loan III	Total
	RM	RM	RM	RM	RM	RM	RM
Group							
2019							
Current:							
Secured:							
On demand or within one year	-	-	2,500,000	-	2,000,000	-	4,500,000
Non-current:							
Secured:							
Due in more than:							
- 1 year but not more than 2 years	-	-	-	-	1,500,000	-	1,500,000
- 2 years but not more than 5 years	-	-	-	-	-	-	-
- 5 years	-	-	-	-	-	-	-
	-	-	-	-	1,500,000	-	1,500,000
	-	-	2,500,000	-	3,500,000	-	6,000,000

	Bankers' Acceptance	Revolving Credit I	Revolving Credit II	Term Loan I	Term Loan II	Term Loan III	Hire Purchase Payables (Note 24)	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
2018								
Current:								
Secured:								
On demand or within one year	1,433,000	800,000	5,000,000	2,182,328	2,000,000	1,354,418	128,793	12,898,539
Non-current:								
Secured:								
Due in more than:								
- 1 year but not more than 2 years	-	2,500,000	-	705,690	2,000,000	1,446,311	117,186	6,769,187
- 2 years but not more than 5 years	-	4,900,000	-	-	1,500,000	2,745,261	353,127	9,498,388
	-	7,400,000	-	705,690	3,500,000	4,191,572	470,313	16,267,575
	1,433,000	8,200,000	5,000,000	2,888,018	5,500,000	5,545,990	599,106	29,166,114

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

23. LOANS AND BORROWINGS (cont'd)

The range of interest rates per annum at the reporting date for the loans and borrowings are as follows:

	2019 %	2018 %
Bankers' acceptance	4.45 - 4.90	4.55 - 4.90
Revolving credit I	COF + 1.75	COF + 1.75
Revolving credit II	COF + 1.50	COF + 1.50
Term loan I	5.35	5.35
Term loan II	COF + 1.25	COF + 1.25
Term loan III	5.35	5.35
Hire purchase payables	-	2.27 - 3.37

COF – Cost of Funds

The Group's loans and borrowings are secured by the following:

(i) First party legal charges over the leasehold land and buildings of the subsidiaries as disclosed in Notes 13(iii) and 14(iii) respectively;

(ii) Pledged of fixed deposit to a licensed bank as disclosed in Note 20(ii);

(iii) Corporate guarantee by certain subsidiaries; and

(iv) Corporate guarantee by the Company.

As at 31 December 2019, revolving credit I, term loan I and term loan III have been fully settled. The pledge over the leasehold land and buildings of the subsidiaries have been discharged as disclosed in Notes 13(iii) and 14(iii) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

24. HIRE PURCHASE PAYABLES

	Group 2018 RM
Future minimum lease payments:	
Payable within one year	152,804
Payable more than 1 year but not more than 2 years	135,289
Payable more than 2 years but not more than 5 years	375,191
	663,284
Less: Future finance charges	(64,178)
Present value of future minimum lease payments	599,106
Present value of future minimum lease payments:	
Payable within one year	128,793
Payable more than 1 year but not more than 2 years	117,186
Payable more than 2 years but not more than 5 years	353,127
	599,106
Analysed as:	
Current (Note 23)	128,793
Non-current (Note 23)	470,313
	599,106

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

25. LEASE LIABILITIES

	Hire purchase RM	Warehouse premise RM	Total RM
Group			
2019			
Future minimum lease payments:			
Payable within one year	136,529	276,000	412,529
Payable more than 1 year but not more than 2 years	134,988	138,000	272,988
Payable more than 2 years but not more than 5 years	300,988	-	300,988
Payable more than 5 years	87,882	-	87,882
	660,387	414,000	1,074,387
Less: Unexpired finance charges	(80,022)	(17,180)	(97,202)
Present value of future minimum lease payments	580,365	396,820	977,185
Present value of future minimum lease payments:			
Payable within one year	120,445	260,968	381,413
Payable more than 1 year but not more than 2 years	119,450	135,852	255,302
Payable more than 2 years but not more than 5 years	264,967	-	264,967
Payable more than 5 years	75,503	-	75,503
	580,365	396,820	977,185
Analysed as:			
Current	120,445	260,968	381,413
Non-current	459,920	135,852	595,772
	580,365	396,820	977,185

The range of interest rates per annum at the reporting date for the lease liabilities are as follows:

	Group 2019 %
Hire purchase (motor vehicles)	2.27 - 3.37
Warehouse premise	5.40

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Trade payables:				
Third parties	3,891,633	2,296,911	-	-
Other payables:				
Third parties	397,904	326,663	75,575	115,056
Accruals	3,507,713	3,110,209	481,690	80,472
Amount due to a former Director	4,894,000	5,000,000	-	-
Amount due to a Director	5,000,000	5,000,000	5,000,000	5,000,000
Amounts due to subsidiaries	-	-	-	6,341,648
	13,799,617	13,436,872	5,557,265	11,537,176
Total trade and other payables	17,691,250	15,733,783	5,557,265	11,537,176

(a) Trade payables

The normal credit terms granted by the trade creditors to the Group are 30 to 120 days (2018: 30 to 120 days).

(b) Amounts due to a former Director and a Director

These amounts represent unsecured advances, interest-free and are repayable on demand.

(c) Amounts due to subsidiaries

In prior year, these amounts represent unsecured advances, bore interest ranged from 3.25% to 4% per annum and were repayable on demand.

27. DIVIDEND PAYABLES

On 30 December 2019, the Directors declared a single-tier special dividend of RM0.07 per ordinary share amounting to RM10,695,004 for the current financial year, which was subsequently paid by the Company on 22 January 2020.

28. RELATED PARTIES DISCLOSURES

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have a related party relationship with its subsidiaries, related companies, related parties and key management personnel. The related parties are companies in which certain Directors have financial interest.

The related party balances are disclosed in Notes 19 and 26 respectively. The related party transactions of the Group and of the Company are shown below.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

28. RELATED PARTIES DISCLOSURES (cont'd)

(b) Related party transactions

	Group		Company	
	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	RM	RM	RM	RM
Transactions with related parties:				
- Purchase of goods	-	18,992,556	-	-
- Provision of sterilisation services	-	8,366,299	-	-
- Payment of lease liabilities and interest	138,000	-	-	-
Transactions with a Director:				
- Advances from	-	5,000,000	-	5,000,000
- Rental of premises	370,800	432,600	-	-
Transactions with subsidiaries:				
Interest paid/payables	-	-	248,531	141,878
Interest received/receivables	-	-	(216,302)	(35,762)
Management fee receivables	-	-	(1,948,800)	-
Net advances to/(from)	-	-	(6,654,002)	3,709,049
Purchase of fixed assets	-	-	209,463	-

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise all the Directors of the Company and its subsidiaries.

The remuneration paid by the Group and the Company to key management personnel during the financial year/period are as follows:

	Group		Company	
	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018	01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018
	RM	RM	RM	RM
Directors' remuneration:				
- Fees	271,200	316,400	271,200	316,400
- Salaries and other emoluments	801,000	1,143,100	564,000	-
- Contributions to defined contribution plan	132,300	166,672	107,160	-
- Social security contributions	2,724	4,920	1,752	-
- Estimated monetary value of benefits-in-kind	28,000	4,667	28,000	-
	1,235,224	1,635,759	972,112	316,400

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

29. SEGMENT INFORMATION

(a) Reporting format

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

i. The healthcare business segment comprises the supply of healthcare and related products and services to hospitals, healthcare centres and pharmacies. This also includes the renal dialysis business which are both for home and centre-based treatments, serving both the domestic and export markets.

ii. The sterilisation provider is a provider of an industrial and commercial sterilisation services, warehousing and handling services. This segment has been renamed to warehousing provider pursuant to the disposal of a subsidiary as disclosed in Note 16(c).

iii. The corporate segment is involved in Group-level corporate services, treasury functions and provision of management services to subsidiaries.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

In prior years, the Group consists of healthcare business, sterilisation provider and corporate segment. During the financial year, the Group has disposed its sole revenue generating subsidiary pertaining to the sterilisation provider as disclosed in Note 16(c). The comparative segment information has been re-presented to show the discontinued operation separately from continuing operations.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3(s). Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax assets.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax liabilities.

(b) Allocation basis and transfers

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

29. SEGMENT INFORMATION (cont'd)

	Continuing Operations								
	Healthcare Business RM	Warehousing Provider RM	Corporate RM	Elimination RM	Total RM	Discontinued Operation RM	Elimination RM	Note	Total RM
01.01.2019 to 31.12 2019									
Revenue:									
External sales	30,009,013	-	220,000	-	30,229,013	8,650,868	-	A	38,879,881
Inter-segment sales	306,036	974,960	1,948,800	(3,229,796)	-	-	-	B	-
Total revenue	30,315,049	974,960	2,168,800	(3,229,796)	30,229,013	8,650,868	-		38,879,881
Results:									
Depreciation of property, plant and equipment	256,652	229,517	216,104	(2,167)	700,106	714,153	-		1,414,259
Depreciation of right-of-use assets	196,573	187,500	-	-	384,073	33,529	-		417,602
Development costs written off	3,024,355	-	-	-	3,024,355	-	-		3,024,355
Deposit written off	-	8,610	-	-	8,610	-	-		8,610
Gain on disposal of a subsidiary	-	-	(64,141,780)	32,408,124	(31,733,656)	-	-		(31,733,656)
Impairment loss on:									
- trade receivables	1,506,847	-	-	-	1,506,847	-	-		1,506,847
- other receivables	34,253	-	-	-	34,253	-	-		34,253
Interest income	(170,414)	-	(652,658)	373,362	(449,710)	(166,675)	137,111		(479,274)
Inventories written down	1,651,025	-	-	-	1,651,025	-	-		1,651,025
Inventories written off	10,482	-	-	-	10,482	-	-		10,482
Loss on disposal of property, plant and equipment	-	-	46,219	-	46,219	-	-		46,219
Property, plant and equipment written off	1,342	-	-	-	1,342	-	-		1,342
Reversal of impairment loss on trade receivables	-	-	-	-	-	(403,002)	-		(403,002)
Unrealised loss on foreign exchange, net	231,756	-	-	-	231,756	(10,204)	-		221,552
Segment results	(9,651,576)	(521,643)	63,350,125	(64,447,102)	(11,270,196)	4,319,926	31,596,545		24,646,275
Interest expense	(684,279)	(311,312)	(263,732)	510,473	(748,850)	(351,251)	-		(1,100,101)
(Loss)/profit before tax	(10,335,855)	(832,955)	63,086,393		(12,019,046)	3,968,675			23,546,174
Income tax expense	(486,560)	-	-		(486,560)	(862,200)			(1,348,760)
(Loss)/profit for the financial year	(10,822,415)	(832,955)	63,086,393		(12,505,606)	3,106,475			22,197,414
Segment assets	50,952,751	13,473,245	98,071,211	(60,684,446)	101,812,761	51,420,644	(51,420,644)	C	101,812,761
Segment liabilities	27,748,588	199,569	16,252,269	(8,836,968)	35,363,458	14,781,674	(14,781,674)	D	35,363,458
Other information:									
Additions to non-current assets excluding deferred tax assets and financial assets	2,530,711	111,236	565,803	(217,690)	2,990,060	34,589	-	E	3,024,649

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

29. SEGMENT INFORMATION (cont'd)

	Continuing Operations								
	Healthcare Business RM	Warehousing Provider RM	Corporate RM	Elimination RM	Total RM	Discontinued Operation RM	Elimination RM	Note	Total RM
01.11.2017 to 31.12.2018									
Revenue:									
External sales	41,589,922	-	-	-	41,589,922	18,439,897	-	A	60,029,819
Inter-segment sales	-	1,087,030	-	(1,087,030)	-	-	-	B	-
Total revenue	41,589,922	1,087,030	-	(1,087,030)	41,589,922	18,439,897	-		60,029,819
Results:									
Amortisation of development costs	881,335	-	-	-	881,335	-	-		881,335
Depreciation of property, plant and equipment	317,055	469,075	29,004	(6,501)	808,633	1,475,301	-		2,283,934
Impairment loss on:									
- development costs	21,674,917	-	-	-	21,674,917	-	-		21,674,917
- goodwill	-	-	-	193,169	193,169	-	-		193,169
- investment in subsidiaries	-	-	37,400,000	(37,400,000)	-	-	-		-
- trade receivables	1,179,675	-	-	-	1,179,675	551,416	-		1,731,091
- other receivables	356,183	-	-	-	356,183	-	-		356,183
Interest income	(116,880)	-	(73,804)	97,509	(93,175)	(129,194)	89,846		(132,523)
Inventories written down	21,461	-	-	-	21,461	-	-		21,461
Inventories written off	345,848	-	-	-	345,848	-	-		345,848
Property, plant and equipment written off	5,928	-	-	-	5,928	3,023	-		8,951
Unrealised loss on foreign exchange, net	82,845	-	-	-	82,845	(4,243)	-		78,602
Segment results	(30,214,494)	(247,189)	(38,115,339)	37,746,684	(30,830,338)	9,394,175	(89,846)		(21,526,009)
Interest expense	(83,767)	(432,217)	(141,878)	187,355	(470,507)	(844,517)	-		(1,315,024)
(Loss)/profit before tax	(30,298,261)	(679,406)	(38,257,217)		(31,300,845)	8,549,658			(22,841,033)
Income tax credit/(expense)	459,175	(352,753)	(226,368)		(119,946)	(2,473,072)			(2,593,018)
(Loss)/profit for the financial period	(29,839,086)	(1,032,159)	(38,483,585)		(31,420,791)	6,076,586			(25,434,051)
Segment assets	41,711,876	13,736,012	40,964,729		96,412,617	49,336,830	(42,469,361)	C	103,280,086
Segment liabilities	22,162,728	8,129,381	11,537,176		41,829,285	15,804,335	(9,546,154)	D	48,087,466
Other information:									
Additions to non-current assets excluding deferred tax assets and financial assets	1,825,083	241,044	466,590	-	2,532,717	931,027	-	E	3,463,744

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

29. SEGMENT INFORMATION (cont'd)

Operating segments

A Reconciliations of reportable segment revenues for the financial year/period to the corresponding amounts of the Group are as follows:

	01.01.2019 to 31.12.2019 RM	01.11.2017 to 31.12.2018 RM
Continuing operations		
Total revenue for reportable segments	30,229,013	41,589,922
Revenue of the Group per consolidated statement of comprehensive income	30,229,013	41,589,922

B Inter-segment revenues are eliminated on consolidation.

C The following items are added to/(deducted) from segment liabilities to arrive at total assets reported in the consolidated statement of financial position:

	2019 RM	2018 RM
Inter-segment assets	(112,105,090)	(42,469,361)

Reconciliation of assets:

	Group	
	2019 RM	2018 RM
Segment operating assets	101,551,742	102,402,655
Deferred tax assets	-	427,681
Tax recoverable	261,019	449,750
Total assets	101,812,761	103,280,086

D The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2019 RM	2018 RM
Inter-segment liabilities	(23,618,642)	(9,546,154)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

29. SEGMENT INFORMATION (cont'd)

Operating segments (cont'd)

D The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position: (cont'd)

Reconciliation of liabilities:

	Group	
	2019	**2018**
	RM	**RM**
Segment operating liabilities	35,363,439	44,899,897
Deferred tax liabilities	-	2,718,615
Tax liabilities	19	468,954
Total liabilities	35,363,458	48,087,466

E Additions to non-current assets for continuing operations excluding deferred tax assets and financial assets consist of:

	Group	
	2019	**2018**
	RM	**RM**
Property, plant and equipment	1,061,174	1,379,747
Right-of-use assets	821,825	-
Intangible assets	1,107,061	1,152,970
	2,990,060	2,532,717

Geographical information

Revenue from continuing operations based on geographical location of the Group's customers are as follows:

	01.01.2019 to 31.12.2019	**01.11.2017 to 31.12.2018**
	RM	**RM**
Revenue:		
- Malaysia	29,849,695	39,600,590
- Singapore	5,195	36,202
- Sri Lanka	235,036	-
- Others	139,087	1,953,130
	30,229,013	41,589,922

Major customer information

The Group has 2 customers which contribute approximately RM11.88 million or 39% (2018: 3 customers, RM25.89 million or 62%) of the Group's revenue during the financial year/period after excluding discontinued operation for comparative purposes.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised at amortised costs respectively. In prior year, the Group's and the Company's financial assets and financial liabilities are all categorised as loans and receivables and other financial liabilities at amortised costs respectively.

Financial Risk Management Objectives and Policies

The Group's and the Company's risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing their financial risks, including credit risk, interest rate risk, liquidity risk and foreign currency risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from its receivables (which consist of trade and other receivables). The Company's exposure to credit risk arises primarily from receivables (which consist of trade and other receivables), loans and advances to its subsidiaries as well as financial guarantees given to banks for credit facilities granted to certain subsidiaries. There are no significant changes as compared to prior years.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

There are no significant changes as compared to prior years.

The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the segment profile of their receivables on an ongoing basis.

As at 31 December 2019, the Group has significant concentration of credit risk arising from the amounts due from 2 customers (2018: 6 customers) constituting 63% (2018: 77%) of net trade receivables of the Group.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values

The Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime expected credit losses as disclosed in Note 3(p)(i). The Group assesses impairment of trade receivables on individual and collective basis.

For individual assessment, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually.

Healthcare business – Distribution of medical and healthcare equipment

For collective assessment, the Group determines the expected credit losses by using a provision matrix for collective assessed receivables which are grouped together based on shared credit risk characteristics, the number of days past due and similar types of contracts which have similar risk characteristics.

Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experienced over the prior years and are adjusted to reflect the forward-looking information on macroeconomic factors. The Group also considers differences between (a) economic conditions during the period over which the historical data has been collected, (b) current economic conditions and (c) the Group's view of economic conditions over the expected lives of the receivables.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the sales management team. Where necessary, the Group will also commence legal proceeding against the customers.

Any receivables having significant balances from different customer profiles past due more than 270 days, which are deemed to have higher credit risk, are monitored individually. The Group has recognised a loss allowance of 100% against all receivables over 270 days past due (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

Healthcare business – Renal dialysis

Any receivables having significant balances past due more than 365 days, which are deemed to have higher credit risk, are monitored individually. The Group has recognised a loss allowance of 100% against all receivables over 365 days past due (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable.

Impairment losses

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2019:

	Gross RM	Loss Allowance RM	Net RM
Group			
2019			
Trade receivables			
Not past due	5,476,327	-	5,476,327
Past due:			
- Less than 30 days	2,050,906	-	2,050,906
- 31 to 60 days	3,163,607	-	3,163,607
- 61 to 90 days	901,118	(75,859)	825,259
- 91 to 120 days	1,161,720	(60,099)	1,101,621
- 121 to 150 days	1,030,633	(75,372)	955,261
- 151 to 180 days	101,437	(43,016)	58,421
- 181 to 210 days	114,202	(48,593)	65,609
- 211 to 240 days	122,608	(59,699)	62,909
- 241 to 270 days	142,826	(52,217)	90,609
	8,789,057	(414,855)	8,374,202
	14,265,384	(414,855)	13,850,529
Credit impaired			
Individually impaired	2,666,757	(2,666,757)	-
Trade receivables, net	16,932,141	(3,081,612)	13,850,529

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Impairment losses (cont'd)

Credit impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Trade receivables that are collectively determined to be impaired at the reporting date relate to debtors that have defaulted on payments subsequent to 270 days past due. These receivables are not secured by any collateral or credit enhancements.

Previous accounting policy for impairment of receivables

In the prior years, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganisation; and
- default or late payments

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Comparative information under MFRS 139 Financial Instruments: Recognition and Measurement

The ageing of trade receivables as at 31 December 2018 was as follows:

	Gross RM	Individual impairment RM	Net RM
Group			
2018			
Trade receivables			
Not past due	5,073,725	-	5,073,725
Past due:			
- Less than 30 days	1,699,618	-	1,699,618
- 31 to 60 days	2,531,287	-	2,531,287
- 61 to 90 days	567,088	-	567,088
- More than 90 days	2,806,512	-	2,806,512
	7,604,505	-	7,604,505
	12,678,230	-	12,678,230
Credit impaired			
Individually impaired	2,126,182	(2,126,182)	-
	14,804,412	(2,126,182)	12,678,230

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Impairment losses (cont'd)

Previous accounting policy for impairment of receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group. None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial period.

Receivables that are past due but not impaired

Trade receivables of the Group amounted to RM7,604,505 that are past due but not impaired at the reporting date and are unsecured in nature. However, the Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default. The Group does not hold any collateral or other credit enhancement over these balances.

The movement in the allowance for impairment loss on trade receivables are as follows:

	Group	
	2019	**2018**
	RM	**RM**
At beginning of the financial year/period	2,126,182	396,871
Charge for the financial year/period	1,506,847	1,731,091
Reversal for the financial year/period	(403,002)	(1,780)
Disposal of a subsidiary	(148,415)	-
At end of the financial year/period	3,081,612	2,126,182

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group and the Company have assessed debtors which are past due more than 1 year as credit impaired. As such, the Group and the Company have provided allowances for expected credit losses on these debtors as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Other receivables and deposits (cont'd)

The movement in the allowance for impairment loss on other receivables are as follows:

	Group	
	2019	**2018**
	RM	**RM**
At beginning of the financial year/period	356,183	-
Charge for the financial year/period	34,253	356,183
At end of the financial year/period	390,436	356,183

Credit risk on deposits are mainly arising from deposits paid to landlord as security and utilities deposit for rental of office and warehouse premises as well as local authorities for collateral and drainage in relation to the Group's leasehold land and building which will be received upon termination of such services and thus have low credit risks.

As at the end of the reporting period, no allowance for doubtful debts is necessary in respect of the deposits.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and the repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounted to RM6,000,000 (2018: RM27,134,008), representing the outstanding credit facilities of the subsidiaries as at the end of reporting period. The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

These financial guarantees are subject to the impairment requirement under MFRS 9. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay its credit obligations to the bank in full; or
- The subsidiaries are continuously loss making and having a deficit in shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, there was no indication that the subsidiaries which were granted these loan facilities (Note 23) would default on repayment. Hence, the financial guarantees granted by the Company has not been recognised since the fair value on initial recognition was not material.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Amounts due from subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Loans and advances provided are not secured by any collateral.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the subsidiaries' loans or advances to be credit impaired when the subsidiaries are unlikely to repay the loans or advances to the Company in full given insufficient highly liquid resources when the loans are demanded.

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

As at the reporting date, there were no indications of impairment loss in respect of amounts due from subsidiaries.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

In respect of interest-earning financial assets and interest-bearing financial liabilities, its effective interest rates at the reporting date, in which they reprice or mature, whichever is earlier are disclosed in Notes 19, 20, 23, 25 and 26 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(ii) Interest rate risk (cont'd)

Exposure in interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Floating rate instruments:				
Financial assets:				
- Fixed deposits placed with licensed banks	25,322,165	-	22,822,165	-
Financial liabilities:				
- Bankers' acceptance	-	(1,433,000)	-	-
- Revolving credit	(2,500,000)	(13,200,000)	-	-
- Term loans	(3,500,000)	(13,934,008)	-	-
	(6,000,000)	(28,567,008)	-	-
Net financial assets/(liabilities)	19,322,165	(28,567,008)	22,822,165	-

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period with all other variables held constant:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Effect on increase/(decrease) on results after tax:				
Increase of 50 basis points (2018: 10 basis points)	73,424	(21,711)	86,724	-
Decrease of 50 basis points (2018: 10 basis points)	(73,424)	21,711	(86,724)	-
Effect on increase/(decrease) on equity:				
Increase of 50 basis points (2018: 10 basis points)	73,424	(21,711)	86,724	-
Decrease of 50 basis points (2018: 10 basis points)	(73,424)	21,711	(86,724)	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

The following table sets out the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

		Contractual Cash Flows				
	Carrying Amount	On demand/ Within 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total
	RM	RM	RM	RM	RM	RM
Group						
2019						
Financial liabilities:						
Trade and other payables	17,691,250	17,691,250	-	-	-	17,691,250
Dividend payables	10,695,004	10,695,004	-	-	-	10,695,004
Loans and borrowings:						
- Revolving credit	2,500,000	2,634,500	-	-	-	2,634,500
- Term loans	3,500,000	2,139,836	1,537,931	-	-	3,677,767
Lease liabilities	977,185	412,529	272,988	300,988	87,882	1,074,387
	35,363,439	33,573,119	1,810,919	300,988	87,882	35,772,908
Company						
Financial liabilities:						
Trade and other payables	5,557,265	5,557,265	-	-	-	5,557,265
Dividend payables	10,695,004	10,695,004	-	-	-	10,695,004
Financial guarantees*	-	6,312,267	-	-	-	6,312,267
	16,252,269	22,564,536	-	-	-	22,564,536

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iii) Liquidity Risk (cont'd)

The following table sets out the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): (cont'd)

		Contractual Cash Flows			
	Carrying Amount	On demand/ Within 1 year	1 - 2 years	2 - 5 years	Total
	RM	RM	RM	RM	RM
Group					
2018					
Financial liabilities:					
Trade and other payables	15,733,783	15,733,783	-	-	15,733,783
Loans and borrowings:					
- Bankers' acceptance	1,433,000	1,454,088	-	-	1,454,088
- Hire purchase payables	599,106	152,804	135,289	375,191	663,284
- Revolving credit	13,200,000	3,479,710	4,953,863	6,567,148	15,000,721
- Term loans	13,934,008	6,164,136	4,867,612	4,448,261	15,480,009
	44,899,897	26,984,521	9,956,764	11,390,600	48,331,885
Company					
Financial liabilities:					
Trade and other payables	11,537,176	11,537,176	-	-	11,537,176
Financial guarantees*	-	30,480,730	-	-	30,480,730
	11,537,176	42,017,906	-	-	42,017,906

* This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

30. FINANCIAL INSTRUMENTS (cont'd)

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 will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily Chinese Yuan Renminbi ("CNY"), Euro ("EUR"), Sri Lankan Rupee ("LKR"), United States Dollar ("USD") and Singapore Dollar ("SGD").

The Group also holds cash and cash equivalents denominated in foreign currencies to pay its foreign purchases as a natural hedge against fluctuations in foreign currency risk.

Foreign exchange exposures in transactional currencies other than functional currency of the Group are kept to an acceptable level.

Exposure to foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than functional currency of the Group) risk, based on carrying amounts as at end of the reporting period was:

	Cash at bank	Receivables	Payables	Total
	RM	RM	RM	RM
Group				
2019				
CNY	-	-	(14,896)	(14,896)
EUR	-	-	(1,519)	(1,519)
LKR	1,961	-	-	1,961
USD	128,873	348,789	(788,855)	(311,193)
	130,834	348,789	(805,270)	(325,647)
2018				
CNY	-	-	(1,041)	(1,041)
EUR	1,433	-	(104,151)	(102,718)
SGD	457,012	431,690	-	888,702
USD	57,825	211,411	(133,658)	135,578
	516,270	643,101	(238,850)	920,521

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iv) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's result net of tax to a reasonably possible change in these foreign currencies exchange rates against RM, with all other variables held constant:

	Increase/(Decrease) in Results net of tax	
	2019	**2018**
	RM	**RM**
Group		
CNY/RM - Strengthened 5% (2018: 5%)	(566)	(40)
- Weakened 5% (2018: 5%)	566	40
EUR/RM - Strengthened 5% (2018: 5%)	(58)	(3,903)
- Weakened 5% (2018: 5%)	58	3,903
LKR/RM - Strengthened 5% (2018: 5%)	75	-
- Weakened 5% (2018: 5%)	(75)	-
SGD/RM - Strengthened 5% (2018: 5%)	-	33,771
- Weakened 5% (2018: 5%)	-	(33,771)
USD/RM - Strengthened 5% (2018: 5%)	(11,825)	5,152
- Weakened 5% (2018: 5%)	11,825	(5,152)

31. FAIR VALUES INFORMATION

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate loans approximate its fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair values of hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period. The carrying value and fair value of the hire purchase payables are not materially different.

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

32. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year/period ended 31 December 2019 and 31 December 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes loans and borrowings and lease liabilities, less cash and cash equivalents whilst total capital is the equity attributable to the Owners of the Company.

The gearing ratio as at 31 December 2019 and 31 December 2018, which are within the Group's and the Company's objective of capital management are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Loans and borrowings	6,000,000	29,166,114	-	-
Lease liabilities	977,185	-	-	-
	6,977,185	29,166,114	-	-
Less:				
- Fixed deposits placed with licensed banks	25,322,165	-	22,822,165	-
- Cash and bank balances	14,810,360	9,299,400	9,989,208	235,704
	40,132,525	9,299,400	32,811,373	235,704
Net debts	(33,155,340)	19,866,714	(32,811,373)	(235,704)
Equity attributable to the Owners of the Company, representing total capital	66,954,153	55,192,620	81,818,942	29,427,553
Capital and net debts	33,798,813	75,059,334	49,007,569	29,191,849
Gearing ratio	*	26%	*	*

* *Not applicable*

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

The Group is in compliance with all externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019
CONT'D

33. CAPITAL COMMITMENTS

The future capital commitments payable for the acquisition of property, plant and equipment at the reporting date but not recognised as payable is as follows:

	Group	
	2019	**2018**
	RM	**RM**
Approved and contracted for:		
- Purchase of plant and equipment	586,592	-

34. CONTINGENT LIABILITIES

	Group	
	2019	**2018**
	RM	**RM**
Unsecured:		
- Performance guarantee in favour of customers as security for supplies	276,713	276,713
- Bank guarantee in favour of Tenaga Nasional Berhad and Royal Malaysian Customs Department	41,000	991,000
- Letter of credit in favour of a supplier	690,048	61,908
	1,007,761	1,329,621

35. STATUS OF CORPORATE EXERCISE

The status of the corporate proposals as at the end of the financial year ended 31 December 2019 are as follows:

(a) On 17 January 2018, the Company proposed to undertake a renounceable rights issue of 91,671,462 new ordinary shares ("Rights Shares") together with 45,835,731 free detachable warrants ("Rights Warrants"), on the basis of three (3) Rights Shares for every five (5) existing Shares held and one (1) free Rights Warrant for every two (2) Rights Shares subscribed for, on an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue").

In conjunction with the Proposed Rights Issue, an application for exemption to Low Chin Guan ("Mr. Low") and persons acting in concert with him ("PAC") under paragraph 4.08 of the rules on Take-overs, Mergers and Compulsory Acquisitions ("Rules") from the obligation to undertake a mandatory offer for the remaining Shares not already owned by them arising from the application for excess Rights Shares under the Proposed Rights Issue as well as the subsequent exercise of the Rights Warrants into new Shares ("Proposed Exemption") will also be undertaken.

(b) On 8 June 2018, Bursa Malaysia Securities Berhad, vide its letter dated 8 June 2018, had approved the above Proposed Rights Issue as set forth above.

(c) On 9 July 2018, the Company has resolved to defer the above Proposed Rights Issue.

(d) On 24 August 2018, the Company has resolved to vary the Proposed Rights Issue to Proposed Renounceable Rights Issue of new Irredeemable Convertible Preference Shares ("Rights ICPS") together with free Rights Warrants, on the basis and issue price to be determined and announce later, to raise gross proceeds of up to RM50 million ("Proposed Rights Issue of ICPS with Warrants").

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019
CONT'D

35. STATUS OF CORPORATE EXERCISE (cont'd)

The status of the corporate proposals as at the end of the financial year ended 31 December 2019 are as follows: (cont'd)

(e) On 12 November 2018, Bursa Malaysia Securities Berhad had approved the above Proposed Rights Issue of ICPS with Warrants.

(f) On 28 November 2018, Bursa Malaysia Securities Berhad has granted the extension of time for the issuance of Rights ICPS.

(g) On 28 August 2019, the Board of Directors has decided to abort the corporate exercise pursuant to the above Proposed Rights Issue and the listing expenses of RM231,897 was recognised in the profit or loss during the financial year.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of the significant events in relation to the acquisition of a subsidiary and disposal of a subsidiary during the financial year are disclosed in Note 16(a)(i) and 16(c) respectively.

37. COMPARATIVE FIGURES

The comparatives relating to the statements of comprehensive income, statements of changes in equity, statements of cash flows and related notes is made up from 1 November 2017 to 31 December 2018 and therefore are not in respect of comparable periods with the current financial year from 1 January 2019 to 31 December 2019.

LIST OF PROPERTIES
FOR YEAR ENDED 31 DECEMBER 2019

Address/Location	Description/Use	Land Area (square metres)	Tenure	Age of Building No. of Years	Net Book Value as at 31.12.2019 RM'000	Date of Revaluation Or Acquisition
PTM Progress Trading & Marketing Sdn. Bhd.						
Lot PT17 HSM 9655 Mukim of Sungai Buluh District of Petaling Selangor	Warehouse	8,090	60 years leasehold expiring on 29.12.2055	5	12,751	22 December, 2014

STATISTICS OF SHAREHOLDINGS
As at 29 May 2020

Class of Shares	:	Ordinary Shares
On a poll	:	One (1) vote per Ordinary Share
Total number of issued shares	:	152,785,770 Ordinary Shares

ANALYSIS OF SHAREHOLDINGS

A. DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	161	3.63	6,410	0.00
100 - 1,000	820	18.46	596,527	0.39
1,001 - 10,000	2,525	56.86	12,547,368	8.21
10,001 - 100,000	873	19.66	26,806,561	17.55
100,001 to 7,639,287 (*)	58	1.31	23,885,092	15.63
7,639,288 and above (**)	4	0.09	88,943,812	58.21
Total	**4,441**	**100.00**	**152,785,770**	**100.00**

Remark: * less than 5% of issued holdings
** 5% and above of issued holdings

B. SUBSTANTIAL SHAREHOLDERS
(as shown in the Register of Substantial Shareholders)

		Direct		Indirect	
No.	**Name**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Low Chin Guan	59,035,652	38.64	-	-
2.	Low Lea Kwan	8,910,960	5.83	-	-

C. DIRECTORS' SHAREHOLDINGS
(as shown in the Register of Directors' Shareholdings)

		Direct		Indirect	
No.	**Name**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Low Chin Guan	59,035,652	38.64	-	-
2.	Kwek Siew Leng	1,000,000	0.65	-	-
3.	Toh Seng Thong	200,000	0.13	-	-
4.	Edmond Cheah Swee Leng	140,000	0.09	-	-
5.	Dato' Dr. Norraesah binti Haji Mohamad	140,000	0.09	-	-

Mr. Low Chin Guan, by virtue of his total direct interests of 59,035,652 shares in the Company, and pursuant to Section 8(4)(c) of the Companies Act 2016, is deemed interested in the shares in all of the Company's subsidiary companies to the extent that the Company has interests.

STATISTICS OF SHAREHOLDINGS

As at 29 May 2020
CONT'D

ANALYSIS OF SHAREHOLDINGS (cont'd)

D. THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Shareholders	Number of Shares	%
1.	Low Chin Guan	45,035,652	29.48
2.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt an for Clearstream Banking S.A.*	20,997,200	13.74
3.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Low Chin Guan*	14,000,000	9.16
4.	Low Lea Kwan	8,910,960	5.83
5.	Aphesus Limited	5,475,200	3.58
6.	Sin Tong Meng	3,432,000	2.25
7.	Kwek Siew Leng	1,000,000	0.65
8.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lai Kim Fook*	796,828	0.52
9.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lau Kooi See*	775,000	0.51
10.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Chee Kien*	600,000	0.39
11.	JF Apex Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Peng Boon Keong*	584,000	0.38
12.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Exempt an for OCBC Securities Private Limited*	500,000	0.33
13.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Rakuten Trade Sdn. Bhd. for Chong Yoke Woon*	420,000	0.27
14.	Amsec Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Peter Kong Ming Kien*	400,000	0.26
15.	M. Baaden bin Asasmulia	400,000	0.26
16.	Liew Chuan Hau	380,264	0.25
17.	Lee Yee Bing	370,000	0.24
18.	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mohamed Faroz bin Mohamed Jakel*	350,000	0.23
19.	Tham Soon Chuan	319,800	0.21
20.	Tai Chong Seng @ Tai Sah Ha	310,000	0.20
21.	Chua Yeow Huat	302,000	0.20
22.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Boon Hok*	300,000	0.20
23.	Ewe Tek Seng	300,000	0.20
24.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Liew Guan Tuck*	300,000	0.20
25.	Muhammad Hakimi Tan bin Abdullah	290,000	0.19
26.	Theang Koh Keng	289,400	0.19
27.	HLB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Sheah Kok Fah*	280,000	0.18
28.	Kenneth Khoo Teck Meng	250,000	0.16
29.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Deva Dassan Solomon*	240,000	0.16
30.	Tan Kean Hock	230,000	0.15
		107,838,304	**70.58**

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 21 July 2020 at 10:00 a.m. for the following purposes:-

AGENDA

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

2. To approve the payment of Directors' fees and benefits amounting to RM271,200/- for the financial year ending 31 December 2020. **(Resolution 1)**

3. To re-elect the following Directors who retire pursuant to Clause 114 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Mr. Edmond Cheah Swee Leng; and **(Resolution 2)**
   (b) Mr. Toh Seng Thong. **(Resolution 3)**

4. To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 4)**

5. **As Special Business**

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

   ORDINARY RESOLUTION
   - RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

   (i) "THAT Mr. Toh Seng Thong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director." **(Resolution 5)**

   (ii) "THAT Dato' Dr. Norraesah binti Haji Mohamad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director." **(Resolution 6)**

   (iii) "THAT Mr. Edmond Cheah Swee Leng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as a Senior Independent Non-Executive Director." **(Resolution 7)**

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING
CONT'D

ORDINARY RESOLUTION **(Resolution 8)**
- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

"THAT pursuant to the Companies Act 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered 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 may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being as empowered by Bursa Malaysia Securities Berhad pursuant to Bursa Malaysia Securities Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

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."

ORDINARY RESOLUTION **(Resolution 9)**
- PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject to the Companies Act 2016, the Constitution of the Company and Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature (**"Recurrent Related Party Transactions"**) as set out in Part A of the Company's Circular/Statement to Shareholders dated 22 June 2020 with the related parties mentioned therein 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 the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such Proposed New Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at an Annual General Meeting, the authority is renewed;

(b) the expiration of the period within which the next Annual General Meeting of the Company after the date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

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

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING
CONT'D

whichever is the earlier,

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

ORDINARY RESOLUTION
- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY **(Resolution 10)**

"THAT, subject to the compliance with Section 127 of the Companies Act 2016 and all other applicable laws, rules and regulations, provision of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad (**"Bursa Malaysia Securities"**), approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company (**"Shares"**) as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of Shares to be purchased and held pursuant to this resolution does not exceed ten per centum (10%) of the existing total number of issued shares of the Company including the Shares previously purchased and retained as treasury shares, if any, upon such terms and conditions as set out in Part B of the Company's Circular/Statement to the Shareholders dated 22 June 2020.

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

AND THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's retained profits based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the Shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, variations and/or amendments, if any, as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

6. To transact any other ordinary business of which due notice has been given in accordance with the Companies Act 2016 or the Constitution.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING
CONT'D

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
LIM LIH CHAU (SSM PC NO. 201908001454) (LS 0010105)
Company Secretaries

Kuala Lumpur
22 June 2020

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 14 July 2020 (**"General Meeting Record of Depositors"**) shall be eligible to attend the Meeting.*

2. *A Member entitled to attend and vote at the Meeting of the Company, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the Member at the Meeting. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the Member to attend, participate, speak and vote at the Meeting and upon appointment a proxy shall be deemed to confer authority to demand or join in demanding a poll.*

3. *Where a Member appoints more than one (1) proxy in relation to the Meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*

4. *The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or, if the Member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*

5. *Where a Member of the Company is an Exempt Authorised Nominee which holds Deposited Securities 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. *The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., 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 at any adjournment thereof.*

7. *Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-*

   (a) the constitution of the quorum at such meeting;
   (b) the validity of anything he did as chairman of such meeting;
   (c) the validity of a poll demanded by him at such meeting; or
   (d) the validity of the vote exercised by him at such meeting.

Explanatory Notes to Ordinary and Special Business:

(i) *Audited Financial Statements for the financial year ended 31 December 2019*

This Agenda item is meant for discussion only, as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING
CONT'D

(ii) *Resolutions 5, 6 & 7 - Retention of Independent Non-Executive Directors*

The Nomination Committee had assessed the independence of Mr. Toh Seng Thong, Dato' Dr. Norraesah binti Haji Mohamad and Mr. Edmond Cheah Swee Leng, who have served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years. The Board has recommended that the approval of the shareholders be sought to retain Mr. Toh Seng Thong, Dato' Dr. Norraesah binti Haji Mohamad and Mr. Edmond Cheah Swee Leng as Independent Non-Executive Directors based on the following justifications:-

- *had fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;*
- *had ensured effective check and balance in the proceedings of the Board and the Board Committees;*
- *had actively participated in the Board deliberations, provided objectivity in decision making and an independent voice to the Board and contributed in preventing Board domination by any single party;*
- *had devoted sufficient time and attention to their responsibilities as an Independent Non-Executive Director of the Company; and*
- *had exercised their due care in the interest of the Company and shareholders during their tenure as an Independent Non-Executive Director of the Company.*

(iii) *Resolution 8 - Authority to issue shares pursuant to the Companies Act 2016*

*The Company intended to renew the authority granted to the Directors of the Company at the Sixteenth Annual General Meeting of the Company held on 19 June 2019 (**"Previous Mandate"**) to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being (**"20% General Mandate"**).*

As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

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

After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the seeking of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the following basis: -

- *The interest of the Company as well as its long term shareholders should be in congruence on the issue of long term sustainability of the Company as only a business operation with healthy and sufficient working capital could generate positive returns to the Company and its shareholders.*
- *Given the outbreak of Covid-19 pandemic and the subsequent imposition of the Movement Control Order by the Malaysian Government to contain the Covid-19, the Company endeavour to ensure sufficient fund for its working capital and operational expenditure during this challenging period.*
- *The additional fund raising flexibility through the 20% General Mandate will enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion, to meet its funding requirements for working capital and operational expenditure, expeditiously and efficiently, without convening a general meeting during this challenging period as it would be both time and cost-consuming to organise a general meeting solely for such issuance and allotment of shares.*

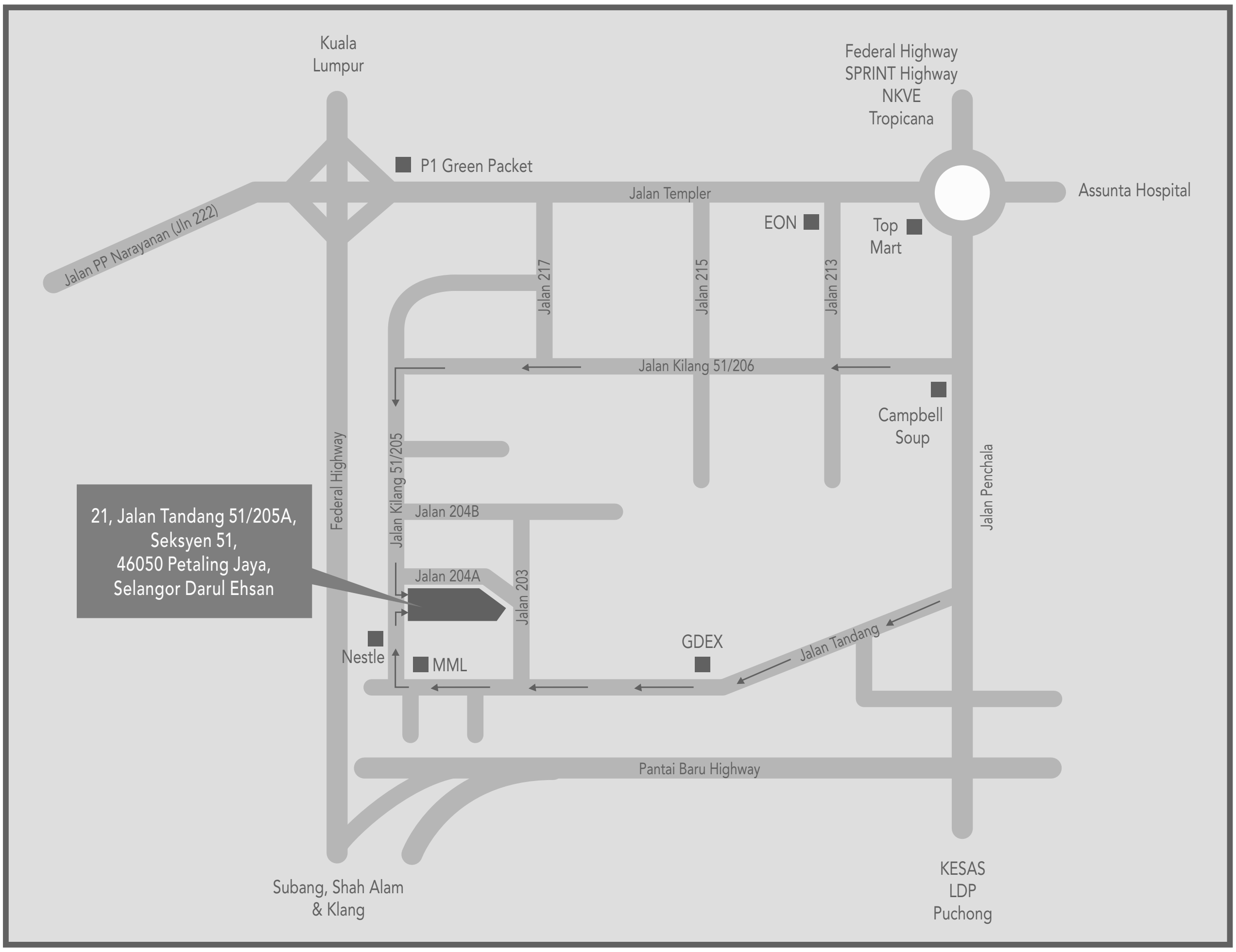
(iv) *Resolution 9 - Proposed New Shareholders' Mandate*

*The Proposed Resolution 9 is to obtain new Shareholders' Mandate for new Recurrent Related Party Transactions. New Shareholders' Mandate will enable the Company and its subsidiaries (**"the Group"**) to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those general available to the public and are not, in the Company's opinion, detrimental to the minority shareholder of the Company.*

(v) *Resolution 10 - Proposed Renewal of Share Buy-Back Authority*

The proposed adoption of the Resolution 10 is to renew the authority granted by the shareholders of the Company at the Sixteenth Annual General Meeting held on 19 June 2019. The proposed renewal will allow the Board of Directors to exercise the power of the Company to purchase not more than ten per centum (10%) of the total number of issued shares of the Company any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

LOCATION MAP TO AGM



This page has been intentionally left blank.

Form of Proxy

Number of Shares Held	
CDS Account No.	

ADVENTA BERHAD 200301016113 (618533-M)
(Incorporated in Malaysia)

*I/We ____
(Full Name In Capital Letters)

bearing *NRIC No./Passport No./Registration No. ______________________________

of ____
(Full Address)

being a *member/members of ADVENTA BERHAD (**"the Company"**), hereby appoint:-

First Proxy "A"

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing *him/her,

Second Proxy "B"

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			
			100%

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 Seventeenth Annual General Meeting of the Company to be held at 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 21 July 2020 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his discretion.

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon			
		Resolution	**For**	**Against**
2.	To approve the payment of Directors' fees and benefits amounting to RM271,200/- for the financial year ending 31 December 2020	1		
3.	To re-elect Mr. Edmond Cheah Swee Leng who retires pursuant to Clause 114 of the Company's Constitution	2		
4.	To re-elect Mr. Toh Seng Thong who retires pursuant to Clause 114 of the Company's Constitution	3		
5.	To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration	4		
Special Business				
6.	Retention of Mr. Toh Seng Thong as an Independent Non-Executive Director of the Company	5		
7.	Retention of Dato' Dr. Norraesah binti Haji Mohamad as an Independent Non-Executive Director of the Company	6		
8.	Retention of Mr. Edmond Cheah Swee Leng as a Senior Independent Non-Executive Director of the Company	7		
9.	Authority to issue shares pursuant to the Companies Act 2016	8		
10.	Proposed new Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	9		
11.	Proposed Renewal of Authority for Share Buy-Back.	10		

* Strike out whichever not applicable.

Signed this______________day of_________________2020

____
Signature of Member/Common Seal

Fold This Flap For Sealing

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 14 July 2020 (**"General Meeting Record of Depositors"**) shall be eligible to attend the Meeting.*

2. *A Member entitled to attend and vote at the Meeting of the Company, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the Member at the Meeting. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the Member to attend, participate, speak and vote at the Meeting and upon appointment a proxy shall be deemed to confer authority to demand or join in demanding a poll.*

3. *Where a Member appoints more than one (1) proxy in relation to the Meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*

4. *The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or, if the Member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*

5. *Where a Member of the Company is an Exempt Authorised Nominee which holds Deposited Securities 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. *The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., 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 at any adjournment thereof.*

7. *Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-*

   (a) the constitution of the quorum at such meeting;
   (b) the validity of anything he did as chairman of such meeting;
   (c) the validity of a poll demanded by him at such meeting; or
   (d) the validity of the vote exercised by him at such meeting.

Then Fold Here

AFFIX
STAMP

ADVENTA BERHAD 200301016113 (618533-M)

c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

1st Fold Here

www.adventa.com.my