



誠成集團

K. SENG SENG CORPORATION BERHAD

Company No.: 198501000983 (133427-W)



ANNUAL

REPORT 2020





誠成集團

K. SENG SENG CORPORATION BERHAD
Company No.: 198601000983 (133427-W)

CONTENTS

Corporate Information	2
Corporate Structure	4
Management Discussion and Analysis	5
Directors' Profile	11
Key Senior Management Profile	14
5-Year Financial Highlights	16
Corporate Governance Overview Statement	18
Audit and Risk Management Committee Report	44
Statement on Risk Management and Internal Control	49
Additional Compliance Information	54
Sustainability Statement	56
Financial Statements	90
Directors' Report	91
Statements of Comprehensive Income	96
Statements of Financial Position	97
Consolidated Statement of Changes in Equity	99
Statement of Changes in Equity	101
Statements of Cash Flows	102
Notes to the Financial Statements	105
Statement by Directors	178
Statutory Declaration	179
Independent Auditors' Report	180
Analysis of Shareholdings	185
List of Properties	188
Notice of Annual General Meeting	189
Appendix I – Amendment to Constitution	
Form of Proxy	
Request Form for Printed Copy of Annual Report 2020	



誠成集團

K. SENG SENG CORPORATION BERHAD

Company No.: 198501000983 (133427-W)

PRINCIPAL PLACE OF BUSINESS

Lot 3707, Jalan 7/5
Taman Industri Selesa Jaya
43300 Balakong
Selangor Darul Ehsan, Malaysia
Tel : 03-8961 5555
Fax : 03-8962 1111

REGISTERED OFFICE

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2241 5800
Fax : 03-2282 5022

BOARD OF DIRECTORS

Lee Choon Wan

Chairman (Re-designated on 5 May 2021)
Independent Non-Executive Director
(Appointed on 24 August 2020)

Koh Seng Lee

Group Managing Director

Tsen Ket Shung @ Kon Shung

Executive Director

Dr Teh Chee Ghee

Independent Non-Executive Director
(Appointed on 04 January 2021)

Tuan Haji Zainal Rashid

Bin Haji Mohd Eusoff

Independent Non-Executive Director

Dr Lim Pang Kiam

Independent Non-Executive Director
(Resigned on 30 November 2020)

Lim Ho Kin

Senior Independent Non-Executive Director
(Retired on 22 July 2020)

Yap Siok Teng

Independent Non-Executive Director
(Retired on 22 July 2020)

STOCK EXCHANGE LISTING :
Main Market of Bursa Malaysia
Securities Berhad
STOCK CODE: 5192

WEBSITE : www.kssc.com.my

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman

Dr Teh Chee Ghee (Appointed on 04 Jan 2021)

Dr Lim Pang Kiam (Resigned on 30 Nov 2020)

Members

Tuan Haji Zainal Rashid

Bin Haji Mohd Eusoff

Lee Choon Wan (Appointed on 24 Aug 2020)

Lim Ho Kin (Retired on 22 July 2020)

Yap Siok Teng (Retired on 22 July 2020)

REMUNERATION COMMITTEE

Chairman

Tuan Haji Zainal Rashid

Bin Haji Mohd Eusoff

Members

Lee Choon Wan (Appointed on 24 Aug 2020)

Dr Teh Chee Ghee (Appointed on 04 Jan 2021)

Lim Ho Kin (Retired on 22 July 2020)

Yap Siok Teng (Retired on 22 July 2020)

Dr Lim Pang Kiam (Resigned on 30 Nov 2020)

NOMINATION COMMITTEE

Chairman

Dr Teh Chee Ghee (Appointed on 04 Jan 2021)

Dr Lim Pang Kiam (Resigned on 30 Nov 2020)

Members

Tuan Haji Zainal Rashid

Bin Haji Mohd Eusoff

Lee Choon Wan (Appointed on 24 Aug 2020)

Lim Ho Kin (Retired on 22 July 2020)

Yap Siok Teng (Retired on 22 July 2020)

COMPANY SECRETARY

Wong Youn Kim

(MAICSA No.: 7018778)

(PC SSM 201908000410)

Chan Min Wai (Appointed on 21 April 2021)

(MIA No.: 26548)

(PC SSM 202108000131)

SHARE REGISTRAR

**Tricolor Investor & Issuing House
Services Sdn Bhd**

197101000970 (11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3

Bangsar South City

No 8 Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03-2783 9299

Fax : 03-2783 9222

PRINCIPAL BANKERS

Malayan Banking Berhad

Hong Leong Bank Berhad

United Overseas Bank (Malaysia) Berhad

Citibank Berhad

AmBank (M) Berhad

SOLICITORS

Teh Cheng Aik & Co

L.H. Tan & Partners

AUDITORS

Baker Tilly Monteiro Heng PLT

201906000600 (LLP0019411-LCA) &

Chartered Accountants (AF0117)

Baker Tilly Tower

Level 10, Tower 1, Avenue 5

Bangsar South City

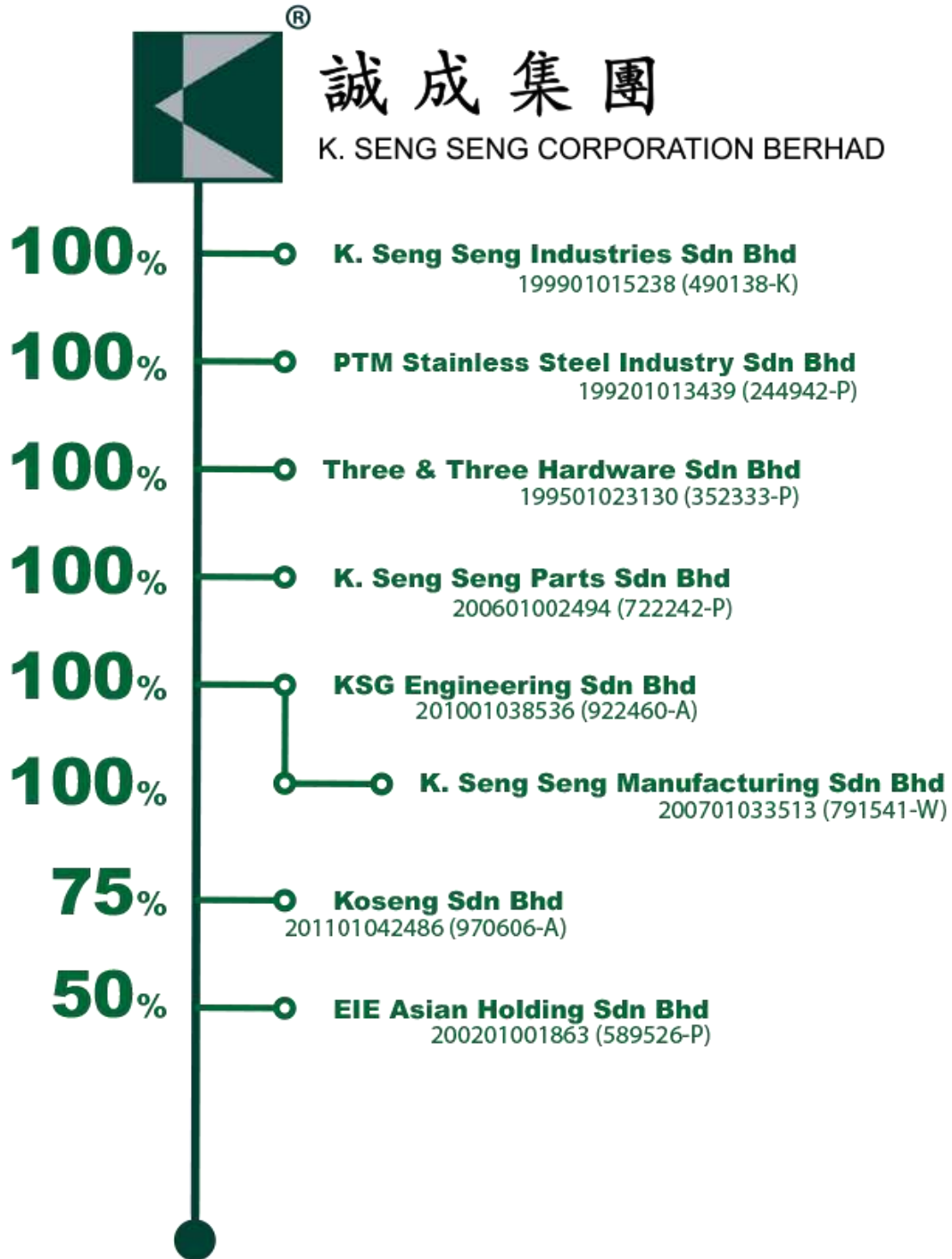
59200 Kuala Lumpur, Malaysia

Website: www.bakertilly.my

Tel : 03-2297 1000

Fax : 03-2282 9980

CORPORATE STRUCTURE



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The financial year ended (“FYE”) 31 December 2020 was challenging not only to K. Seng Seng Corporation Berhad (“KSSC” or “the Company”) and its subsidiaries (“the Group”), but to all industries across Malaysia and globally. As the novel coronavirus (“Covid-19”) pandemic severely impacted economies globally, the demand and supply chain had been disrupted by the worldwide lockdowns and travel restrictions. In Malaysia, the government implemented various measures including Movement Control Order (“MCO”) 1.0 from 18 March 2020 to 12 May 2020 and re-imposition of MCO 2.0 from 13 January 2021 to 4 March 2021, and MCO 3.0 from 6 May 2021 to 7 June 2021, Conditional MCO (“CMCO”) and Recovery MCO (“RMCO”) to mitigate the spread of Covid-19. These restrictions adversely affected the Group’s operations as the MCO 1.0 lockdown required temporary closure of its operations during the period. However, with the approval from the Ministry of International Trade and Industry (“MITI”), the Group was able to recommence its operations since 4 May 2020.

Covid-19 pandemic has had a profound effect on the operations of many of our customers, both locally and overseas, and thus our financial performance was somewhat adversely impacted but thankfully, not significantly. During this time, we also undertook various cost-effective measures to minimise operating expenses.

The re-imposition of MCO 2.0 and MCO 3.0 a year later present new challenges but we continue to abide to Covid-19 standard operating procedures without any compromise to health or business risks.

The Management has coped well and will continue to prioritise on protection of our workers and their families against Covid-19 pandemic as well as having contingency plans to deal with various scenarios arising from the pandemic.

Examples of measures in place include work from home, conducting daily body temperature measurement of employees and visitors before they are allowed to enter into workplace, workplace registered with MySejahtera application, wearing masks, social distancing, daily disinfection spraying and cleaning. The Group has performed 2 rounds of swab tests on all employees in December 2020 and February 2021, respectively, and disinfection fogging for office premise in February 2021, in view of the spike increase of confirmed Covid-19 cases as a preventive measure. We believe we are better prepared this time round and will maintain our operations in the most effective way going forward.

BUSINESS OVERVIEW

The Company is principally engaged in investment holding related activities whilst the subsidiaries are primarily engaged in the manufacturing and processing of secondary stainless steel and stainless steel related products, trading of industrial hardware including marine hardware and consumables; engineering works, fabrication and installation of glove dipping line and trading of glove dipping line parts.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The key business segments of the Group are as follows:

- Stainless Steel Products - Manufacture and sales of stainless steel tubes and pipes; and processing of stainless steel sheets products.
- Marine Hardware & Consumable - Trading of marine hardware includes, polypropylene (PP) and polyethylene (PE) ropes, stainless steel bars, stainless steel fasteners, galvanised wire, wire ropes and wire netting, nylon trammel and PE nets, copper tubes, chain, brass stern gland and propellers, square boat and shank spikes, packing and asbestos sheets, stainless steel electrode and rigging hardware such as zincked block, pulley, pin shaft, hooks and chain block.
- Other Industrial Hardware - Trading of industrial hardware includes, bronze shaft, brass tubes, other steel industrial fasteners such as high tensile, mild steel and galvanised bolts and nuts, screws, washers and shackles, ductile iron pipe and fittings such as flange, valves, tapers, hose clips and clamps, industrial hoses such as spring hose, polyvinyl chloride (PVC) hose, black rubber suction and water hose and PVC reinforced air hose, alloy chain, stainless steel wire mesh, colour cotton rag, rubber conveyor belt, industrial wipes, safety absorbent and fibre ceramic blanket.
- Engineering Works - Includes fabrication and installation of on-line chlorination nitrile glove dipping lines and rubber glove dipping lines; trading of dipping lines parts and consumables including, conveyor chain and conveyor chain parts, former holder set, worm gear and motor; and engineering services including machining, cutting, dismantle and cleaning of conveyor chain.

VISION AND MISSION

The vision and mission of the Group are disclosed in the Sustainability Statement of this Annual Report.

FINANCIAL PERFORMANCE OVERVIEW

	For the Financial Year Ended		
	31/12/2020	31/12/2019	Change
	RM'000	RM'000	%
Revenue	105,861	107,472	(1.50)
Profit from Operations	2,292	514	345.91
Profit/(Loss) Before Tax	1,212	(764)	258.64
Loss After Tax	(751)	(1,936)	61.21
Loss Attributable to Ordinary Equity Holders of the Parent	(998)	(2,017)	50.52

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Group revenue for FYE 2020 had decreased marginally by 1.50% from RM107.47 million in 2019 to RM105.86 million, mainly due to the negative impact from implementation of MCO 1.0 by the government to mitigate the Covid-19 pandemic.

Despite the slight decrease in revenue for FYE 2020, the Group managed to achieve a higher gross profit margin at 18.03% compared to 16.22% for FYE 2019. The profit from operations for FYE 2020 was RM2.29 million compared to RM0.51 million for FYE 2019, an increase of RM1.78 million or 345.91%. The Group attained a profit before tax of RM1.21 million in FYE 2020 compared to a loss before tax of RM0.76 million in FYE 2019, representing an increase of RM1.97 million or 258.64%. The impact of higher gross profit margin and improved profits from operations were due to operational efficiency arising from better costs management of procurement of raw materials in view of the increase in stainless steel products price. However, the Group has made allowance for impairment of trade receivables and slow-moving inventories amounted to RM0.79 million (2019: RM1.52 million) and RM1.53 million (2019: RM Nil) respectively, resulting the reduced in Group's profit before tax for FYE 2020.

Notably, the Group had a loss after tax of RM0.75 million despite having a profit before tax of RM1.21 million, was mainly due to de-recognition of deferred tax assets and additional income tax provision expenses amounting to RM0.73 million and RM1.23 million, respectively.

	Stainless Steel Products	Marine Hardware & Consumable	Other Industrial Hardware	Engineering Works	Total
FYE 2020	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	36,630	24,918	34,277	10,018	105,843
Reportable segment gross profit	3,814	5,075	8,565	1,610	19,064
FYE 2019					
Revenues from external customers	35,951	29,011	29,270	13,222	107,454
Reportable segment gross profit	3,986	6,707	6,123	596	17,412

Stainless Steel Products and Other Industrial Hardware segments remain the major revenue contributors to the Group for FYE 2020. Both segments accounted for approximately 66.99% (2019: 60.70%) of the revenue, whereas Marine Hardware and Consumable and Engineering Works segments contributed 23.54% (2019: 27%) and 9.46% (2019: 12.30%) respectively.

As a result of the temporary closure of business during MCO 1.0, Marine Hardware and Consumable and Engineering Works segments reported a drop in reportable segment revenue. Notably, the combined total reportable segment profit increased by RM1.65 million or 9.49% mainly attributable to higher gross profit margin due to operational efficiency arising from better costs management of procurement of raw materials in view of the increase in stainless steel products price.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

STAINLESS STEEL PRODUCTS

The revenue from the Stainless Steel Products segment recorded a RM0.68 million or 1.89% improvement to RM36.63 million in FYE 2020 as compared to RM35.95 million in FYE 2019. Segmental gross profit decreased marginally by RM0.17 million or 4.315% to RM3.81 million in FYE 2020 as compared to RM3.99 million in FYE 2019.

Being the manufacturing arm of the Group, the Management takes heed on the safety and health of the employees by adhering to strict guidelines and standard operating procedures set by the National Security Council, Ministry of Health and MITI.

We hold certification in compliance to ISO9001:2015 which relates to possessing excellent quality management systems that meet international standards.

MARINE HARDWARE AND CONSUMABLE

The revenue from the Marine Hardware and Consumable segment decreased by RM4.09 million or 14.11% to RM24.92 million in FYE 2020 as compared to RM29.01 million in FYE 2019. Segmental gross profit decreased by RM1.63 million or 24.33% to RM5.08 million in FYE 2020 as compared to RM6.71 million in FYE 2019. The decrease in revenue was impacted by the Covid-19 pandemic and MCO 1.0, resulting in lesser sales and thus reduced profit.

OTHER INDUSTRIAL HARDWARE

The revenue from the Other Industrial Hardware segment recorded a RM5.01 million or 17.11% improvement to RM34.28 million in FYE 2020 as compared to RM29.27 million in FYE 2019. Segmental gross profit improved by RM2.44 million or 39.88% to RM8.57 million in FYE 2020 as compared to RM6.12 million in FYE 2019. Despite the Covid-19 pandemic, orders have been coming in firmly due to concern of customers over supply chain interruptions.

ENGINEERING WORKS

The revenue from the Engineering Works segment decreased by RM3.20 million or 24.23% to RM10.02 million in FYE 2020 as compared to RM13.22 million in FYE 2019. Segmental gross profit however has increased by RM1.01 million or 170.13% to RM1.61 million in FYE 2020 as compared to RM0.6 million in FYE 2019. The decrease in revenue mainly due to less engineering works completed during the FYE 2020 due to temporary cessation of business during the period MCO 1.0. Gross profit was increased attributable to better material utilisation and higher demand from the glove manufacturing industries.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL POSITION AND LIQUIDITY OVERVIEW

	For the Financial Year Ended		
	31/12/2020	31/12/2019	Change
	RM'000	RM'000	%
Total Assets	143,249	123,787	15.72
Total Liabilities	60,735	45,133	34.57
Total Equity attributable to Shareholders	80,972	77,358	4.67
Total Borrowings	37,210	26,636	39.70
Deposits, cash and bank balances	22,444	8,609	160.70
Net Asset per Share (sen)	78	80	(2.5)
Basic Earnings per Share (sen)	(1.04)	(2.10)	50.48
Gearing Ratio (times)	0.46	0.34	-

Total equity attributable to shareholders grew from RM77.36 million to RM80.97 million as at 31 December 2020 was due to issuance of 7,950,000 ordinary shares pursuant to the private placement at an issue price of RM0.58 per share, amounted to RM4.61 million, and was offset by the loss during the year. Net asset per share dropped by 2.5% to 78 sen per share for FYE 2020 from 80 sen per share for FYE 2019. Our earnings per share has improved by 50.48% from a loss of 2.1 sen per share in FYE 2019 to a loss of 1.04 sen per share in FYE 2020.

Total assets increased by RM19.46 million mainly due to increase from trade and other receivables of RM9.11 million, contract assets of RM1.88 million and cash and bank balances by RM13.84 million and decrease in inventories by RM4.47 million. As of 31 December 2020, the Group's trade and other receivables and inventories stood at RM46.80 million and RM53.67 million respectively, net of allowance for impairment on trade receivables and slow-moving inventories.

Total liabilities increased by RM15.60 million mainly due to increase in contract liabilities of RM9.51 million and bank borrowings of RM10.88 million and decrease in trade and other payables of RM4.63 million. As of 31 December 2020, the Group's trade and other payables and contract liabilities stood at RM13.69 million and RM9.51 million, respectively.

In terms of cash flows, the Group generated a positive net cash from operating activities of RM2.04 million, net cash from financing activities of RM12.68 million and net cash used in investing activities of RM0.91 in FYE 2020, as compared to net cash from operating activities of RM9.68 million, net cash used in financing activities of RM10.67 million and net cash used in investing activities of RM1.61 million. Overall the cash and cash equivalents increased by RM13.81 million to RM20.94 million in FYE 2020 from RM7.13 million in FYE 2019.

The bank borrowings increased by RM10.57 million to RM37.21 million, thus the Group's gearing ratio increased to 0.46 times in FYE 2020 from 0.34 times in FYE 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OUTLOOK AND PROSPECT

In 2021, the global economy is projected to recover with a growth of 5.2% to 5.5% as compared to a negative growth of 4.4% in 2020. Against the challenging Covid-19 pandemic backdrop, with uneasy ripple effects of the United States-China trade disputes, continued Brexit uncertainties and deepening climate crisis – all these geo-political and socio-economic complexities have undoubtedly created challenges for the business community.

With the anticipated improvement in global growth and international trade, the Malaysian economy is projected to rebound between 6.5% - 7.5% in 2021. Growth will continue to be supported by strong economic fundamentals and a well-diversified economy. However, the favourable outlook hinges on two major factors – the successful containment of the pandemic and sustained recovery in external demand. (*source: Ministry of Finance: Budget 2021 – Economic Outlook 2021 Report*)

In the current global race to deliver the Covid-19 vaccines and inoculate the population amid the resurgence wave of infections in Malaysia, there is optimism that our economy will get better, albeit slowly. Given that the current situation is still full of uncertainties, the Group has continued to take prudent measures in managing our cash flows to enhance our resiliency to overcome this crisis as it continues.

Despite the prevailing significant risks and the various uncertainties and challenges, the Group will continue its cautious pragmatic approach to navigate through the impact caused by Covid-19 pandemic. Barring unforeseen circumstances, our Board is cautiously optimistic that the prospect of our Group shall be favourable. We are confident that despite challenging environment, our Group will yield positive results and contribute satisfactorily to our financial performance.

DIVIDEND

The Group has adopted a Dividend Policy of 40% of its Distributable Profit and has been distributing dividends since listing. The challenging business environment ahead means that it is imperative that the Group conserves cash for working capital requirement. The Group will not be distributing dividend for the financial year ended 31 December 2020 due to losses incurred in the past two (2) financial years.

DIRECTORS' PROFILE

LEE CHOON WAN

Male, Chairman-Independent Non-Executive Director (Aged 62, Malaysian)

Mr Lee Choon Wan was appointed to the Board on 24 August 2020 as an Independent Non-Executive Director. He was re-designated to Chairman of the Board on 5 May 2021. He is also appointed as a member in the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

He is currently the Managing Partner and founder of the firm, Messrs Lee Choon Wan & Co. ("Firm"). He founded the Firm in June 1992. Prior to that, he began his career with Messrs Nik Hussain & Partners in 1984 and was made partner in 1989. He graduated from the University of Wales in 1982 with an Honours Degree in Law (LL.B (Hons)) and was called to the Bar of England and Wales in 1983 as a member of Lincoln's Inn. He admitted as an advocate and solicitor of the High Court of Malaya in 1984.

He has more than thirty (30) years of experience in corporate finance and capital markets, banking and finance, and compliance and regulatory matters.

He does not hold any directorship in any other public listed company.

KOH SENG LEE

Male, Group Managing Director (Aged 59, Malaysian)

Mr Koh Seng Lee was appointed to the Board on 26 May 1986. He was re-designated to Group Managing Director on 21 May 2019. He is not a member of any Board Committee.

He brings with him more than thirty (30) years of experience in the trading of steel industrial fasteners, marine hardware and consumables, industrial hardware as well as the manufacturing and processing of secondary stainless steel products. As Group Managing Director, his overall management and supervision skills have contributed significantly to the development, growth and success of the Group. He is currently responsible for the overall operations of the Group, overseeing day-to-day manufacturing, processing and trading operations as well as the sales and marketing activities of the Group.

He does not hold any directorship in any other public listed company.

TSEN KET SHUNG @ KON SHUNG
Male, Executive Director (Aged 50, Malaysian)

Mr Tsen Ket Shung was appointed to the Board on 19 June 2009. He is a Chartered Accountant, member of the Malaysian Institute of Accountants (MIA) and a Fellow of the Association of Chartered Certified Accountant (FCCA). He is not a member of any Board Committee.

He is currently responsible for overseeing the Engineering Works segment and the fabrication and installation of the glove dipping lines.

He does not hold any directorship in any other public listed company.

TUAN HAJI ZAINAL RASHID BIN HAJI MOHD EUSOFF
Male, Independent Non-Executive Director (Aged 80, Malaysian)

Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff was appointed to the Board on 24 March 2010. He is a member in both Audit and Risk Management Committee and Nomination Committee, and the Chairman of the Remuneration Committee.

He has more than thirty (30) years of experience working with the Royal Malaysian Customs Department ("RMCD") where he held various positions within the Department. He held the position of Senior Assistant Director in RMCD prior to his retirement in 1996.

He does not hold any directorship in any other public listed company.

DR TEH CHEE GHEE
Male, Independent Non-Executive Director (Aged 54, Malaysian)

Dr Teh Chee Ghee was appointed to the Board on 4 January 2021 as an Independent Non-Executive Director. He was also appointed as the Chairman in both the Audit and Risk Management Committee and Nomination Committee and as a member of the Remuneration Committee.

He is an academician attached to Monash University Malaysia as a Senior Lecturer at the School of Business. He holds the Doctor of Philosophy (PhD) degree in Credit Management, Master of Business Administration (MBA) and the Accounting degree, all from the University of Malaya. He is a Council Member of the Malaysian Institute of Certified Public Accountants (MICPA) and a member of the Malaysian Institute of Accountants (MIA). He is also a fellow member of the Chartered Association of Certified Accountants (ACCA), UK and the Chartered Taxation Institute of Malaysia (CTIM).

He has more than 30 years of working experience in finance, accounting, auditing, corporate management, strategic planning and operations.

He is currently the Independent Non-Executive Chairman of Engtex Group Berhad and an Independent Non-Executive Director of ACO Group Berhad.



誠成集團

K. SENG SENG CORPORATION BERHAD

Company No.: 198501000983 (133427-W)

Other information:

1. Family Relationship with any Director and/or Substantial Shareholder

Mr Koh Seng Lee is the brother of the late major shareholder, Mr Koh Seng Kar @ Koh Hai Sew.

Save for the above, there is no family relationship between the Directors with any Director and/or Substantial Shareholders of the Company.

2. Directors' Shareholdings

Details of the Directors' Shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.

3. Conflict of Interest with the Group

None of the other Directors of the Company have any conflict of interest with the Group.

4. Convictions for Offences

None of the Directors of the Company have been convicted of any offences within the past five (5) years. There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

5. Number of Board Meeting Attended

Details of the Board meeting attendance of each director are disclosed in the Corporate Governance Overview Statements in the Annual Report.



誠成集團

K. SENG SENG CORPORATION BERHAD

Company No.: 198501000963 (133427-W)

KEY SENIOR MANAGEMENT PROFILE

KOH SENG LEE

Male, Group Managing Director (Aged 59, Malaysian)

Please refer to his Director's Profile in Page 11 of the Annual Report 2020.

TSEN KET SHUNG @ KON SHUNG

Male, Executive Director (Aged 50, Malaysian)

Please refer to his Director's Profile in Page 12 of the Annual Report 2020.

KOH WEE KHENG

Male, Chief Operating Officer (Aged 40, Singaporean)

Mr Koh Wee Kheng joined the Company on 1 November 2019 as the Chief Operating Officer. He graduated from Nanyang Technological University, Singapore in 2004 with a Bachelor of Accountancy. He is a Chartered Accountant of Singapore, a member of the Institute of Singapore Chartered Accountants and ASEAN Certified Accountant.

He has more than fifteen (15) years of experience in the field of accounting, banking and operational management. He is responsible for developing strategic, business goals and assisting the Group Managing Director in the day-to-day operations.

He does not hold any directorship in any other public listed company.

CHAN MIN WAI

Male, Chief Financial Officer (Aged 47, Malaysian)

Mr Chan Min Wai joined the Company on 12 November 2020 as the Chief Financial Officer. He obtained his professional qualification from the Chartered Association of Certified Accountants (ACCA), UK in 2005. He is also a member of the Malaysian Institute of Accountants (MIA) since 2006.

He has more than twenty-seven (27) years of working experience in auditing, finance, accounting, corporate management and strategic planning. He is responsible for the Group's finance, accounting, regulatory reporting, risk and compliance functions and reports to the Group Managing Director.

He does not hold any directorship in any other public listed company.

CHIA AI PENG

Male, Director (Aged 50, Malaysian)

Mr Chia Ai Peng is a Director of Koseng Sdn. Bhd., a subsidiary of the Company. He has more than ten (10) years of experience in the trading of steel industrial fasteners, marine hardware, consumables and industrial hardware. He oversees the subsidiary's day-to-day trading operations, sales activities as well as business planning and development.

He does not hold any directorship in any other public listed company.



誠成集團

K. SENG SENG CORPORATION BERHAD

Company No.: 198501000983 (133427-W)

KEY SENIOR MANAGEMENT PROFILE (continued)

Other information:

1. Family Relationship with any Director and/or Substantial Shareholder

Mr Koh Seng Lee is the brother of the late major shareholder, Mr Koh Seng Kar @ Koh Hai Sew.

Mr Koh Wee Kheng is the son-in-law of the late Mr Koh Seng Kar @ Koh Hai Sew.

Save for the above, there is no family relationship between the Key Senior Management with any Director and/or Substantial Shareholders of the Company.

2. Conflict of Interest with the Group

None of the Key Senior Management of the Company have any conflict of interest with the Group.

3. Convictions for Offences

None of the Key Senior Management of the Company have been convicted of any offences within the past five (5) years. There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

5-YEAR FINANCIAL HIGHLIGHTS

QUARTERLY PERFORMANCE

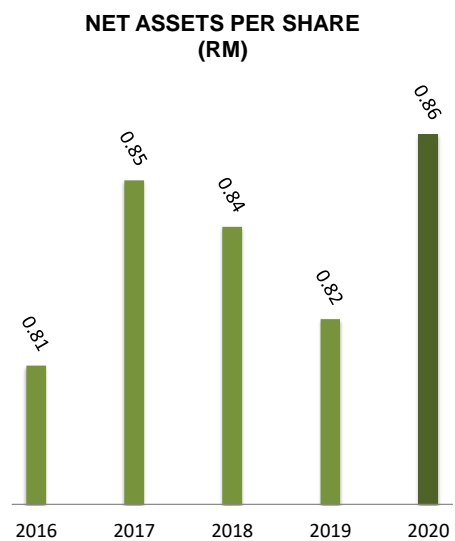
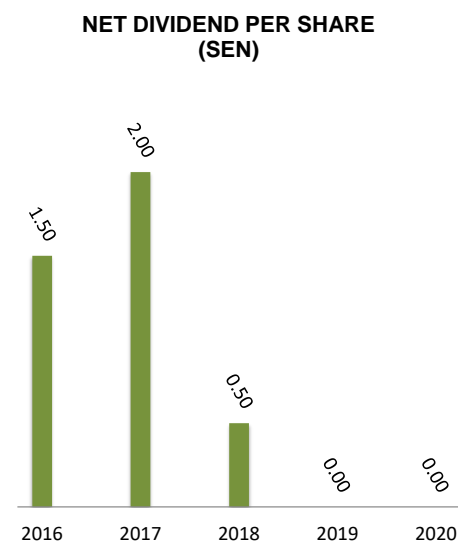
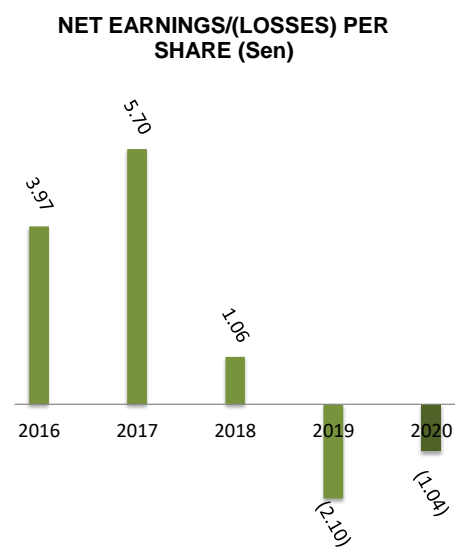
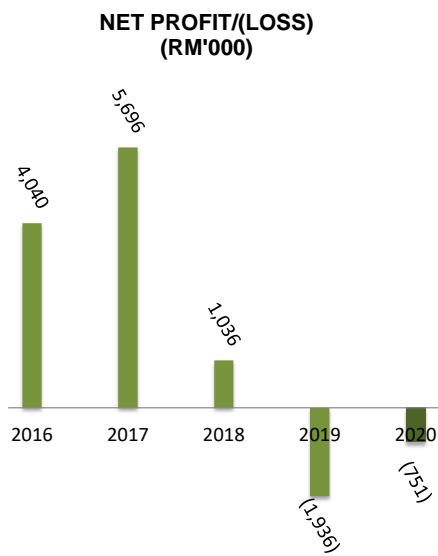
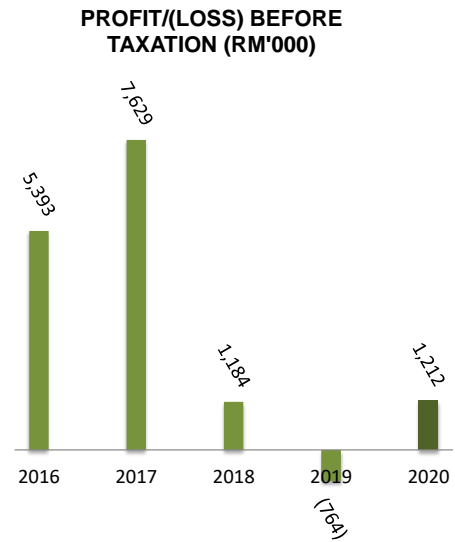
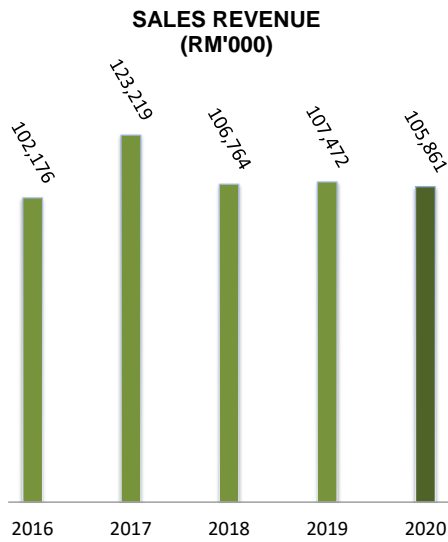
2020	Q1	Q2	Q3	Q4	Full Year
Sales Revenue (RM'000)	22,393	18,570	31,297	33,601	105,861
Profit/(Loss) Before Taxation (RM'000)	(442)	(328)	2,112	(130)	1,212
Net Profit/(Loss) (RM'000)	(514)	(508)	1,798	(1,527)	(751)
Net Earnings/(Losses) Per Share (Sen)	(0.57)	(0.59)	1.83	(1.65)	(1.04)
Net Dividend Per Share (Sen)	-	-	-	-	-

2019	Q1	Q2	Q3	Q4	Full Year
Sales Revenue (RM'000)	21,714	27,759	27,252	30,747	107,472
Profit/(Loss) Before Taxation (RM'000)	(763)	474	749	(1,224)	(764)
Net Profit/(Loss) (RM'000)	(712)	328	721	(2,273)	(1,936)
Net Earnings/(Losses) Per Share (Sen)	(0.77)	0.35	0.69	(2.40)	(2.10)
Net Dividend Per Share (Sen)	-	-	-	-	-

5-YEAR FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
Sales Revenue (RM'000)	102,176	123,219	106,764	107,472	105,861
Profit/(Loss) Before Taxation (RM'000)	5,393	7,629	1,184	(764)	1,212
Net Profit/(Loss) (RM'000)	4,040	5,696	1,036	(1,936)	(751)
Net Earnings/(Losses) Per Share (Sen)	3.97	5.70	1.06	(2.10)	(1.04)
Net Dividend Per Share (Sen)	1.50	2.00	0.50	0.00	0.00
Net Assets Per Share (RM)	0.81	0.85	0.84	0.82	0.86

5-YEAR FINANCIAL HIGHLIGHTS (continued)



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of **K. SENG SENG CORPORATION BERHAD** recognises the importance of practicing and maintaining good corporate governance in managing and directing the board matters and business conduct throughout the Company and its subsidiaries to ensure sustainable long-term growth and enhancement of shareholders’ value and financial performance.

The Board believes that good corporate governance practices are pivotal towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholder value, whilst taking into account the interests of other stakeholders. Hence, the Board is fully dedicated to continuously appraise the Group’s corporate governance practices and procedures to ensure that the principles and recommendations in corporate governance are applied and adhered to in the best interests of the stakeholders.

This statement sets out the manner in which the Group has applied the three (3) principles prescribed in the Malaysian Code on Corporate Governance (“MCCG 2017”) and the extent to which it has complied with the MCCG 2017 :-

Principle A: Board Leadership and Effectiveness;

Principle B: Effective Audit and Risk Management; and

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Corporate Governance Overview Statement should be read together with the Company’s Corporate Governance Report for the financial year ended 31 December 2020, which is available on Bursa Malaysia Securities Berhad’s (“Bursa Securities”) website at <http://www.bursamalaysia.com>. The Corporate Governance Report has disclosed to what extent the Company has applied the Practices set out in the Malaysian Code on Corporate Governance.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

1. **Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.**

1.1 **Company’s Strategic Aims, Values and Standards**

The Board takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance. The Board is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realizing long-term shareholders’ values.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

1. Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (continued)

1.1 Company's Strategic Aims, Values and Standards (continued)

The Board has assumed the following principal responsibilities in discharging its fiduciary duties:

- (i) Reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;
- (ii) Overseeing the conduct of the Group's businesses and evaluating whether or not its businesses are being properly managed;
- (iii) Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- (iv) Ensuring that all candidates appointed to Senior Management positions are of sufficient calibre, including the orderly succession of Senior Management personnel;
- (v) Reviewing the adequacy and integrity of the Group's internal control and management information systems;
- (vi) Carrying out periodic review of the Group's financial performance and operating results and major capital commitments; and
- (vii) Reviewing and approving any major corporate proposals, new business ventures or joint ventures of the Group.

To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to the following Committees:-

- (a) Audit and Risk Management Committee ("ARMC")
- (b) Nomination Committee ("NC")
- (c) Remuneration Committee ("RC")

All committees have written terms of reference. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of the Committees meetings for the Board's considerations and approvals and extracts of such reports are incorporated in the minutes of the Board meetings. The Board retains full responsibility for the direction and control of the Company and the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

1. Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (continued)

1.2 Roles and Responsibilities of Chairman

The Chairman is responsible for the leadership of the Board and leads the Board for the effective performance of its responsibilities, in particular discussions on all proposals put forward by Management. It is also the Chairman's role to ensure effective communication with the shareholders and to chair the Board and General Meetings. Mr Lee Choon Wan was appointed as Chairman of the Company with effect from 5 May 2021.

1.3 Roles and Responsibilities of Group Managing Director

The Group Managing Director is responsible for the day-to-day management of the Company and leading the Executive Director and Senior Management in carrying out their responsibilities in relation to the implementation of the Company strategic plans as approved by the Board. He ensure all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda.

The Board has delegated to the Group Managing Director, the authority and responsibility for implementing of the Board policies, strategies and decisions adopted by the Board. The Managing Director takes on primary responsibility to spearhead and manage the overall business activities of the various business divisions of the Group. The Managing Director is assisted by senior key management and heads of each division in implementing and running the Group's day-to-day business operations.

The presence of the Independent Directors fulfils a pivotal role of corporate accountability. They provide unbiased and independent advice, alternative viewpoints, challenge perceptions and judgment as appropriate to take account of the interest of the Group, shareholders, employees and any party with whom the Group conducts business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

1. Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (continued)

- 1.4 **Separation of Position of the Chairman and Group Managing Director**

The Company has a clear distinction and separation of roles between the Chairman and the Group Managing Director, with clear division of responsibilities.

The roles of the Chairman and Group Managing Director are spelt out in detail in the Board Charter which is made available for reference at the Company's website at www.kssc.com.my. The Board Charter was reviewed and adopted on 5 May 2021.

- 1.5 **Qualified and Competent of Company Secretaries**

The Board is supported by qualified and competent named Company Secretaries who facilitate overall compliance with the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and other laws and regulations. Ms Wong Youn Kim is a member of the Malaysian Institute of Chartered Secretaries and Administrators and Mr Chan Min Wai is a member of the Malaysian Institute of Accountants (MIA).

The Company Secretaries carry out the following tasks:

- (a) Attend and ensure proper conduct and procedures at all Board Meetings, Board Committee Meetings, Annual General Meeting, Extraordinary General Meeting and any other meetings that require the attendance of Company Secretaries and ensure that meetings are properly convened;
 - (b) Ensure that the quarterly financial results, audited financial statements, annual reports, circulars and all relevant announcements are announced to Bursa Malaysia Securities Berhad on a timely basis;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

1. Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (continued)

1.5 Qualified and Competent of Company Secretaries (continued)

- (c) Ensure that deliberations at the meetings are well captured and minuted;
- (d) Ensure that the Company complies with the MMLR and the requirements of the relevant authorities;
- (e) Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirements and best practices;
- (f) Remind the Directors and principal officers to refrain from dealings in the Company's securities during the closed period;
- (g) Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents;
- (h) Assist the Managing Director to organise and co-ordinate in all the Board Committee, Board and General meetings;
- (i) Attend all the Board Committee, Board and General meetings;
- (j) To upkeep and update the statutory records;
- (k) To liaise with Internal and External Auditors to furnish them with the statutory records for audit purposes; and
- (l) As the advisor to the Board and compliance officer of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

1. Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (continued)

1.6 Meeting Materials

The Board meets on a quarterly basis, with additional meetings convened as and when necessary.

The Board has a pre-scheduled quarter Board Meeting at the conclusion of each and every quarterly Board Meeting.

During the financial year ended 31 December 2020, ten (10) Board Meetings were held.

The Board recognises that the decision making process is highly contingent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Company and the Group. All the Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

The Executive Director and/or other relevant Board members will furnish comprehensive explanation on pertinent issues and recommendations by the Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making. In addition, the Board members are updated on the Company's activities and its operations on a regular basis.

External advisors are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team.

All proceedings at the Board meetings are properly recorded in the minutes of meetings by the Company Secretary, circulated in a timely manner and duly signed by the Chairman of the meetings.

The Board also resolved and approved the Company's matters through circular resolutions during the financial year.

Every Director has unrestricted access to the advice and services of the Company Secretary as and when required to enable them to discharge their duties effectively.

There is a formal procedure sanctioned by the Board, whether as a full Board or in their individual capacity to take independent professional advice at the Group's expense, where necessary in furtherance of their duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

2. **There is demarcation of responsibilities between the Board, Board Committees and the Management. There is clarity in the authority of the Board, its Committees and Individual Directors.**

The Board is guided by the Board Charter which sets out the principles governing the Board of Directors of the Company and adopt the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board Charter also sets out the respective roles and responsibilities of the Board, Board Committees, Individual Directors and managements; and issues and decisions reserved for the Board.

The Board will periodically review the Board Charter and make any changes whenever necessary. The Board Charter is published on the Company's corporate website at www.kssc.com.my.

3. **The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.**

3.1 **Code of Ethics and Conduct**

The Board has formalised a Code of Ethics and Conduct that set out the basic principles to guide all the directors, employees and its subsidiaries and associate companies. The Board shall observe and adhere to the Company's Code of Ethics and Conduct as guidance regarding ethical and behavioural considerations or actions in discharging their duties and responsibilities.

The Board will periodically review the Code of Ethics and Conduct to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at www.kssc.com.my. The Code of Ethics and Conduct was reviewed and adopted on 5 May 2021.

3.2 **Whistleblowing Policy**

The Board has put in place an avenue for employees and stakeholders to report genuine concerns about unethical behaviour, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions taken where required.

The details of the whistle-blowing policy are available for reference at the Company's website at www.kssc.com.my. The whistle-blowing policy was reviewed and adopted.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

3. The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company. (continued)

3.3 Sustainability

The Board shall endeavour to implement sustainability strategies which yield environmental, economic and social benefits to all its various stakeholder and the communities in which it operates to ensure long-term viability and sustainability of the Company's business.

II Board Composition

4. Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

4.1 Composition of the Board

The Board consists of five (5) members; comprising one (1) Group Managing Director, one (1) Executive Director, three (3) Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities.

The composition of three (3) out of five (5) directors are Independent Directors which is in compliance with the recommendation of the MCCG 2017.

The Group is led by an experienced Board, many of whom have vast knowledge of the business. Currently, the Board is led by the Group Managing Director, Mr Koh Seng Lee and one (1) Executive Director. The three (3) Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls and provide unbiased and independent views to safeguard the interest of the shareholders. Together with the Executive Director who has in-depth knowledge of the business, the Board constitutes of individuals who are committed to business coupled with integrity and professionalism in all its activities.

The Board considers that the current size of the Board is adequate and facilitates effective decision- making. The Board shall continue to review the Board composition as and when the need arise.

The NC has reviewed the present composition of the Board and the three main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (continued)

4.2 Independent Director's Tenure

The Board noted the MCCG 2017 recommends that the tenure of an independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director. In the event such Director is to be retained as an independent director, the Board must first justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth year, annual shareholders' approval must be sought through a two-tier voting process to retain the said director as an independent director.

Presently, the Independent Non-Executive Director, Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff whose tenure has exceeded cumulative term of nine (9) years.

The retention of Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff, who has served as an Independent Non-Executive Director of the Company was deliberated at the NC Meeting held on 24 February 2021. The NC members were satisfied that Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff continues to maintain his independence despite his long service extended to the Company and recommended to the Board for submission to shareholders for approval at the forthcoming Thirty-Sixth Annual General Meeting ("36th AGM").

The Board believes that whilst Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff has served more than nine years on the Board, he remains unbiased, objective and independent in expressing his opinions and when in participating in decision making of the Board. The length of his service on the Board has not in any way interfered his objectivity and independent judgement in carrying out his role as member of the Board and Committees. Accordingly, the Board is making a recommendation to shareholders for approval at the forthcoming 36th AGM of the Company that Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff to remain as an Independent Non-Executive Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (continued)

4.3 Policy on Independent Director's Tenure

The Board recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the independent directors are capable to exercise independent judgment and act in the best interests of the Group. They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making. Each Director has a continuing responsibility to determine whether he/she has a potential or actual conflict of interest in relation to any material transactions.

The Director is required to immediately disclose to the Board and to abstain from participating in discussions, deliberations and decisions of the Board on the respective matters where they have interest in. The Board, via the NC and guided by the Corporate Governance Guide—Towards Boardroom Excellence has developed the criteria to assess independence and formalised the current independence assessment practice. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the NC meeting which were then reported to the Board at the Board Meeting held thereafter. Each independent director abstained from deliberation on his own assessment. The NC was satisfied that the Independent Directors continue to uphold their independence and integrity.

4.4 Appointment of Directors

The Board appoints its members through a formal and transparent selection process, which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and that legal and regulatory requirements are met.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (continued)

4.4 Appointment of Directors (continued)

There were new directors appointed during the year 2020 and at the beginning of year 2021.

The appointment process was summarised as follows:

- (i) The candidate was identified and recommended by the management;
- (ii) In evaluating the suitability of candidates to the Board, the NC considers, inter alia, the required mix of skills, expertise, experience, time commitment and contribution of the candidates can bring to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence will be considered;
- (iii) Recommendation was made by NC to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
- (iv) Decision was made by the Board on the proposed new appointment including appointment to the various Board committees.

The appointment of new board members and senior management will be guided by the skills, competencies, knowledge, experience, commitment and integrity of the candidate.

4.5 Board Diversity Policy

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG 2017 on the establishment of boardroom and workforce gender diversity policy.

The Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender and race.

The Group gives an equal opportunity to all its employees and does not practise discrimination in any form, whether based on age, gender, race and religion, throughout the organisation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (continued)

4.6 Retirement and Re-election of Directors

The Constitution of the Company provides that all Directors of the Company are subject to retirement. At least one third (1/3) of the Directors for the time being, or the number nearest to 1/3 from office at the Annual General Meeting, provided always that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates. Newly appointed directors shall hold office only until the next annual general meeting and shall be eligible for re-election.

The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of Annual General Meeting.

The NC is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment based on the reviews of their performance and their contribution to the Board through their skills, experience, qualities and ability to act in the best interests of the Company in decision making.

The NC assessed and was satisfied and made recommendations to the Board for re-election/re-appointments with regards to the following:

- (i) The re-election of the director, Koh Seng Lee, who is due to retirement but shall be eligible for re-election pursuant to Article 83 of the Company's Constitution at the forthcoming 36th AGM;
- (ii) The re-election of the director, Lee Choon Wan, who is due to retirement but shall be eligible for re-election pursuant to Clause 90 of the Company's Constitution at the forthcoming 36th AGM;
- (iii) The re-election of the director, Dr Teh Chee Ghee, who is due to retirement but shall be eligible for re-election pursuant to Clause 90 of the Company's Constitution at the forthcoming 36th AGM;
- (iv) The retention of Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff, whose tenure of service as an Independent Non-Executive Director has exceeded cumulative term of nine (9) years, for recommendation to shareholders for their approval based on the attributes necessary in discharging his role and functions as an independent Director.

The profiles of these Directors are set out on pages 11 to 13 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (continued)

4.7 Meetings

None of the Director of the Company holds more than five directorships under paragraph 15.06 of the MMLR.

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Amongst others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major investments, appointment of Directors are discussed and decided by the Board.

The dates scheduled for Board meetings, Board Committee meetings and Annual General Meeting are set in advance and circulated to the Directors to facilitate the Directors' time planning. The Directors' Circular Resolutions are used for determination of urgent matters arising in between meetings. In accordance with Clause 128 of the Constitution of the Company, a signed and approved resolution by a majority of the Directors present in Malaysia and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.

During the financial year ended 31 December 2020, the Board held ten (10) meetings and the details of each Director's attendance are set out below:

Name of Directors	Designation	Attendance
Koh Seng Lee	Group Managing Director	10/10
Tsen Ket Shuang @ Kon Shung	Executive Director	10/10
Dr Lim Pang Kiam (Resigned on 30 November 2020)	Independent Non-Executive Director	9/10
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Independent Non-Executive Director	10/10
Lee Choon Wan (Appointed on 24 August 2020)	Independent Non-Executive Director	5/5
Lim Ho Kim (Retired on 22 July 2020)	Senior Independent Non-Executive Director	2/2
Yap Siok Teng (Retired on 22 July 2020)	Independent Non-Executive Director	2/2

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (continued)

4.8 Directors' Training

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities. Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast of various issues facing the changing business environment within which the Group operates. Directors are also encouraged to evaluate their own training needs on a continuous basis and recommend to the Board for the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board by actively participate in Board deliberation and effectively discharge their duties.

During the financial year under review, the Directors had participated in the following training programmes: -

Director	Training	Date
Koh Seng Lee	Professional Training on Anti-Bribery and Corruption	05.09.2020
Tsen Ket Shung @ Kon Shung	Professional Training on Anti-Bribery and Corruption	05.09.2020
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Professional Training on Anti-Bribery and Corruption	05.09.2020
Lee Choon Wan (Appointed on 24 August 2020)	Professional Training on Anti-Bribery and Corruption	05.09.2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

5. Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Nomination Committee and Annual Evaluation

The Company conducts an annual assessment to evaluate the effectiveness of the board and the Board Committees as well as the performance of each individual Director through the NC.

The NC of the Company comprises exclusively Independent Non-Executive Directors and its composition are as follows:

Chairman	: Dr Lim Pang Kiam (Resigned on 30 November 2020)	Independent Non-Executive Director
	: Dr Teh Chee Ghee (Appointed on 4 January 2021)	Independent Non-Executive Director
Members	: Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Independent Non-Executive Director
	: Lee Choon Wan (Appointed on 24 August 2020)	Independent Non-Executive Director
	: Lim Ho Kin (Retired on 22 July 2020)	Senior Independent Non-Executive Director
	: Yap Siok Teng (Retired on 22 July 2020)	Independent Non-Executive Director

The NC held three (3) meetings during the financial year ended 31 December 2020 and the details of each NC's attendance are set out below:-

Name of NC	Designation	Attendance
Dr Lim Pang Kiam (Resigned on 30 November 2020)	Chairman	1/1
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Member	3/3
Lee Choon Wan (Appointed on 24 August 2020)	Member	1/1
Lim Ho Kin (Retired on 22 July 2020)	Member	1/1
Yap Siok Teng (Retired on 22 July 2020)	Member	1/1

The details of the terms of reference of NC are available on the Company's website at www.kssc.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

5. Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors. (continued)

The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluations are guided by the Corporate Governance Guide—Towards Boardroom Excellence. The ARMC and the RC each carried out its evaluation with the view to maximize the performance of the individual committees in the interest of the Company. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments were summarised and discussed at the NC meeting which were then reported to the Board at the Board Meeting held thereafter. The NC evaluated all the above Assessment Forms at the NC Meeting held on 5 May 2021 and was satisfied with the performance of the Board and Board Committees as well as the performance of individual Directors.

III Remuneration

6. The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

6.1 Remuneration Committee

The Remuneration Committee ("RC") of the Company comprises all Independent Non-Executive Directors and its composition is as follows:

Chairman	:	Dr Lim Pang Kiam (Resigned on 30 November 2020)	Independent Non-Executive Director
	:	Dr Teh Chee Ghee (Appointed on 4 January 2021)	Independent Non-Executive Director
Members	:	Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Independent Non-Executive Director
	:	Lee Choon Wan (Appointed on 24 August 2020)	Independent Non-Executive Director
	:	Lim Ho Kin (Retired on 22 July 2020)	Senior Independent Non-Executive Director
	:	Yap Siok Teng (Retired on 22 July 2020)	Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

III Remuneration (continued)

- 6 The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process. (continued)

6.1 Remuneration Committee (continued)

The RC held two (2) meetings during the financial year to carry out its function as stated within the terms of reference. The details of the attendance of RC as set out below:-

Name of RC	Designation	Attendance
Dr Lim Pang Kiam (Resigned on 30 November 2020)	Chairman	1/1
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Member	2/2
Lee Choon Wan (Appointed on 24 August 2020)	Member	N/A
Lim Ho Kin (Retired on 22 July 2020)	Member	1/1
Yap Siok Teng (Retired on 22 July 2020)	Member	1/1

The details of the terms of reference of RC are available on the Company's website at www.kssc.com.my.

6.2 Responsibility of RC

The primary function of the RC is to set up and review the policy of remuneration framework and recommend to the Board the remuneration packages of all the Directors according to the skills, level of responsibilities, experience and performance of the Directors.

The remuneration of Directors is to determine at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC reviews the Board remuneration policy and terms of conditions of service of each Director annually taking into consideration market conditions and comparisons, responsibilities held, business strategy, long term objectives and the overall financial performance of the Group.

The RC is also responsible to review the remuneration packages of the Executive Director and senior management of the Company and thereafter recommend to the Board for their consideration. Non-Executive Directors are paid by way of fixed monthly fees and a meeting allowance for each meeting attended. Each individual Director is not allowed to participate in discussion of his/her own remuneration.

The Board will then recommend the Directors' fees and other benefits payable to Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

III Remuneration (continued)

7. Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

7.1 Directors' Remuneration

The details of the Directors' remuneration received in financial year ended 31 December 2020 are set out as below:-

	Other emoluments RM	Fees RM	Defined contribution plan RM	Benefits-in-kind RM
Group and Company				
Executive Directors				
Koh Seng Lee	666,886	-	65,819	20,325
Tsen Ket Shung @ Kon Shung	337,950	-	32,210	15,800
Non-Executive Directors				
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	7,700	55,746	-	-
Lee Choon Wan	3,500	20,833	-	-
Lim Ho Kin	2,100	34,262	-	-
Yap Siok Teng	2,100	40,746	-	-
Dr Lim Pang Kiam	5,000	69,397	-	-
Total	1,025,236	220,984	98,029	36,125

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

III Remuneration (continued)

7. Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance. (continued)

7.2 Remuneration of Key Senior Management (in band)

Aggregate remuneration of Key Senior Management categorised into appropriate components are as follows:-

Range of Remuneration	Company		Group	
	Number of Senior Management		Number of Senior Management	
	Executive	Non-Executive	Executive	Non-Executive
Up to RM50,000	1	-	1	-
RM300,001 to RM350,000	-	-	1	-
RM350,001 to RM400,000	1	-	1	-
RM550,001 to RM600,000	1	-	1	-
RM750,001 to RM800,000	1	-	1	-

Due to confidentiality and sensitivity reasons, the Company disclosed the details of the Key Senior Management's remuneration in band instead of named basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit and Risk Management Committee

8. There is an effective and independent audit committee. The Board is able to objectively review the audit and risk management committee's findings and recommendations. The company's financial statement is a reliable source of information.

8.1 Audit and Risk Management Committee

The ARMC comprises of the following three (3) members, who are all Independent Non-Executive Directors:-

Chairman	:	Dr Lim Pang Kiam (Resigned on 30 November 2020)	Independent Non-Executive Director
	:	Dr Teh Chee Ghee (Appointed on 4 January 2021)	Independent Non-Executive Director
Members	:	Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Independent Non-Executive Director
	:	Lee Choon Wan (Appointed on 24 August 2020)	Independent Non-Executive Director
	:	Lim Ho Kin (Retired on 22 July 2020)	Senior Independent Non-Executive Director
	:	Yap Siok Teng (Retired on 22 July 2020)	Independent Non-Executive Director

The details of the terms of reference of the ARMC are available on the Company's website at www.kssc.com.my.

Details of the activities carried out by the ARMC in 2020 are set out in the ARMC Report in the Annual Report.

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of financial results. The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

I Audit and Risk Management Committee (continued)

8. **There is an effective and independent audit committee. The Board is able to objectively review the audit and risk management committee's findings and recommendations. The company's financial statement is a reliable source of information. (continued)**

8.2 Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year then ended. In preparing the financial statements, the Directors have ensured that Applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act 2016 and the Listing Requirements of the Bursa Securities have been applied.

In preparing the financial statements, the Directors have selected and applied consistently appropriate accounting policies and made reasonable and prudent judgments and estimates where applicable.

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

The Board is satisfied that it has met its obligations to present a balanced and comprehensive assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this Annual Report.

8.3 Recurrent Related Party Transactions

An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the Listing Requirements. The Board through its ARMC, reviews and reports to the Board any related party transactions (including recurrent related party transactions) and conflict of interest situations that may arise within the Company or Group. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and any general meeting convened to consider such matters.

Further details of these transactions are set out in the additional information section in the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

I Audit and Risk Management Committee (continued)

8. **There is an effective and independent audit committee. The Board is able to objectively review the audit and risk management committee's findings and recommendations. The company's financial statement is a reliable source of information. (continued)**

8.4 External Auditors

The ARMC assesses the suitability and independence of the External Auditors on an annual basis. Areas of assessment including amongst others, the external auditor's objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement. The inputs/opinions from the Company's personnel who had constantly contacted with the external audit team throughout the year would also be used as a tool in the judgement of the suitability of the external auditor.

The External Auditors, in supporting their independence, will provide the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual audit plan presented to the ARMC of the Company during the financial year.

The External Auditors of the Company fulfill an essential role on behalf of Company's shareholders in giving an assurance to the shareholders on the reliability of the financial statements of the Company and the Group.

The External Auditors are to bring to the attention of the Board of Directors, the ARMC and the management any significant deficiencies noted in the Group's financial reporting system, internal controls and preparation of financial statements in accordance with Applicable Approved Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia in the course of their audit.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

I Audit and Risk Management Committee (continued)

8. There is an effective and independent audit committee. The Board is able to objectively review the audit and risk management committee's findings and recommendations. The company's financial statement is a reliable source of information. (continued)

8.4 External Auditors (continued)

The External Auditors of the Company are invited to attend meetings with the ARMC to discuss their audit plan and audit findings on the Company's yearly financial statements. In addition, the ARMC will also have private sessions with the External Auditors without the presence of the management to enable exchange of views on issues requiring attention.

During the financial year, the amount of audit fee and non-audit fee paid and payable to the External Auditors of the Company during the financial year ended 31 December 2020 were as follows: -

	Group (RM'000)	Company (RM'000)
Audit Fees	225	70
Non-Audit Fees	5	5
Total:	230	75

The non-audit fees were paid to External Auditors for the review of statement on risk management and internal control.

In considering the nature and scope of non-audit fees, the ARMC was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

The ARMC and the Board are satisfied with the performance, competence and independence of the External Auditors and the Board had recommended their re-appointment to the shareholders' approval at the forthcoming 36th AGM.

The key features underlying the relationship of the ARMC with External Auditors are included in the ARMC's terms of reference as detailed in ARMC section of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

II Risk Management and Internal Control Framework

9. **Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.**

9.1 The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.

9.2 The Chairman of the ARMC heads the Committee, and is assisted by the key management team of the respective division. The primary responsibility and purpose of the ARMC is to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework and activities on on-going basis. The ARMC reports to the Board regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's view on the acceptable and appropriate level of risks faced by the Group's Business Unit.

The key features of the Audit and Risk Management Framework are presented in the Statement on Risk Management and Internal Control of the Company as set out on page 49 to 53 of this Annual Report.

10. **Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

The internal audit function is outsourced to a professional firm who reports directly to the ARMC.

The Statement on Risk Management and Internal Control furnished on page 49 to 53 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures of material information relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. On this basis, the Board has formalized pertinent policies and procedures not only to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities, but also setting out the persons recognized and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

The release of material information will be made publicly via Bursa Securities. Members of the public can also obtain the full financial results and the Company's announcements from the Bursa Securities' website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders

11. **There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.**

The Company's website at www.kssc.com.my is regularly updated and provides relevant information on the Company which is accessible to the public to make informed investment decision.

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognizes the importance of timely dissemination of information to shareholders.

In addition to shareholders participation at general meetings, the Board also encourages other channel of communication with shareholders. For this purpose, Shareholders and other stakeholders may convey their concerns relating to the Company to the Chairman, Mr Lee Choon Wan at the contact details set out in the Corporate Information section of this Annual Report.

The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving its shareholders as clear and comprehensive information of the Company's financial performance, major developments and position as possible. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results and corporate website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (continued)

II Conduct of General Meetings

12. Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at general meetings

12.1 The Annual General Meeting is the principal forum for dialogue and interaction with shareholders.

The key element of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both the individual and institutional investors on all aspects relevant to the Company at the Annual General Meeting. It is also a requirement for the Company to send the Notice of the Annual General Meeting and related circular to its shareholders at least twenty-eight (28) days before the meeting. At the Annual General Meeting, shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general to seek more information. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholders with a written answer after the Annual General Meeting.

12.2 All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board make announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is satisfied that throughout the financial year ended 31 December 2020, the Company has applied the principles and recommendations of the corporate governance set out in MCCG 2017, where necessary and appropriate.

The Board is required to present the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs, the results and cash flows of the Group and the Company.

The Board is satisfied that the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable prudent judgement and estimates, adopted to include new and revised Malaysian Financial Reporting Standards where applicable, in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2020. The Board is also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Board has also taken all such necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

This Corporate Governance Overview Statement was approved by the Board on 5 May 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

As at the financial year ended 31 December 2020, the ARMC comprises of the following three (3) members all of whom are Independent Non-Executive Directors:-

Chairman	:	Dr Lim Pang Kiam (Resigned on 30 November 2020)	Independent Non-Executive Director
	:	Dr Teh Chee Ghee (Appointed on 4 January 2021)	Independent Non-Executive Director
Members	:	Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Independent Non-Executive Director
	:	Lee Choon Wan (Appointed on 24 August 2020)	Independent Non-Executive Director
	:	Lim Ho Kin (Retired on 22 July 2020)	Senior Independent Non-Executive Director
	:	Yap Siok Teng (Retired on 22 July 2020)	Independent Non-Executive Director

TERMS OF REFERENCE

The Terms of Reference of the ARMC is available for viewing under the Corporate Governance section of the Company's website.

AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

There were five (5) meetings held during the financial year ended 31 December 2020, i.e. 26 February 2020, 24 June 2020, 9 July 2020, 24 August 2020 and 24 November 2020. The details of attendance of the ARMC members are as follows:-

Name of ARMC	Designation	Attendance
Dr Lim Pang Kiam (Resigned on 30 November 2020)	Chairman	4/4
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Member	5/5
Lee Choon Wan (Appointed on 24 August 2020)	Member	1/1
Lim Ho Kin (Retired on 22 July 2020)	Member	3/3
Yap Siok Teng (Retired on 22 July 2020)	Member	3/3

The ARMC members have undergone relevant trainings during the financial year to apprise the regulatory changes as well as to stay abreast with contemporary issues that may affect the Group. Details of the ARMC members' trainings are spelt out in the Company's Corporate Governance Overview Statement in this Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (continued)

ROLE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC has been entrusted by the Board with the following responsibilities that encompass overseeing the financial reporting process, the audit processes and the risk management functions:

- to review the Group's quarterly financial statements;
- to assess the Group's risks profile and to mete it out with the appropriate internal audit plan and internal control system;
- to receive risks reports and update reports from the Risk Officers and respective Heads of Division;
- to review the independence of the Group's internal and external auditors and the processes adopted by the auditors;
- to review the Recurrent Related Party Transactions to ensure they are not detrimental to the minority; and
- to review the Company's compliance of the relevant Accounting Standards.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT AND RISK MANAGEMENT COMMITTEE DURING THE FINANCIAL YEAR

In line with the Terms of Reference of the ARMC, the following activities were carried out by the ARMC during the financial year ended 31 December 2020 in discharging its functions and duties:-

Financial Performance & Reporting

- Reviewed the unaudited quarterly financial announcements and annual financial statements of the Group prior to submission to the Board of Directors for their perusal and approval. This was to ensure that the financial statements are in compliance with the provisions of the Companies Act 2016, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Listing Requirements of Bursa Securities.
- Reported to the Board on significant audit issues and concerns discussed during the ARMC meetings which have significant impact to the Group from time to time, for consideration and deliberation by the Board.
- Reviewed the ARMC Report, Sustainability Statement and the Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion into the Annual Report of the Company.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (continued)

External Auditors

- Discussed and reviewed the External Auditors' Audit Planning Memorandum for the financial year ended 31 December 2020 outlining their responsibilities, engagement team, background of the group, business highlights, materiality, audit risk assessment, significant risks and areas of audit focus, consideration of fraud, internal control plan and involvement of internal auditors, involvement of component auditors, timetable, engagement quality control, independence policies and procedures and audit fees.
- Deliberated on the External Auditors' report at its meeting with regard to the relevant disclosures in the annual audited financial statement for financial year ended 31 December 2020.
- Reviewed the External Auditors' findings arising from audits, particularly comments and management's responses towards the management letter issues and the actions taken to resolve them.
- Discussed and reviewed with the External Auditors the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.
- Dialogue session with the External Auditors, without the presence of the Executive Directors and management.
- Reviewed and evaluated the performance and effectiveness and Independence of the External Auditors. The ARMC assessed the integrity, capability, professionalism and work ethics of the External Auditors. After satisfying themselves with the External Auditor's performance, recommended to the Board the re-appointment of the external auditors at the Annual General Meeting.
- Discussed audit matters with the External Auditors during the financial year ended 31 December 2020.

Internal Audit

- Reviewed the scope of work and audit plans for the Group prepared by the Internal Auditors.
- Reviewed the Internal Audit Report for the financial year ended 31 December 2020 and assessed the internal audits' findings, recommendations together with the Management's responses.
- Reviewed and assessed the Internal Auditors based on their staff strength, resources, professional integrity, independence, familiarity with Group's operation as well as reputation and recommended to the Board the re-appointment.
- Reviewed the adequacy and performance of Internal Audit function and its comprehensiveness of the coverage of activities within the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (continued)

Related Party Transactions (“RPT”) and Conflict of Interest

All Board members will disclose if they have any RPT transaction during the quarter at every quarterly Board meeting.

The ARMC reviewed the Related Party Transactions (“RPT”) and Conflict of Interest (“COI”) situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of management integrity on a quarterly basis.

The ARMC reviewed and determined whether the RPT and COI situation presented by the Management is fair, reasonable and on normal commercial terms and in the best interest of the Company prior to the Company entering into such transaction.

It is the duty of ARMC to review the RPT and Recurrent RPT (“RRPT”), if there are fair, reasonable and on normal commercial terms and in the best interest of the Company prior to the Company entering into such transaction. All RRPT must be transacted at arm’s length transaction.

The ARMC must:

- (a) ensure that there are adequate oversight over the controls on the identification of the interested parties and identification of the RPT and possible COI situations; and
- (b) assess and address the reasonableness of the RPT and COI situation to ensure that interested parties do not abuse their powers to gain unfair advantages.

During the financial year under review, there were no RPT and COI situation reported.

Others

The ARMC had reviewed the disclosure statements on Corporate Governance and Sustainability Statements; and recommended their adoption to the Board, for inclusion into the Annual Report.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Messrs Moore Stephens Associates PLT, a professional firm which provides advisory services. The Internal Auditors had engaged with the various Heads of Division to conduct the enterprise risk management, to meet the risk appetites with the internal control and control plan. The Internal Auditors regularly review and appraise the effectiveness of the internal control system, governance and risk management within the Company and the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (continued)

INTERNAL AUDIT FUNCTION (continued)

The Internal Auditors report directly to the ARMC and they are given full access to all the documents relating to the Company and the Group's governance, financial statements and operational assessments.

It is recognised that the internal audit function is important in assisting the ARMC to execute its oversight function and discharge its duties and responsibilities by performing independent reviews to ensure adequacy and effectiveness of the internal control and risk management systems established by the Group.

The internal audit report issued for the financial year was deliberated by the ARMC and recommendations were duly acted upon by the Management.

The internal audit plan covers review of the adequacy of financial and operational controls, compliance with laws and regulations and risk monitoring activities.

The primary responsibility of the internal audit function is to assist the Board and the ARMC in reviewing and assessing whether the management systems of internal control procedures are effective and provide recommendations to strengthen these internal control procedures so as to foster a strong management control environment.

The Internal Auditors have organized their work in accordance to the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

The Internal Auditors conducted the risk management profile to map out the proposed action plan to address those high priority risks. Thereafter, the Internal Auditors would recommend and present the internal audit plan to the ARMC for approval annually before commencement of the internal audit work. During the quarterly meetings following the presentation of the internal audit report, the ARMC will review the progress and coverage of the internal audit plan to ensure that the audit direction remains relevant and is in line with the expectations of the ARMC.

Prior to the presentation of reports and findings to the ARMC, comments from the Management were obtained and incorporated into the internal audit findings and report.

The internal audit report also covered the follow-up by the Management on the implementation of the recommendations in their earlier reports.

The details of the internal audit functions during the period under review is stated in the Statement on Risk Management and Internal Control of this Annual Report.

The total cost incurred for the internal audit function of the Group for the financial year ended 31 December 2020 was RM60,000.

This statement was approved by the Board on 5 May 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Paragraph 15.26 (b) of the Listing Requirements of Bursa Securities stipulates that a listed issuer must ensure that its board of directors makes a statement (“Risk Management and Internal Control Statement” or “Statement”) about the state of risk management internal control of the listed issuer as a group. Accordingly, the Board is pleased to provide the Internal Control Statement, which outlines the nature and scope of the risk management and internal control system in the Group for the financial year ended 31 December 2020 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company. For the purpose of disclosure, this Statement takes into consideration the “Statement on Risk Management and Internal Controls - Guidelines for Directors of Listed Issuers”, a publication of Bursa Securities which provides guidance to boards of directors on the issuance of the Internal Control Statement.

The Board acknowledges its overall responsibility for the Group’s system of risk management and internal control to safeguard shareholders’ investment and the Group’s assets as well as reviewing its adequacy and integrity. The Board is mindful of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with Practice 1.1 of the MCCG 2017. Accordingly, the Board is aware that its principal responsibilities, as outlined in the Guidance of the MCCG 2017, include, inter-alia, the following:

- ensure there is sound framework for internal control & risk management.
- understanding and identifying principal risks of the business and ensuring the implementation of appropriate controls and mitigation measures;
- sets the risk appetite, within which the management is expected to operate; and
- reviewing the adequacy and integrity of the management information and internal controls system of the Company.

The Group has in place a risk management process to identify and evaluate significant risks, comprising strategic, financial and operational risks as well as a system of internal control to mitigate such risks. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business and corporate objectives. The system can therefore only provide reasonable, but not absolute assurance, against any material misstatement, financial loss or fraudulent practice.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

Risk Management Process

The Board recognises the importance of risk management to safeguard shareholders' investment and the Group's assets. Accordingly, it has deployed a process to identify and evaluate significant business risks faced by the Group with a view to manage them during the financial year under review and up to the date of approval of this statement. Management is entrusted to identify such risks for onward reporting to the Board so that remedial measures may be taken to mitigate the risks as appropriate. For each risk identified, the risk management process includes assessing the likelihood of its occurrence and the impact thereof. The significant risks faced by the Group, including action plans to mitigate risks within acceptable levels, are reported by Management to the Board yearly.

The Board also had established an Enterprise Risk Management framework to identify, evaluate, control, report and monitor significant risks faced by the Group. Such a framework also includes pertinent risk management policies and guidelines to provide structured guidance to personnel across the Group in addressing risk management. The risk appetite of the Group is articulated via the use of risk parameters in the framework, covering financial and nonfinancial metrics, to assess the likelihood of risks occurring and the impact thereof should the risks crystallise. Internal controls deployed by Management are linked to, and mitigate, the business risks identified.

Internal Control System

The Group has in place a system of internal control which encompasses all types of control including those of a financial and operational nature. The system of internal control is structured in such a manner that it provides reasonable assurance that the likelihood of a significant adverse impact on objectives arising from a future event is at a level acceptable to the business.

The system of internal control entails, inter-alia, the proper delegation of duties and responsibilities from the Board to the Group Managing Director, Executive Directors and Senior Management (collectively, the "Management"), with specified limits of authority, in running the main operating functions of the Group. In this respect, Management essentially comprises personnel with many years of "hands-on" experience who are in a position to identify and manage business risks relevant to the Group and design appropriate internal controls to manage these risks.

In order to enhance the Group's risk management and internal control system, during the financial year under review, the Group engaged Galton Advisory PLT ("Galton"), an independent professional firm, in carrying out a review, development and improvement to the Group's risk management and internal control system. Key focus areas to be reviewed by Galton include:-

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

Internal Control System (continued)

- Review and revision of the existing governance structure of the Group to ensure a clear defined lines of responsibilities and appropriate levels of delegation and authority. A process of hierarchical reporting is established which provides for a documented and auditable trail of accountability.
- Review and enhancement of the Board Charter and Terms of Reference of the ARMC, NC and RC.
- Development of a Code of Ethics and Conduct for Directors to serve as a document to guide the business ethics and conducts for all Directors of the Company and its subsidiaries.
- Enhancement to the Group Code of Ethics and Conduct.
- Development of the Corporate Disclosure Policies and Procedures to formalise its existing policies and procedures on corporate disclosures, including investor relations and communication with stakeholders.
- Review, development and enhancement of the existing standard operating procedures for the key functions of the Group.
- Review and enhancement of the existing Enterprise Risk Management Framework.
- Review and development of key performance indicators of the Group.

Internal Audit Function

The Group's internal audit function is outsourced to Messrs Moore Stephens Associate PLT, an independent professional firm, which adopts the International Professional Practices Framework ("IPPF") in carrying out internal audit assignments on the Group. The IPPF includes, inter-alia, the attribute and performance standards for internal auditing promulgated by the Institute of Internal Auditors, a global professional body for internal auditors. The internal audit function, which reports directly to the ARMC, assists the Board in assessing the adequacy and integrity of the internal control system established by Management based on an agreed scope of work as outlined in an Internal Audit Plan tabled to, and approved by the ARMC. There is no restriction placed upon the scope of the Internal Audit function's work and the internal auditor is allowed full, free and unrestricted access to the records and relevant personnel of the Group.

The outsourced internal audit function is headed by Mr. Dennis Chong, a Chartered Member of Institute of Internal Audit (CMIIA), Malaysia. For all internal audit performed during the financial year 2020, an average of 2 internal auditors were deployed and supervised by a manager.

During the financial year under review, the internal audit function covered the following key processes of the Group to assess the adequacy and operating effectiveness of internal controls to address the business risks therein:

- Enterprise Risk Management Adequacy Review;
- Project Management; and
- Procure to Pay Process – Trading Activities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

Internal Audit Function (continued)

The results of their reviews is reported directly to the ARMC which includes significant internal audit findings, recommendations for improvements, Management's response and proposed action plans. Where weaknesses were identified, recommended procedures have been or are being put in place to strengthen controls. Based on the internal audit reviews conducted, certain weaknesses had been identified and these weaknesses will not result in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

The costs incurred for the internal audit function for the financial year 2020 amounted to approximately RM60,000 (2019: RM40,000).

Assurance by the Group Managing Director and Chief Financial Officer on the adequacy and effectiveness of the risk management and internal control system

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

Board's comments on the adequacy and effectiveness of the Group's risk management and internal control system

The Board, through its ARMC, has reviewed the adequacy and effectiveness of the risk management and internal control systems, and that relevant actions have been or are being taken, as the case may be, to remedy internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the internal auditors directly to the ARMC.

The Board is of the view that there have been no significant weaknesses in the system of internal control that resulted in material losses, contingencies or uncertainties that would require mention in the Company's Annual Report 2020. Management of the Group continues to take measures to strengthen the internal control environment from time to time based on recommendations of the internal audit function as well as the external auditors.

For the purpose of this Statement on Risk Management and Internal Control Statement, the associate of the Group has not been taken into account. The Group's interests in this associate are served through representation on the Board of the associate as well as through the review of management financial statements.

This statement is issued in accordance with a resolution of the Board dated 5 May 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed this Statement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other Than Audit or Review of Historical Financial Information* and Audit and Assurance Practice Guide 3 (“AAPG 3”), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control* included in the Annual Report issued by the Malaysian Institute of Accountants (“MIA”) for inclusion in the annual report of the Group for the year ended 31 December 2020 and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors’ Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problem disclosed in the annual report will, in fact, remedy the problems.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

The Company had on the following dates issued new ordinary shares pursuant to the Private Placement:-

- 15 December 2020, 7,950,000 Placement Shares issued at an issue price of RM0.58 per share;
- 7 January 2021, 7,450,000 Placement Shares issued at an issue price of RM0.485 per share; and
- 11 January 2021, 3,800,000 Placement Shares issued at an issue price of RM0.535 per share.

The Private Placement has been completed on 11 January 2021 with a total proceed of RM4,611,000.00. RM3,613,250 and RM2,033,000 were received respectively.

The status of the utilisation of the Private Placement as at 31 December 2020 are as follows:-

Purpose	Timeframe for Utilisation	Approved Utilisation RM'000	Private Placement Received RM'000	Actual Utilisation as at 31/12/2020 RM'000	Balance to be utilised RM'000
(i) Business Expansion	18 months	5,000	5,000	-	5,000
(ii) Working Capital	12 months	4,500	5,157	-	5,157
(iii) Defray Estimated Expense	Immediate	100	100	79	21
	-	9,600	10,257	79	10,178

Audit and Non-Audit fees

The auditors' remuneration including non-audit fees for the Company and the Group for the financial year ended 31 December 2020 is as follows:-

Details of Audit Fees	Group (RM'000)	Company (RM'000)
Statutory Audit Fees	225	70
Non-Audit Fees	5	5
Total:	230	75

Material Contracts Involving Directors and Major Shareholders

There are no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries, involving directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION (continued)

Recurrent Related Party Transaction of a Revenue or Trading Nature

On 30 June 2020, the Company obtained approval from the shareholders for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature (“RRPTs”) with persons who are considered to be “Related Party” as defined in Chapter 10 of the Listing Requirements.

The breakdown of the aggregate value of the RRPTs made during the financial year ended 31 December 2020 are set out below:-

Nature of Transactions	Company in the Group involved in the RRPTs	Interested Director/Major Shareholder or Person Connected	Value transacted during the year ended 31/12/2020 (RM)
Sale of Industrial Hardware to EIE Industrial Products Sdn. Bhd. (“EIE Industrial”), a wholly owned subsidiary of EIE Asian Holding Sdn. Bhd.	K. Seng Seng Industrial Sdn. Bhd. (“KSSI”); Koseng Sdn. Bhd. (“KS”)	Koh Seng Lee	2,785
Purchase of ceramic fibre blanket from EIE Industrial	KS	Koh Seng Lee	5,750
Purchase of office consumables from EIE Pulp & Specialty Sdn. Bhd.	KSSI; KS; Three and Three Hardware Sdn. Bhd.; PTM Stainless Steel Industry Sdn. Bhd.; KSG Engineering Sdn. Bhd.; K. Seng Seng Manufacturing Sdn. Bhd.	Koh Seng Lee	3,132
Interest receivable from EIE Industrial	KSSI	Koh Seng Lee	5,204

The Group has no intention to seek for shareholder’s mandate on the recurrent related party transaction at the forthcoming Annual General Meeting as the transaction value is estimated not more than RM1 million or the percentage ratio of such RRPT is less than 1%.



SUSTAINABILITY STATEMENT

Message from the Group Managing Director

GRI102-14

Dear stakeholders,

I am pleased to present to you the Group's second Sustainability Statement. This year's financial report will cover four aspects that are of importance to our Group is Occupational Health and Safety, Human Capital Development, Minimising Environment Harm and Contributing to the Society.

This year's reporting was particularly challenging due to the ongoing pandemic and the temporary closure of our plant during the first MCO 1.0. Our profit for the reporting year improved by RM1.18 million and our EBITDA for the financial year was RM4.71 million. However, being ever resilient, the Group has taken various initiatives to boost its efficiency and reduce costs to improve its earnings moving forward. Because of this, our Group endeavours not only to provide all its customers with high-quality products and achieve better financial and operational goals but also make great efforts to protect the environment, support our local communities, provide safe working conditions and various career opportunities for our employees.

Occupational health and safety

Occupational health and safety for our employees and contractors are of the utmost importance to our Group. We strive to mitigate operational risks and occupational hazard by organising safety-related events, and educational projects for our employees and contractors, improving working conditions, and developing the safety culture across the Group's business operations.

Some of the main goals of our Group in terms of occupational safety is achieving zero fatality rate. In 2020, I am pleased that our Group has zero fatality during the financial year. To improve our safety records, our Group will further improve its safeguards against work hazards and implement weekly safety briefings to all staff and contractors. These activities support the primary occupational and safety of its employees by the Group.

To further illustrate our Group's commitment to occupational and health safety programmes, our Group will train all its employees to identify potential hazards within its production. The training aims to enhance the safety culture and form a proper attitude towards occupational risk by engaging with employees in health and safety management and a risk-oriented approach inculcated in everyday activities.

Human capital management

Our Group aspires to create favourable conditions for the development and fulfilment of the potential of our employees to achieve greater heights. The Group's human capital philosophy focuses on three main areas: Bridging Competency Gap, Training and Assessment, and improve the human capital development attrition system.

Managing environmental impacts

Our Group understands the importance of its business and its environment and we intend to play an important role to minimise impacts on the environment. Our Group aims to lead by example in providing comprehensive reports on its environment and how the Group set its target to achieve its goals concerning the environment.

Community relations

Our Group takes great pride in providing for the local communities and having an effective communication channel with the local communities. However, due to the pandemic, our Group was not able to provide its best in serving the communities but will strive to do so in the next reporting year.

I am confident that all these comprehensive activities on our part in the areas of corporate social responsibility, shareholder and stakeholder's relations, and adopting a responsible attitude towards the environment will help us ensure a sustainable future for our Group.

KOH SENG LEE
Group Managing Director

ABOUT KSSC AND WHO WE ARE

GRI102-1, GRI102-2, GRI102-3, GRI102-4, GRI102-6, GRI102-7

The Group is primarily engaged in the manufacturing and processing of secondary stainless steel and stainless steel-related products, trading of industrial hardware including marine hardware and consumables; engineering works, fabrication and installation of glove dipping line and trading of glove dipping line parts. The Company is principally engaged in investment holding related activities.





誠成集團

K. SENG SENG CORPORATION BERHAD
Company No.: 196501000683 (133427-W)

The key business segment

Stainless steel products

Manufacture and sales of stainless-steel tubes and pipes, and processing of stainless steel sheets products.



Marine hardware & consumable

Trading of marine hardware includes, amongst others, PP and PE ropes, stainless steel bars, stainless steel fasteners, galvanized wire, wire ropes and wire netting, nylon trammel and PE nets, copper tubes, chain, brass stern gland and propellers, square boat and shank spikes, packing and asbestos sheets, stainless steel electrode and rigging hardware such as zincked block, pulley, pin shaft, hooks and chain block.



Other industrial hardware

Trading of industrial hardware including, amongst others, bronze shaft, brass tubes, other steel industrial fasteners such as high tensile, mild steel and galvanized bolts and nuts, screws, washers and shackles, ductile iron pipe and fittings such as flange, valves, tapers, hose clips and clamps, industrial hoses such as spring hose, PVC hose, black rubber suction and water hose and PVC reinforced air hose, alloy chain, stainless steel wire mesh, colour cotton rag, rubber conveyor belt, industrial wipes, safety absorbent and fibre ceramic blanket.



Engineering works

Includes the fabrication and installation of online chlorination nitrile glove dipping lines and rubber glove dipping lines, trading of dipping lines parts and consumables including, amongst others, conveyor chain and conveyor chain parts, former holder set, worm gear and motor, and engineering services including machining, cutting, dismantle and cleaning of conveyor chain.



About this Report

GRI102-46

The 2020 Sustainability Statement (“the Report”) covers the results of the Company’s sustainability performance between 1 January 2020 and 31 December 2020. The Company was listed on 15 July 2009 on the Main Market of Bursa Securities. The Report covering the events that took place in 2020 was prepared in accordance with the Global Reporting Initiative Sustainability Standards Core option (“GRI Standards”). GRI102-54

Reporting Boundaries

GRI102-45

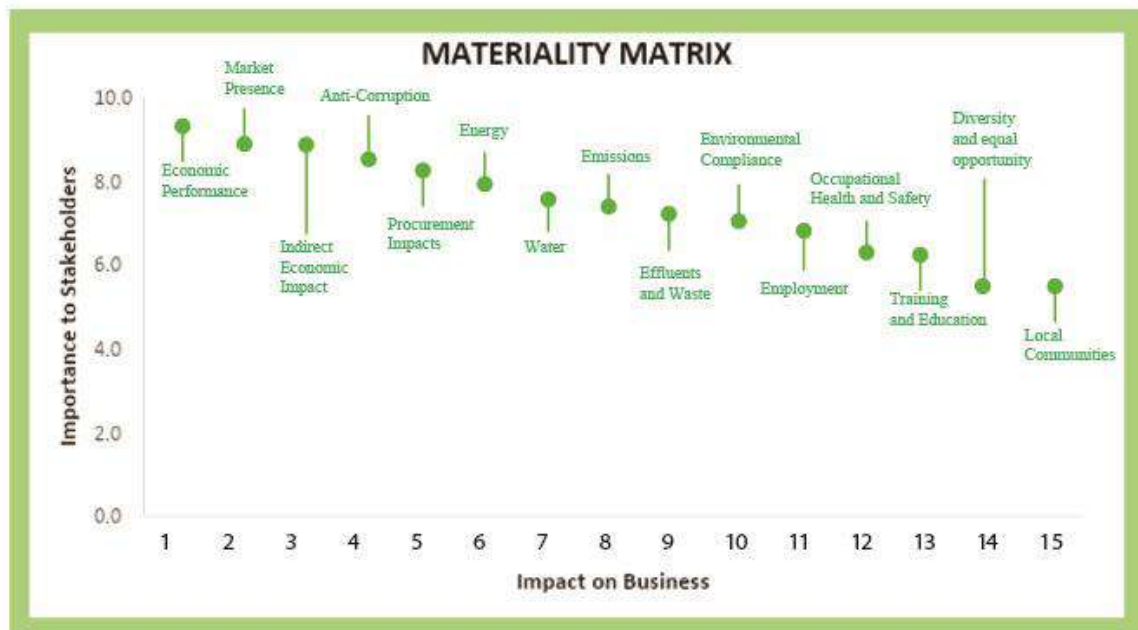
The sustainability information contained in this Statement covers the performance of the following KSSC assets unless otherwise indicated in the text of the Report:

Segment	Subsidiary concerned	Assets Being Assessed
Manufacturing	PTM Stainless Industry Sdn Bhd	Manufacturing and sales of stainless-steel tubes and pipes, and processing of stainless steel sheets products.
Trading	Three and Three Hardware Sdn Bhd and	Trading of other industrial hardware.
	Koseng Sdn Bhd	Trading of marine hardware and consumables.

Identification of Material Topics

GRI102-46, GRI102-47

We conducted a material assessment to select topics that mattered most to the business for inclusion in the Statement. The forms were sent out to the Group’s employees, shareholders, customers, as well as governmental organisation and subsequently a list of material topics was compiled. The materiality assessment was performed in accordance with GRI Standards. When assessing whether a topic is material, two main criteria are used: the significance of economic, environmental, or social impacts and the influence on stakeholder assessments and decisions.





Category	Number	Topic
Economic	1	Economic Performance
	2	Market Presence
	3	Indirect Economic impact
	4	Anti-Corruption
	5	Procurement impacts
Environment	6	Energy
	7	Water
	8	Emissions
	9	Effluents and Waste
	10	Environmental Compliance
Social	11	Employment
	12	Occupational Health and Safety
	13	Training and Education
	14	Diversity and equal opportunity
	15	Local Communities

In 2020, our Group drew a total of 15 material lists to be included in this report and for this year reporting, we will include comparative data to compare against last year environment data.

Data Preparation Methodology

The calculation, collection, and consolidation of economic, environmental, and social indicators presented in the Report were carried out in accordance with GRI Standard reporting principles and requirements and on the basis of the current procedures are in place for collection and preparing of management information in the Group.

Financial information is presented in Ringgit Malaysia.

Contact Information

GRI102-53

Our Group considers and carefully analyses feedback from stakeholders on the completeness, objectivity, and materiality information disclosed in its sustainability report, which helps improve our sustainability performance and non-financial reporting processes. We always welcome your suggestions about the report and our performance.

Please send any questions and suggestions to:

Mr Chan Min Wai
Chief Financial Officer
Email: chanmw@kssc.com.my
Telephone number : +603 – 8961 5555

Our Sustainability Approach

KSSC Approach to Sustainability Governance

Our Group believes in upholding the principles and values of sustainable development and integrates them into its business processes. We believe that sustainable development is a crucial part of our operating success and is the foundation for creating value for our stakeholders. Our Group operates in four main areas of sustainable development as shown in the diagram below.



KSSC Sustainability Structure

GRI102-18

We need to work together with stakeholders in order to maintain an effective system of sustainable development. We endeavour to build and develop strong and transparent relations with all our stakeholders and we actively develop our stakeholder engagement mechanism and make efforts to develop new ones.

When implementing sustainable development activities we follow the best international standard practises and fully comply with Bursa Malaysia Sustainability Reporting Guidelines.

Organisational Structure

GRI102-18

Sustainable development is managed at all business operating units of the Group. Our Company's Board of Directors and committees determine the general course for the Company's sustainable development, Senior Managers are accountable to the Senior Board Executives and their duties include goal-setting and performing specific tasks corresponding to their functions. The manager of each business segment will implement sustainability initiatives following their responsibilities.

The task of managing economic, environmental and social matters, including implementation of sustainability strategy and initiatives approved by the Board falls on the Sustainability Working Committee ("SWC"), which comprises key staff from various departments of the operating companies nominated by the Sustainability Steering Committee ("SSC"). The SWC reports sustainability matters to the SSC as and when required or at least annually.



The SSC, a delegate of the Board comprises senior Heads of the Department of relevant operations and chaired by the Group Managing Director is responsible to oversee implementation of sustainability strategy and initiatives by the SWC. The SSC reports to the Board as and when required or at least annually, whom is ultimately responsible for ensuring that the Group's business strategy considers sustainability, including the economic environmental and social impacts on the Group. The Board is also responsible in providing leadership by approving the Group's sustainability strategy and initiatives and oversees the performance of the management of material sustainability matters.

Direct Economic Value Generated and Distributed

GRI201-1

Our Group having been established in 1985 and was listed in 15 July 2009. Our Group has over the years created value for stakeholders, including shareholders, investors, employees, suppliers and contractors, government authorities, and local communities. The direct economic value generated and distributed demonstrates the wealth that we create through the Group business operations and the economic value distributed among the stakeholder group.

Our Group used information from the audited financial statements to prepare the table below in accordance with GRI recommendations for Disclosure.

GRI201-1

Based on a comparison of two years of audited accounts, the Group endeavour to boost the value generated and distributed, increase our contribution to society, maintain transparency and act with integrity when it comes to information disclosure.

In 2020, the value generated by our KSSC assets amounted to RM88.68 million, the value distributed RM87.88 million, and the value retained RM0.8 million.

Item	Stakeholder	2020 (RM'000)	2019 (RM'000)
Revenue from the sale of goods		87,937	79,154
Revenue from financial investments		75	-
Other Operating Income		663	401
Direct economic value generated		88,675	79,555
Economic Value Distributed			
Operating Expenses	Suppliers and Contractors	(6,213)	(6,187)
Wages and other payments to employees	Employees	(6,316)	(6,544)
Payments to providers of capital			
Payment to financial institutions		(1,956)	(1,810)
Payment to shareholders	Shareholders and Investors	-	-
Payment to creditors		(72,034)	(64,483)
Payment to Government including income tax expenses	Government Authorities	(1,359)	(120)
Community Investment	Local Communities		
Economic Value Distributed		(87,878)	(79,144)
Economic Value Retained		797	411

Membership of Associations, Societies, and Institutions

GRI102-13

Our Group plays an active role in collaborating with prominent industry and business associations, society, and institutions. The Group supports initiatives and conferences and participates in various discussions. We consider our industrial and operational features as well as adopted sustainability principles when deciding to participate in associations.

Association and Institutions	Membership Type
Malaysia Steel and Metal Distributors' Association	Ordinary

Attaining Sustainable Development Goals – our inputs



ETHICS AND BUSINESS CONDUCT

GRI102-16

Approach to Promoting Fair Business Practices

GRI102-18

Our Group strives to meet the highest standards of ethical business conduct and we adopt an attitude of zero tolerance towards corruption and bribery. The Group takes strict measures to prevent and effectively deal with the consequences of misconduct when it occurs. The Group adopted its Anti-Bribery and Anti-Corruption on 24 August 2020. The Group also constantly monitors breaches of unfair trade practises and norms of ethical and fair business conduct is to be strictly adhered to by all employees. The following policies are available on our corporate website at www.kssc.com.my:-

- The Code of Ethics and Conduct
- The Anti-Bribery and Anti-Corruption Policy
- The Whistleblowing Policy

We conduct background and criminal record checks when considering candidates, as well as due diligence checks in the case of contractors and suppliers.

Our Group communicates documents and policies to our stakeholders, including our employees and subsidiaries to fully comply with the provisions of documents at all times through various modes of communication, i.e. internal memo and emails.

Anti-Bribery and Anti-Corruption Risk Management

GRI205-2

Our Group determines, evaluates, and manages corruption-related risk regularly. At the end of each financial year, our ARMC Chairman will analyse risks related to fraud and corruption. The Group will evaluate its business processes and focuses on those areas that are particularly prone to corruption risk, and carefully assesses existing controls and procedures in these areas. The Group will continue to review its policies annually. The main documents regulating anti-bribery and anti-corruption are:

- Anti-Bribery and Anti-Corruption Policy; and
- Whistleblowing Policy.

Raising Awareness of Ethical Business Conduct

Our Group believes that information is key to preventing misconduct; in particular, fraud, corruption and bribery. Therefore, the Group consistently informs stakeholders, including employees, business partners and about the principles of business conduct.

Our Group posts anti-bribery and anti-corruption policies and procedures on the company official website and makes the documents available for all stakeholders. At the same time, to ensure that employees are informed about corporate behaviour standards and consequences of engaging in bribery and corruption, the Group had engaged Mega Corporate Services Sdn Bhd to provide anti-bribery and anti-corruption training for management, executives, and administrative staff.

Among the topics covered by the training were “GEHTDS” collectively refers to Gifts, Entertainment, Hospitality, Travel, Donation and Sponsorship that is deemed acceptable to the Group, and consulting with the managers when in doubt.

Our Group has a whistleblowing policy for stakeholders to raise their concerns and the policy is available on the company website. The Group has also informed all its business partners about ethical business conduct and all suppliers must be acquainted with the Group’s corporate principles relating to Anti-Bribery and Anti-Corruption Policy.

Whistleblowing Reporting

GRI205-3

Our Group encourages all stakeholders to report any suspicious activities through the Group’s whistleblowing channels. For convenience, the stakeholder can raise their concerns through several whistleblowing channels as listed below:

Group Managing Director – Letter must be delivered to the Group Managing Director Office or email to be sent to his/her office email address, and meanwhile copy the letter to the Chairman of the ARMC via external Company Secretary Office or a dedicated whistle-blowing email address maintained by the external Company Secretary.

The Chairman of the ARMC – Letter must be sent to the external Company Secretary Office and email to be sent to a dedicated email address maintained by the external Company Secretary.

Our Group would like to report there are no incidents of corruption and fraud received during the financial reporting year.

Communication Channels and Mechanisms

Our Group engages various communication channels to engage with our stakeholders to ensure that we encompass all stakeholders, initiate a two-way dialogue, and allow stakeholders to provide feedback.

For example, during pandemic COVID-19, the Group deploys the use of various internet technologies to improve communication with stakeholders. The table list both the means of communication channels internally and externally.

Stakeholder Engagement

GRI102-43, GRI102-42



- Internal portal for employees
- Annual staff engagement surveys
- Interpersonal communication with employees



- The media
- Our official website
- Annual reports

Our Group constantly engages with various stakeholders to understand their needs and expectations as shown in the table below. In our business processes, we endeavour to accommodate the interest and concerns of stakeholders, comply with the government authorities' guidelines, contractual obligations and most important of all to uphold and respect human rights.

Cooperation with our stakeholders and the creation of value for them is a significant part of achieving our strategic goals. Our overall key priorities are driven by market conditions and sound business fundamentals. Therefore we focus on several groups of stakeholders identified below:



Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
Customers (existing and potential)	Frequency: Ongoing Type: Awareness program, One to one engagement, Marketing materials,	<ul style="list-style-type: none"> Quality of product Late delivery Product defects Re-engage with customers and avoid repetition of mistakes Product prices and values 	<ul style="list-style-type: none"> Quality management system Competitively price against our competitors Quality assurance and reunion program
Employees	Frequency: Regular, ongoing Type: Knowledge sharing sessions, Internal customer engagement programme, Internal customer satisfaction survey, Innovation Accelerator Programme	<ul style="list-style-type: none"> Well-being of the company and job security Staff welfare and benefits Safety environment at work Work competency 	<ul style="list-style-type: none"> Staff engagement programmes Implementation of Environment Safety & Health ("ESH") programmes involving employees Job-related training and workshops
Suppliers	Frequency: Occasional Type: Performance review meetings, workshops, coaching for compliance	<ul style="list-style-type: none"> Compliance issues Tender prices and payments Cost efficiency and introduction of products Workers quarters ESH 	<ul style="list-style-type: none"> Engagement with suppliers during Safety Day and assurance audit Constant and regular communications Process improvement Engage and share concerns with relevant parties ESH roadshow, ESH elements in tender and contract documents
Investors and financiers	Frequency: Annual, quarterly Type: Annual general meeting, quarterly results announcement, press conference, targeted briefing, meetings	<ul style="list-style-type: none"> Legal compliance Financial performance at expense of environmental/social well-being Business risks Soft market conditions Negative public perception 	<ul style="list-style-type: none"> Monthly reporting and regular audit Engagement with investors & sharing of strategy Rolling out diversified affordable products
Business partners	Frequency: Ad hoc Type: Meetings, discussions, functions, product launches	<ul style="list-style-type: none"> Payment Terms of reference Appraisal Human rights ESH 	<ul style="list-style-type: none"> Standard Operating Procedure (SOP) Proper SOP for monitoring and tracking Audit and using e-tendering Benchmarking
General public	Frequency: Ad hoc Type: Dialogue, meetings, engagement	<ul style="list-style-type: none"> Environmental impact to communities 	<ul style="list-style-type: none"> Engage with experts and explain via reporting, environmental conservation activities (e.g. tree planting)
Governments and regulators	Frequency: Ad hoc Type: Meetings, pre-consult submission, periodical monitoring reporting	<ul style="list-style-type: none"> Customer rights Compliance 	<ul style="list-style-type: none"> Responsible reporting and marketing communications Monitoring of compliance (e.g. legal checklist)

DEVELOPING OUR EMPLOYEES

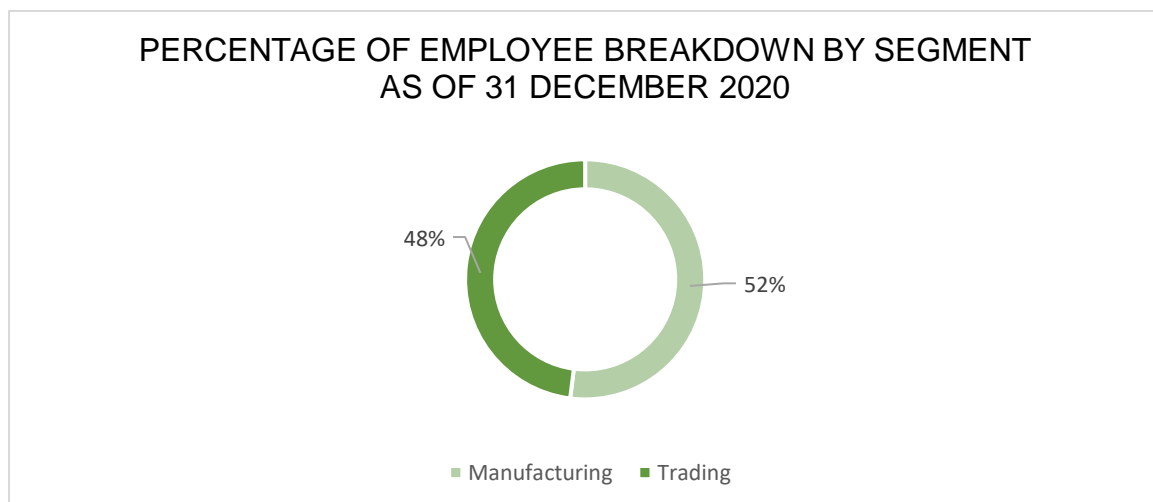
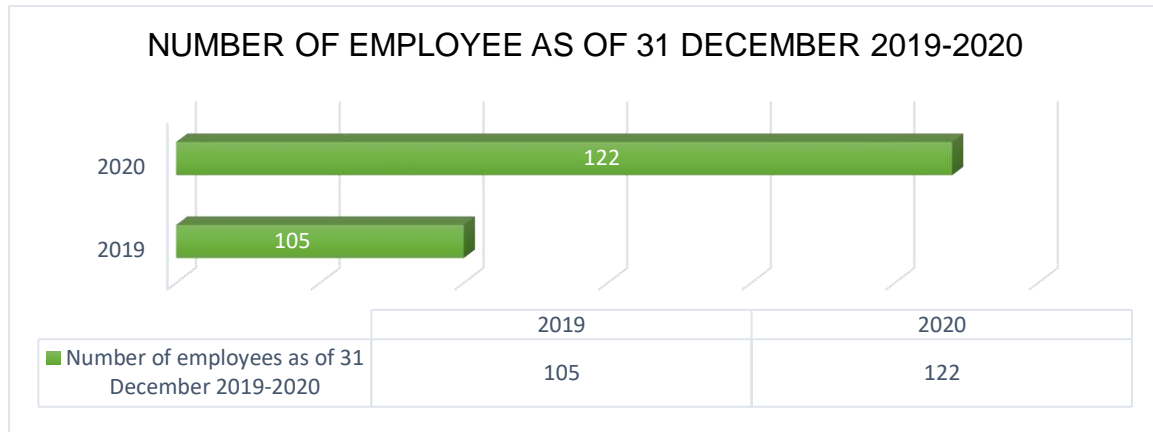
Our Group places the utmost importance on its employees' welfare and always encourages the employees to adapt and improve according to the business environment and needs.

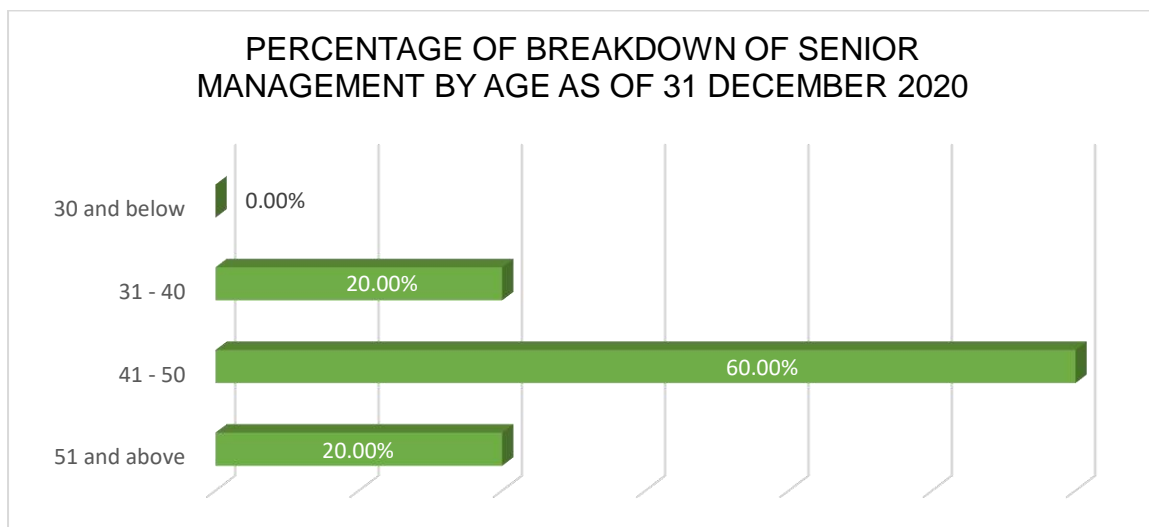
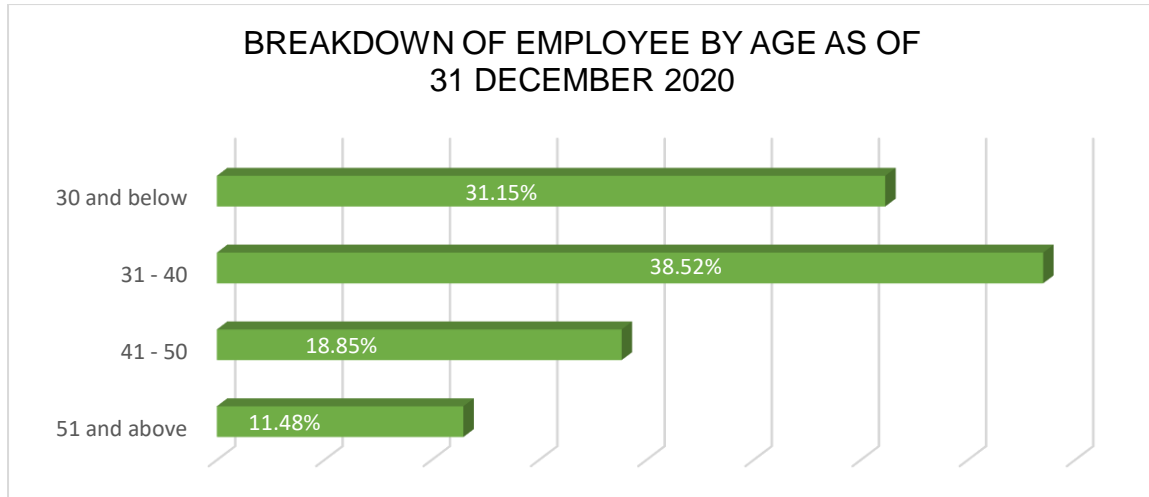
For this reason, we work continuously on ensuring the effectiveness of our personnel management practices, including those relating to employee recruitment, retention, training and development, performance management, strengthening employee engagement and developing internal social programmes. In addition, we take all possible measures to ensure respect and to provide equal rights and opportunities to all our employees.

The above Human Resource chart depicts the importance of our Talent Capital Development department and its reporting structure.

Workforce Structure

The workforce headcount as of 31 December 2020 is 122. Compared to the previous year, the Group's headcount rose by 16%. An increase in headcount is due to an increase in production capacity and facility expansion.

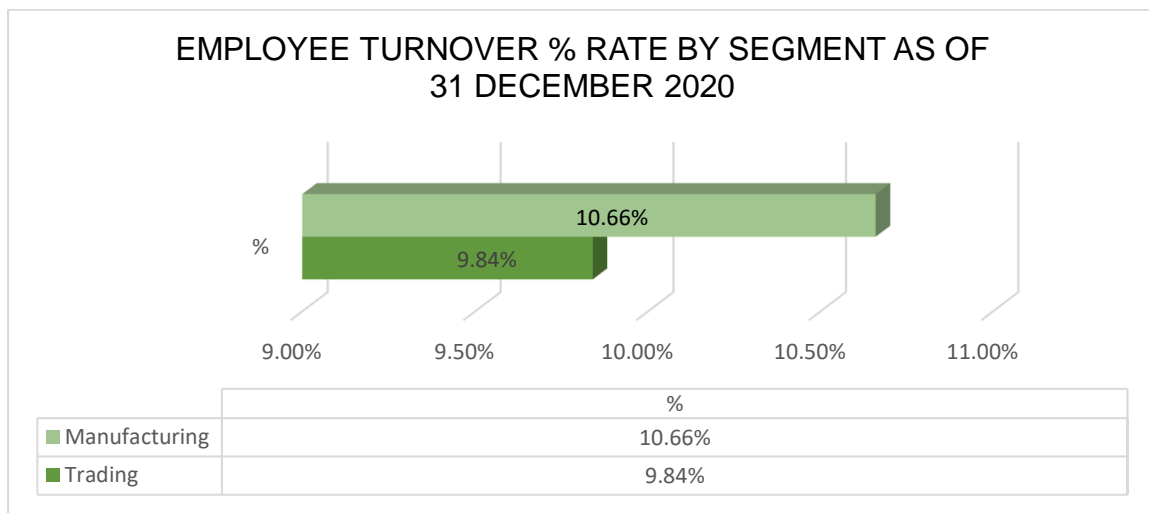




Employee Turnover

GRI401-1

Our Group records the number of employee turnovers for the financial reporting year. Based on the charts below, the manufacturing segment has a higher turnover rate as compare to trading segment.



Recruitment and Adaptation

Our Group plays a pivotal role in ensuring that all its employees are fully equipped with the necessary knowledge to adapt successfully in the company. The Group wants to optimise and realise the employees' full potentials as early as possible.

Recruitment

As part of the Group continuous development in 2020, the Group focuses on improvement in attracting new talents to meet the growing demand for local talents in the stainless steel industry.

Motivation and Engagement

GRI401-2

As part of our motivation and engagement policy, the Group recognises effective employee engagement in the form of financial and non-financial as well as conducive working conditions to drive improve our operational efficiency. This will enable our Group to achieve higher growth and allow us to create value for the local communities.

Financial Motivation

Our Group endeavours to make its remuneration system transparent and equitable for all its employees. Currently, the company's pay scale system is constantly updated but will further improve its remuneration system to meet today's expectation to ensure its relevancy and attractiveness. The new salary remuneration system will cover both fixed, contractual, intern and part-time employees across the organisation.

Our Group's bonus system is based on its extensive evaluation methodology and bonus are at the discretion of the management. Our Group will continue to evaluate **best practices** in drafting the framework for the remuneration system.

Non-Financial Motivation

GRI401-2

As a socially responsible company, our Group offers employees a broad non-financial compensation package that complies with employment acts and forms part of the total remuneration. Our employees received statutory pension contribution (EPF), medical benefits and allowances entitlement under the employment act. The Group provides annual leave, sick leave, compassionate leave, maternity and paternity leave and marriage leave. The Group also provides group personal accident and hospitalisation insurance to all employees.

Social and Labour Conditions

We care for our employees' well-being. Therefore we believe it is essential to provide them with comfortable working and living conditions. At the onset of the COVID-19 pandemic, our Group took several initiatives to address employees concerns about their well-being. The Group has initiated the following COVID-19 measures to ensure minimise business interruption during the COVID-19 pandemic.

- Enforcement of work from home measures for management personnel.
- Suspension of employees' foreign business trip.
- Mandatory self-isolation at home for ten (10) days without loss of pay for employees identified close contacts with COVID-19 patients.
- Limitation of access and contact with external consultants and contractors to our Group's premises.
- Handling business remotely with the use of conference and video call systems.
- Supplying common areas with sanitisation and temperature checking.
- Regular disinfection of company's vehicles and premises.
- Installation of registry for contact tracing and remote temperature checks for all employees, visitors, and contractors.
- Providing adequate personal protective equipment.
- Conducting multiple COVID-19 testings using RTK antigen and RT PCR Tests.





Learning and Development

We believe instilling discipline character building and employee knowledge is an essential part of a company's success. The learning and development programme at our Group was temporarily halted due to the pandemic, but we will continue to explore various opportunities for its employees to further enhance their skills levels.

GRI404-2





Learning and Development



At KSSC, we believe instilling discipline character building and employee knowledge is an essential part of a company's success. Total number of hours trained by the Group is 16 hours. **GRI404-1**



Human Rights

Our Group understands the importance of respecting human rights. The Group does not have a formal policy on human rights. It places the highest priority to ensure the detection and rectification of any human rights violations, and it devotes special attention to ensuring the diversity of personnel.

Our Group has not conducted any supplier assessment on its human rights accord but will strive to do it in the next financial reporting year. All types of modern slavery, including child labour, forced labour, and human trafficking are violations of human rights and are strictly prohibited, both within the Group and on the part of our suppliers. The Group will continue to do its due diligence on its suppliers to ensure that they are strictly complying with the relevant act on matters pertaining to human trafficking.

Our Group is committed to adopting the Children and Young Person Act (Employment) 1966, Malaysia. **GRI408-1** The Group does not employ anyone under the age of 18 years due to the hazardous environment and the nature of business.

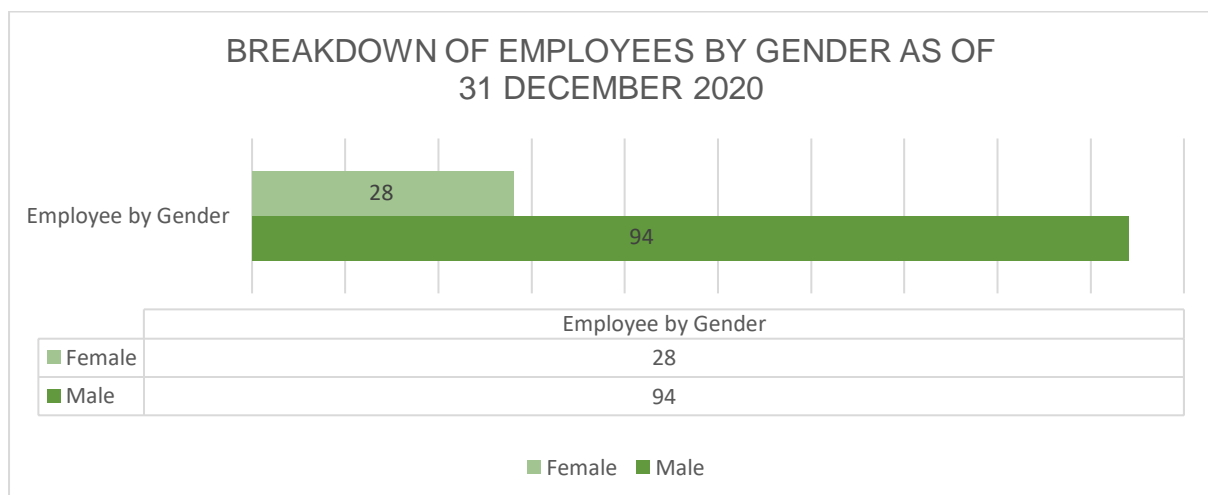
Workforce Diversity

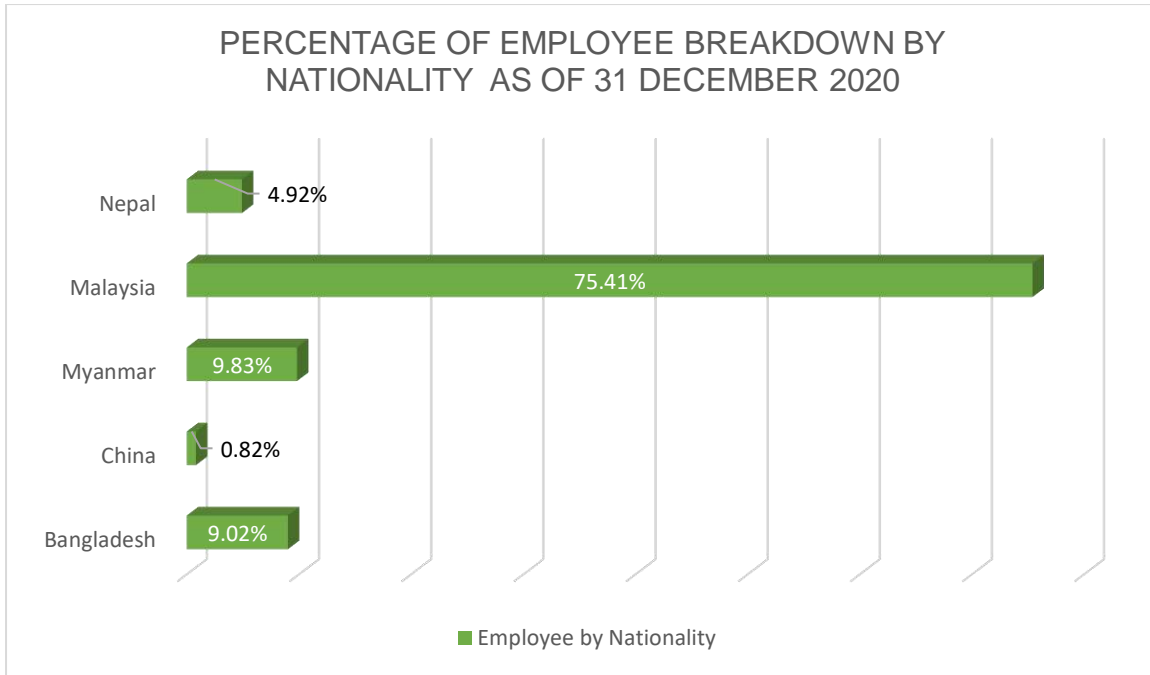
Our Group appreciates how workplace diversity is a natural phenomenon especially in the era of globalisation. The Group does not have any diversity policy in place and will strive to have a diversity policy in the next financial reporting year. However, the Group does not discriminate against any gender or ethnicity etc. This policy with the human rights policy will be made available on our official website before the next financial reporting period.

Our Group is committed to creating a diversified workplace environment that is free from discrimination of any kind. All work-related decisions on current and potential employees are made based only on their professional skills, qualities, experience and abilities. Decisions made on any grounds other than an employee's performance (including race, ethnic origin, sex, religion, political views, nationality, age, sexual orientation, citizenship status, marital status, disability etc.) are prohibited by law and contravene our internal non-discrimination principles.

The low percentage of women working in our Group is due to the hazardous working environment and the Group adheres to the current Guidelines on Reproductive Health Policy & Programme at the workplace issued by the Department Of Occupational Safety And Health under the Ministry Of Human Resources. We believes in providing an equal opportunity for women; therefore, we take great pride in providing a safe workplace for women.

GRI405-1, GRI102-8





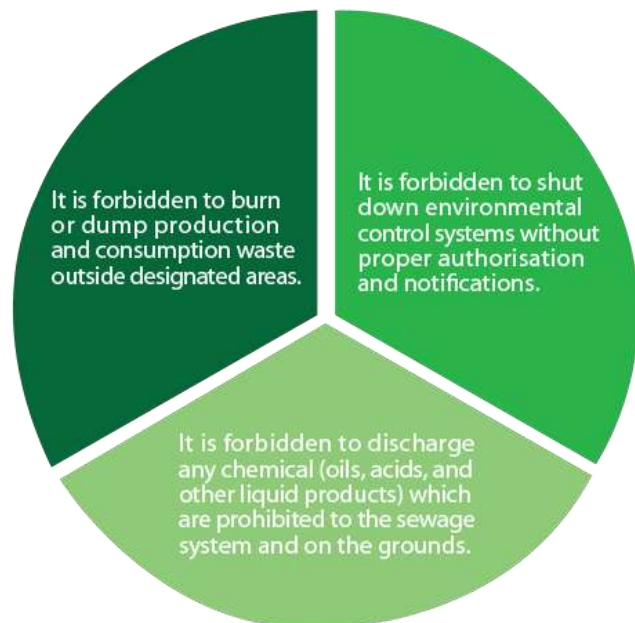
Our Group does not discriminate salary between men and women. We believe in equal opportunity regardless of gender. **GRI405-2**

Health, Safety, and Environment

Environment Management

As one of Malaysia largest stainless-steel fabricator, our Group recognises that continuous growth in its production capacities could create significant environmental challenges and obligations. To manage business operations responsibly, the Group has proposed the reduction of adverse environmental impacts to be of its primary goals. The Group's medium and long-term goals are to reduce the potential negative effects of our day-to-day activities in order to provide a safe environment in our place of business operations and surroundings.

We strive to comply with all applicable environmental regulations and to meet the expectations of our stakeholders.



In line with our Health, Safety, and Environment (HSE), our Group will use appropriate technology to complement the complexity of today’s environmental practices. During the reporting period, the Group has no non-compliance with environmental breaches.

GRI307-1

Environmental Strategy

Our Group environment committee has developed several key environmental issues as listed in the table below. The Group is committed to developing sustainable business practices and implementing environmental principles into each of our business operations. The Group will deploy all available technology to combat climate change.

Our Group will focus on greenhouse gas (“GHG”) emissions and waste management in all its manufacturing processes and will set an absolute target towards reduction. Being a major stainless-steel player in the country, KSSC will develop an environmental strategy over the next 5 years to prepare the Group to meet its target to reduce its Scope 1 and Scope 2 wherever possible. The table below shows the intended target to reduce Scope 1 and Scope 2.

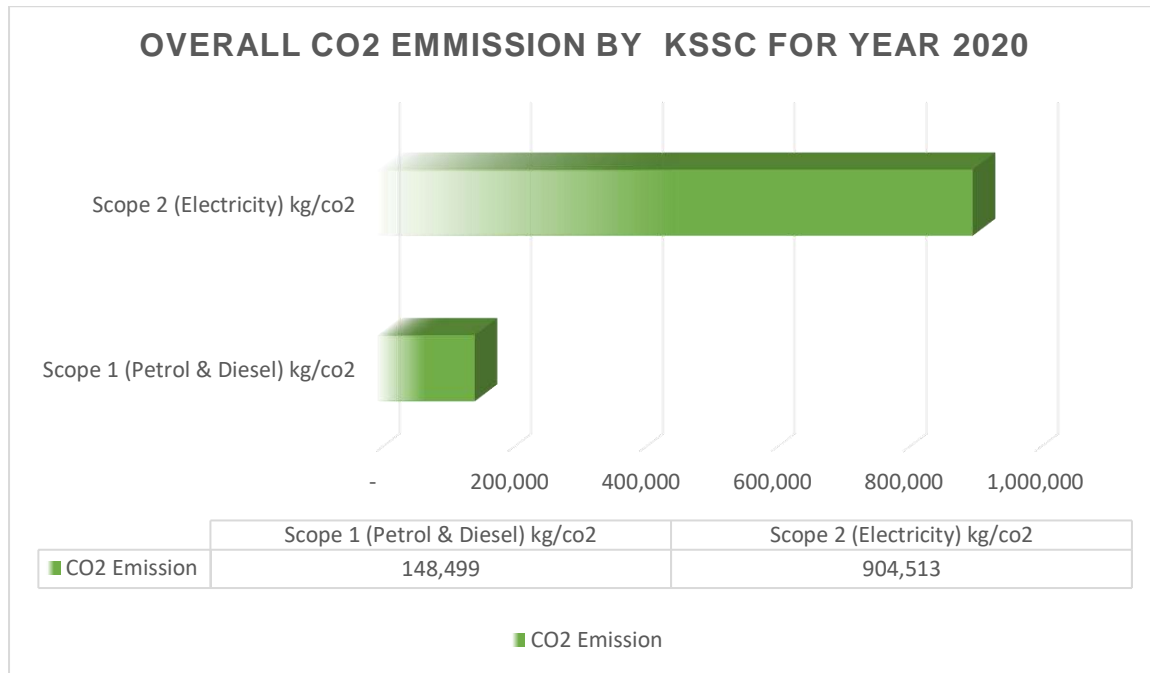
Area of Assessment	Five-year target (2021-2025)	2020 results (Baseline) (Units)
Scope 1 Scope 2	To review and set reduction of 2% per annum.	2019 Baseline Units
Carbon dioxide (“CO2”)	Maintain an intensity ratio of fewer than two tonnes of carbon dioxide equivalent (tco2e) per tonne of crude steel production and 10% reduction over the next five years.	2019 Baseline Units

Lowering Air Emissions

Our Group's production of stainless-steel products will inevitably be accompanied by some air emissions which potentially can impact the environment and human health. The Group does not record any air emissions due to the unavailability of data. The Group will endeavour to report its air emissions in the next financial reporting year.

CO2 Emission

The Group will identify areas of improvement to reduce the number of emissions and will set targets on CO2 emission.



Malaysia is a signatory party to both the Kyoto Protocol (12 March 1999) and the Paris Agreement (22 April 2016) (Retrieved from United Nation Climate Change, <https://unfccc.int/node/61107>). Malaysia Intended Nationally Determined Contribution of the Government of Malaysia (INDC, Malaysia) will reduce CO2 emission unconditionally by 35% and a further 10% is a condition upon receipt of climate finance, technology transfer and capacity building from developed countries. In supporting Malaysia goals to climate change, the Group will do its part to reduce its CO2 emission and undertake to reduce its CO2 emission targets as stipulated by INDC.

Climate Change

GRI201-2

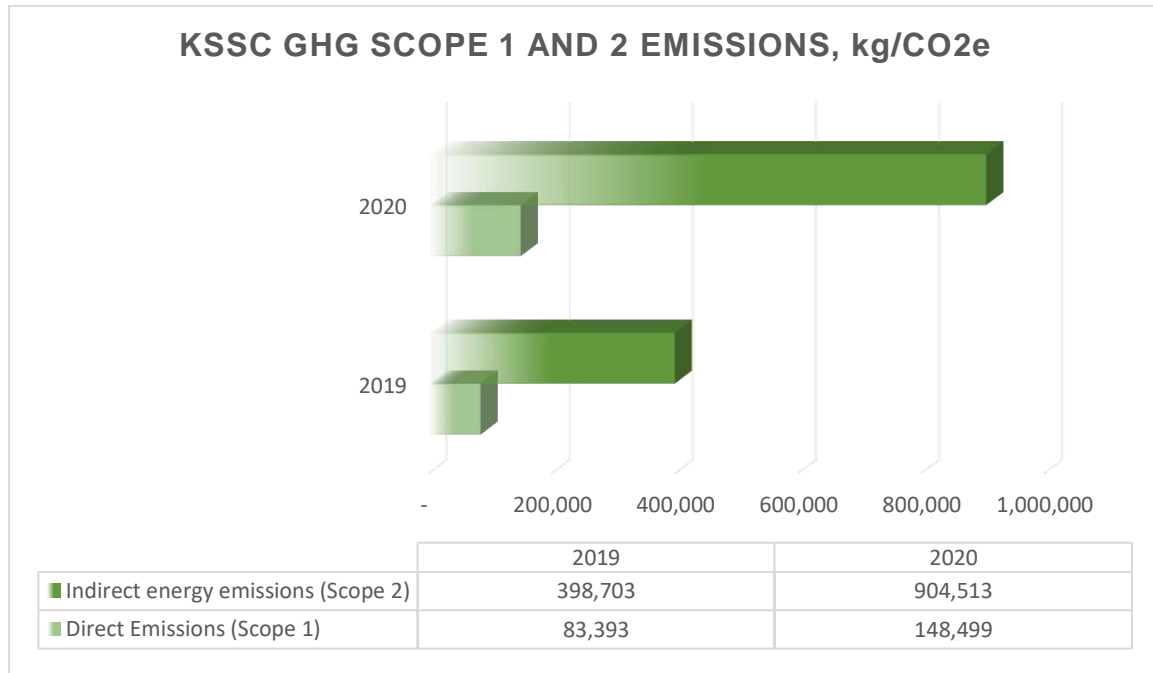
In response to climate change, the Group is responding by being a responsible producer, will enhance its focus on climate change processes and address issues that require a significant amount of reduction in GHG emissions in its production.

To reduce impacts on the climate and to lessen the related risk, our Group will support initiatives by the Government of Malaysia in their goals to reduce GHG by 35% before 2030. The Group will undertake to study assessments on how to mitigate and reduce the emission of GHG.

Our Group adheres to the requirements of the 2006 Intergovernmental Panel on Climate Change (IPCC 2006) and the World Resources Institute GHG Protocol Corporate Accounting and Reporting Standard and applies the following approach to GHG emissions accounting.

Our Group reports GHG emissions for both segments of the business in kg/CO₂ calculated using the IPCC 2006 global warming principles. The chart below shows the amount of GHG emissions as a result of the Group production. **GRI305-5**

GRI305-1, GRI305-2



Boosting Energy Efficiency

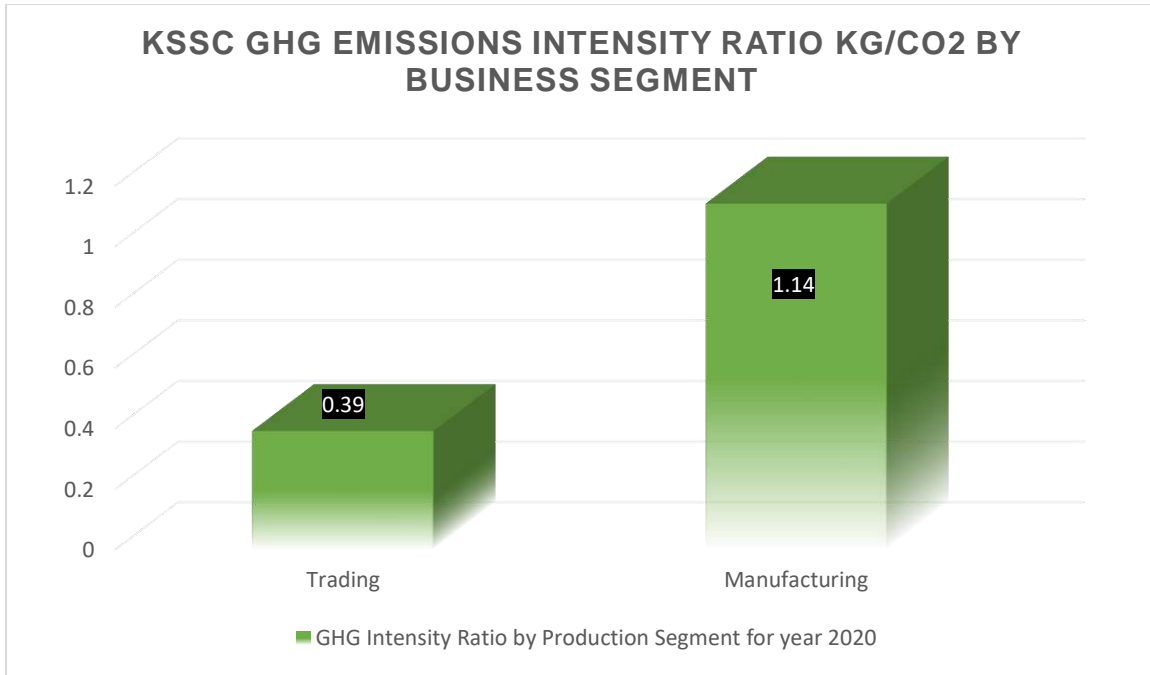
One of our Group major cost is energy. For many years, the Group constantly seeks to innovate to reduce energy consumption at its production facilities. The Group energy consumption like any major production facility rises with the increase in production output or the release of energy from the metal forming and polishing process.

The Energy intensity level for our Group is one of the key drivers for our energy efficiency programmes. Measures taken to boost energy efficiency include:

- Minimise errors in product specifications and enhancing quality to prevent loss of energy by reforming.
- Ensuring production error is minimised to prevent rejection by customers.

The chart below shows the energy intensity by our Group. The Group does not have any energy intensity key performance target as yet but will endeavour to look into drafting an energy policy soon to address issues relating to climate change.

GRI305-4

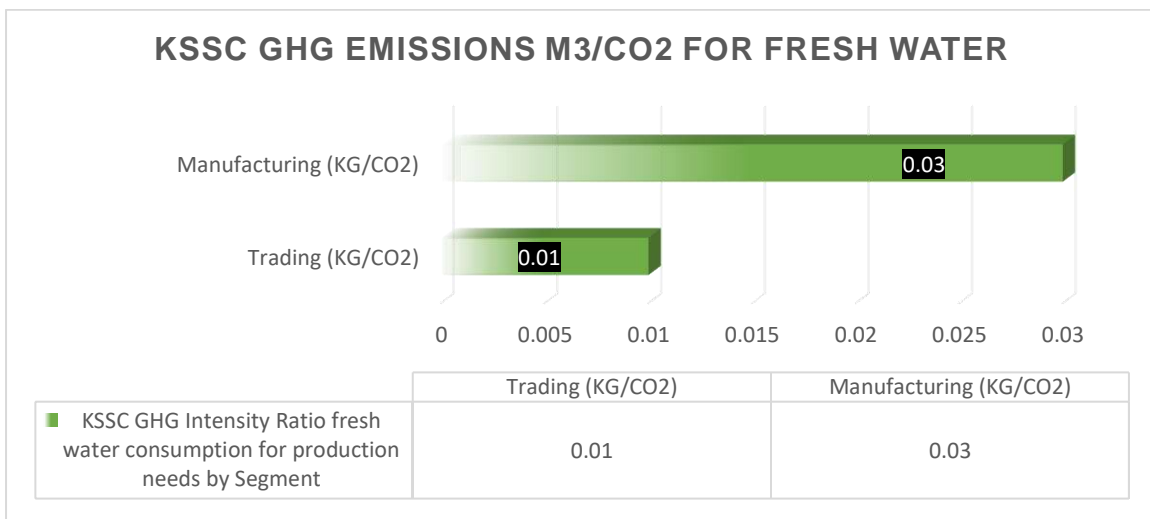


Balancing Water Supply

GRI303-1

Our Group business operations do not require significant volume of water for our production needs. However, to further protect our environment, the group will endeavour to minimise the use of domestic water and practise save water habits among its employees.

Freshwater resources are having significant environmental and economic importance for the world. The Group will continue to lower its usage of water and where applicable the Group will utilise rainwater for non-consumption purposes such as watering the plant, cleaning of the factory etc. The table below depicts the Group minimum GHG Emissions of freshwater.



Waste Management

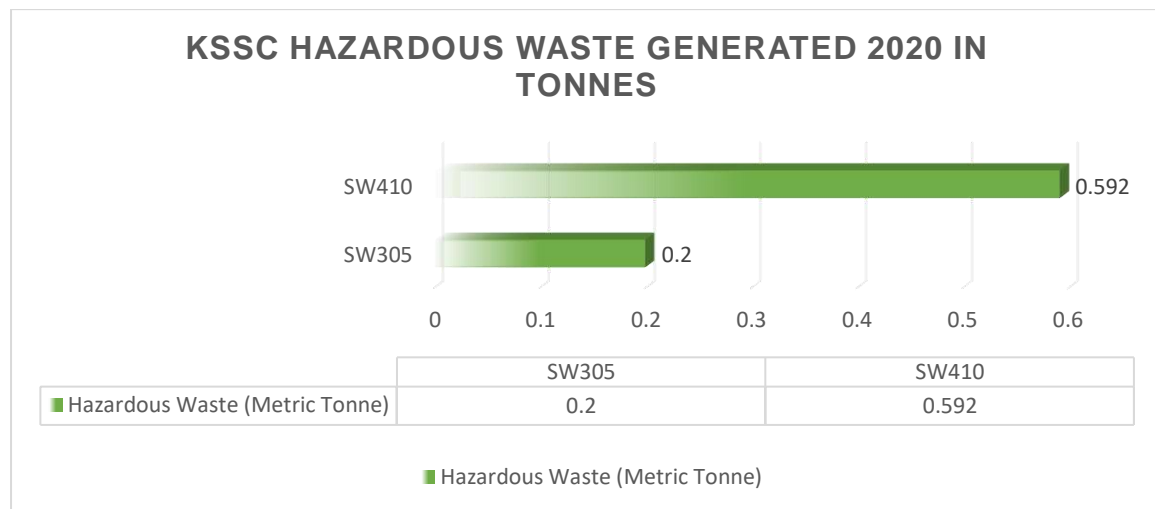
During stainless steel-forming operations, the Group generates several types of waste. The following are the Group schedule waste as listed below:-

Waste Code	Schedule Waste Item	Handling Method
SW305	Spent Lubricant Oil	Outsource to a licensed contractor for dispose
SW410	Contaminated gloves, rags, plastics	Outsource to a licensed contractor for dispose

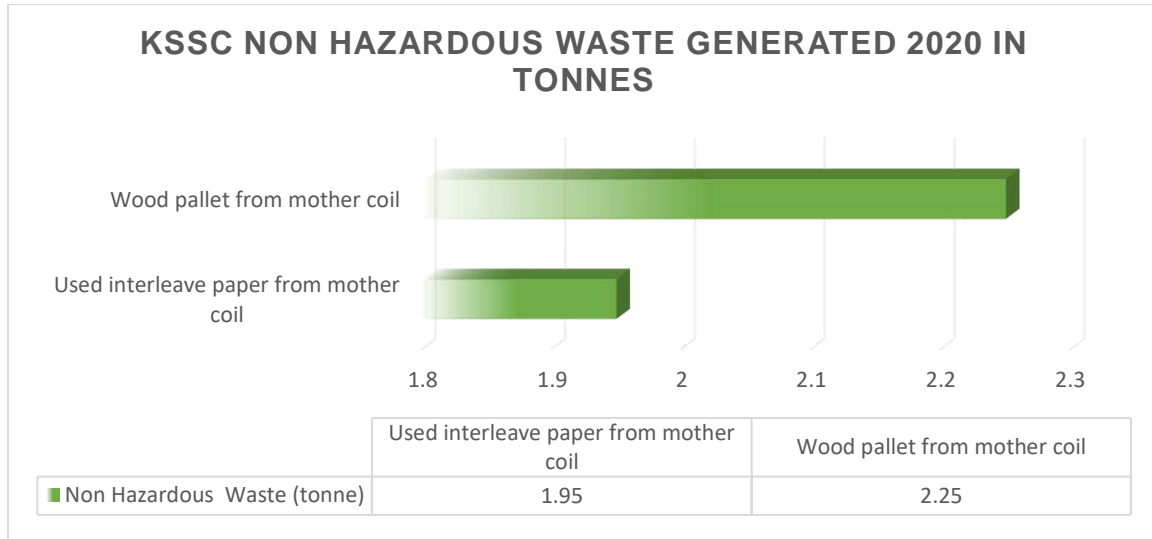
The Group endeavours to reduce, reuse and recycle its waste according to the Department of Environment as per the schedule waste code shown above. The Group will ensure that all its waste are properly handled, labelled, store and disposed of according to regulations. All scheduled waste and non-scheduled waste are disposed of by licensed contractor.

The Group has its environment team handle all scheduled waste as per regulation guidelines and will strive to adopt best practices in handling its waste.

GRI306-2



The Group generates around 0.2 and 0.592 ton of hazardous waste comprising SW305 and SW410 respectively.



Goals for 2021 and the Mid-Term Period for Waste Management

The management will look into a detailed waste management program in the next financial reporting and strive to improve its existing scheduled waste system as well as optimising its resources.

Supporting Local Communities

Management Approach

GRI413-1

Our Group aims to build positive and sustainable partnerships with local communities wherever we operate, by adhering to the best international standards of sustainable development and actively engaging with local communities. The Group does not have a formal approach in engaging with local communities but our Group has been supporting various education, social-economic programs for university students over the years.

All of the Group social investments are made voluntarily. The Group strictly abides by the Anti-Bribery and Anti-Corruption policies on social and gifts investment guidelines.

Local Community Support

GRI203-1

Our Group has been a strong pillar for local community support over the years. The pictures show the activities initiated by our Group.





Responsible Supply Chain

Our Group aims to have responsible and efficient supply chain management to ensure business continuity and to support sustainable operations throughout the entire value chain. In our business practises, it is very important for the Group that we develop a sustainable approach to our supply chain and adhere to applicable laws in the places we operate.

Our Group strategic goal is to become the leader in the secondary stainless steel products in terms of:

- Purchasing quality products at competitive prices.
- Managing purchasing cost to ensure no disruption in our supply chain.

Contribution to the Prosperity in Areas KSSC Operates

GRI102-10

Fruitful cooperation between our Group and enterprises and their local partners contributes to the socio-economic development in areas the Group operates. The Group prioritises the procurement of goods and services from local suppliers that meet our requirements.

In 2020, no significant changes in our supply chain structure were recorded vis-à-vis the location of our suppliers. The total number of suppliers for the Group is 123 with a total expenditure of RM64.4 million, while the share of local suppliers in the Group procurement was 67% (RM43.24 million).

Our Group endeavour to continue to explore and give priority to local small and medium enterprises to contribute to the socio-economic improvement of this sector. **GRI204-1** The chart below shows the Group geographical segmentation for some of the major raw materials and products purchased.



Our Group will continue to make efforts to enhance the quality and efficiency of procurement processes as part of our major goal of integrating sustainability aspects into supply chain management. For 2021, and the medium-term actions to facilitate improving the supply chain were:

- Upgrading the Supply Chain and Procurement Policy.
- Optimisation of distribution.
- Conducting benchmark analysis on supply chain procurement and implement best practices.

Appendix 1 – GRI Content Index

GRI102-55

GRI Indicator	Disclosure	Description	Comments/ Omissions
GRI 102 General disclosures			
1. Organisational profile			
GRI 102-1	Name of the organisation	About KSSC	
GRI 102-2	Activities, brands, products, and services	About KSSC	
GRI 102-3	Location of headquarters	About KSSC	
GRI 102-4	Location of operations	About KSSC	
GRI 102-5	Ownership and legal form		K. Seng Seng Corporation Berhad
GRI 102-6	Markets served	About KSSC	
GRI 102-7	The scale of the organisation	About KSSC	
GRI 102-8	Information on employees and other workers	Human rights	Total number of employees by an employment contract, (permanent and temporary) is disclosed by gender only.
GRI 102-9	Supply chain		
GRI 102-10	Significant changes to the organisation and its supply chain	Contribution to the prosperity in areas KSSC operates	
GRI 102-11	Precautionary Principle or approach		
GRI 102-12	External initiatives		
GRI 102-13	Membership of associations	Memberships of associations, society and institutions	
2. Strategy			
GRI 102-14	Statement from senior decision-maker	Message from the Group Managing Director	
3. Ethics and integrity			
GRI 102-16	Values, principles, standards, and norms of behaviour	Ethics and business conduct	
4. Governance			
GRI 102-18	Governance structure	KSSC sustainability structure Organisational structure Ethics and business conduct	
5. Stakeholder engagement			
GRI 102-40	List of stakeholder groups		
GRI 102-41	Collective bargaining agreements		
GRI 102-42	Identifying and selecting stakeholders	Stakeholder engagement	
GRI 102-43	Approach to stakeholder engagement	Stakeholder engagement	
GRI 102-44	Key topics and concerns raised	Stakeholder engagement	
6. Reporting practice			
GRI 102-45	Entities included in the consolidated financial statements	Reporting boundaries	
GRI 102-46	Defining report content and topic boundaries	Identification of material topics About this report	
GRI 102-47	List of material topics	Identification of material topics	
GRI 102-48	Restatements of information		No significant restatements of information were made.
GRI 102-49	Changes in reporting		No significant changes from previous reporting periods in the list of material topics and topic, boundaries were made
GRI 102-50	Reporting period		Annually



GRI 102-51	Date of the most recent report		1 st Year Reporting
GRI 102-52	Reporting cycle		
GRI 102-53	Contact point for questions regarding the report	Contact Information	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	About this report	
GRI 102-55	GRI content index	Appendix 1 – GRI Content Index	
GRI 102-56	External assurance	Appendix 5 – Independent assurance report	NOT APPLICABLE
Material Topics			
GRI 200 Economic			
GRI 201 Economic performance			
GRI 103	Management Approach	Direct economic value generated and distributed	
GRI 201-1	Direct economic value generated and distributed	Direct economic value generated and distributed	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Climate change	
GRI 202 Market presence			
GRI 103	Management Approach	Motivation and engagement	
GRI 202-1	Ratios of standard entry-level wage by gender compared to local minimum wage		The data without a breakdown by gender.
GRI 203 Indirect economic impacts			
GRI 103	Management Approach	Local communities support projects	
GRI 203-1	Infrastructure investments and services supported	Local communities support projects	
GRI 203-2	Significant indirect economic impacts		
GRI 204 Procurement practices			
GRI 103	Management Approach	Management approach	
GRI 204-1	The proportion of spending on local suppliers	Contribution to the prosperity in areas KSSC operates	The information concerning the share of local suppliers of the regions of our operations
GRI 205 Anti-corruption			
GRI 103	Management Approach	Ethics and business conduct	
GRI 205-2	Communication and training about anti-corruption policies and procedures	Ethics and business conduct	
GRI 205-3	Confirmed incidents of corruption and actions taken	Ethics and business conduct	
GRI 300 Environmental			
GRI 302 Energy			
GRI 103	Management Approach	Boosting energy efficiency	
GRI 302-1	Energy consumption within the organisation	Boosting energy efficiency	Energy consumption is disclosed for a limited number of enterprises that are stated in the text of the relevant section.
GRI 302-3	Energy intensity	Boosting energy efficiency	
GRI 303 Water			
GRI 103	Management Approach	Health, safety, and environmental governance	
		Balancing water supply	
GRI 303-1	Interactions with water as a shared resource	Balancing water supply	



GRI 303-2	Management of water discharge-related impacts		
GRI 303-3	Water withdrawal		
GRI 303-4	Water discharge		
GRI 303-5	Water consumption		
GRI 305 Emissions			
GRI 103	Management Approach	Health, safety, and environmental governance	
		Reducing air emissions	
GRI 305-1	Direct (Scope 1) GHG emissions	Climate change	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Climate change	
GRI 305-4	GHG emissions intensity	Climate change	The intensity of GHG emissions is calculated as GHG emissions (kg CO ₂) divided by consolidated revenue, broken down by the reporting segments.
GRI 305-5	Reduction of GHG emissions	Climate change	In 2020, KSSC operations demonstrated an increase in GHG emissions both in Scope 1 and Scope 2 due to higher steel production
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides, (SOX), and other significant air emissions	Reducing air emissions	
GRI 306 Effluents and waste			
GRI 103	Management Approach	Health, safety, and environmental governance	
		Waste stewardship	
GRI 306-2	Waste by type and disposal method	Waste management	The information is disclosed for the following: — total non-mining waste and by-product generated by KSSC enterprises — shares of waste generated and received
GRI 306-3	Significant spills		During the reporting period, no significant environmental accidents occurred at the Group's enterprises
			Significant environmental accidents (first and second category incidents) comprise massive discharges into natural zones, hazardous emissions, the destruction of reservoirs, and fires at facilities
GRI 307 Environmental compliance			
GRI 103	Management Approach	Health, safety, and environmental governance	We make efforts to be compliant with all applicable environmental regulation and consistent with the expectations of our stakeholders.
		Environmental management	
		Management approach	
GRI 307-1	Non-compliance with environmental laws and regulations	Environmental management	No penalty for KSSC
GRI 400 Social			
GRI 401 Employment			
GRI 103	Management Approach	Employees, Management approach	
GRI 401-1	New employee hires and employee turnover	Employee turnover	Employee turnover is disclosed by reporting segments only
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Motivation and engagement	KSSC provides the same benefits both to local and foreign
		Non-Financial Motivation	



GRI 403 Occupational health and safety			
GRI 103	Management Approach	Health, safety, and environmental governance,	
GRI 403-1	Occupational health and safety management system		
GRI 403-2	Hazard identification, risk assessment, and incident investigation		
GRI 403-3	Occupational health services		
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety		
GRI 403-5	Worker training on occupational health and safety		
GRI 403-6	Promotion of worker health		
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
GRI 403-8	Workers covered by an occupational health and safety management system		Despite the fact that only the main enterprises of the Group are certified for compliance Health and Safety management, ISO 45001 by an occupational health and safety management system.
GRI 403-9	Work-related injuries		Injury rates are not included data on contractors as the number of hours worked is not recorded.
GRI 403-10	Work-related ill-health		Treating occupational diseases. There are no available statistics on the number of fatalities as a result of work-related ill-health.
			The Group doesn't collect data on contractors.
GRI 404 Training and education			
GRI 103	Management Approach	Learning and development	
GRI 404-1	Average hours of training per year per employee	Learning and development	
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	Learning and development	
GRI 405 Diversity and equal opportunity			
GRI 405	Management Approach	Human rights	
GRI 405-1	Diversity of governance bodies and employees	Human rights	
GRI 405-2	Ratio of basic salary and remuneration of women to men	Human rights	
GRI 413 Local communities			
GRI 103	Management Approach	Community relations, Management approach	
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes	Local community, Management approach, Local community support projects	



REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

DIRECTORS' REPORT	91
FINANCIAL STATEMENTS	
STATEMENTS OF COMPREHENSIVE INCOME	96
STATEMENTS OF FINANCIAL POSITION	97
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	99
STATEMENTS OF CHANGES IN EQUITY	101
STATEMENTS OF CASH FLOWS	102
NOTES TO THE FINANCIAL STATEMENTS	105
STATEMENT BY DIRECTORS	178
STATUTORY DECLARATION	179
INDEPENDENT AUDITORS' REPORT	180



DIRECTORS' REPORT

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and its associate are disclosed in Notes 11 and 12 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year, net of tax	(751,029)	114,000
Attributable to:		
Owners of the Company	(997,587)	114,000
Non-controlling interest	246,558	-
	<u>(751,029)</u>	<u>114,000</u>

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2020.



DIRECTORS' REPORT (continued)

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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



DIRECTORS' REPORT (continued)

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

Other than as disclosed in Note 29 to the financial statements, in the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 7,950,000 new ordinary shares at a price of RM0.58 per ordinary share for business expansion and working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Koh Seng Lee*	
Tsen Ket Shung @ Kon Shung*	
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	
Lee Choon Wan	(Appointed on 24 August 2020)
Dr. Teh Chee Ghee	(Appointed on 4 January 2021)
Lim Ho Kin	(Retired on 22 July 2020)
Yap Siok Teng	(Retired on 22 July 2020)
Dr. Lim Pang Kiam	(Resigned on 30 November 2020)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Chia Ai Peng
Koh Wee Kheng



DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			At 31 December 2020
	At 1 January 2020	Bought	Sold	
Direct interests:				
Koh Seng Lee	16,440,000	61,200	-	16,501,200
Tsen Ket Shung @ Kon Shung	364,400	-	-	364,400
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	100,000	-	-	100,000

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for, any director and officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 11 to the financial statements.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.



DIRECTORS' REPORT (continued)

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 29 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 6 to the financial statements.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

.....
KOH SENG LEE

Director

.....
TSEN KET SHUNG @ KON SHUNG

Director

Date: 21 May 2021



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	5	105,860,734	107,471,623	4,101,980	3,690,300
Cost of sales		(86,778,675)	(90,041,681)	-	-
Gross profit		19,082,059	17,429,942	4,101,980	3,690,300
Other income		482,205	42,773	135	185,000
Selling and distribution costs		(2,217,345)	(3,087,529)	(120,329)	(161,220)
Administrative costs		(10,350,174)	(9,865,509)	(3,622,129)	(2,834,787)
Net impairment losses on financial assets		(751,116)	(1,499,774)	-	-
Other costs		(3,953,479)	(2,505,942)	(478,863)	(560,637)
		(17,272,114)	(16,958,754)	(4,221,321)	(3,556,644)
Operating profit/(loss)		2,292,150	513,961	(119,206)	318,656
Finance income		37,251	201,709	555,445	479,908
Finance costs		(1,358,969)	(1,647,775)	(178,799)	(268,433)
Share of results of an associate, net of tax		241,436	167,945	-	-
Profit/(Loss) before tax	6	1,211,868	(764,160)	257,440	530,131
Income tax expense	8	(1,962,897)	(1,171,824)	(143,440)	(151,012)
(Loss)/Profit net of tax, representing total comprehensive (loss)/income for the financial year		(751,029)	(1,935,984)	114,000	379,119
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(997,587)	(2,017,056)	114,000	379,119
Non-controlling interest		246,558	81,072	-	-
		(751,029)	(1,935,984)	114,000	379,119
Loss per share (sen):					
Basic	9	(1.04)	(2.10)		
Diluted	9	(1.04)	(2.10)		

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



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	12,665,801	12,742,006	6,133,758	6,260,228
Investments in subsidiaries	11	-	-	33,060,002	33,010,002
Investment in an associate	12	4,988,680	4,747,244	820,000	820,000
Trade receivables	15	-	386,822	-	-
Deferred tax assets	13	86,230	686,332	-	-
Total non-current assets		17,740,711	18,562,404	40,013,760	40,090,230
Current assets					
Inventories	14	53,668,286	58,137,184	-	-
Trade receivables	15	42,170,644	36,056,923	-	-
Other receivables, deposits and prepayments	16	4,631,554	1,638,749	146,656	175,366
Contract assets	17	1,884,843	-	-	-
Amounts due from subsidiaries	18	-	-	14,237,848	17,020,751
Current tax assets		708,256	782,774	164,413	213,777
Deposits, cash and bank balances	19	22,444,412	8,608,865	1,576,867	1,036,158
Total current assets		125,507,995	105,224,495	16,125,784	18,446,052
TOTAL ASSETS		143,248,706	123,786,899	56,139,544	58,536,282



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 (CONTINUED)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	53,125,639	48,514,639	53,125,639	48,514,639
Retained earnings		27,846,232	28,843,819	258,687	144,687
		80,971,871	77,358,458	53,384,326	48,659,326
Non-controlling interest		1,541,954	1,295,396	-	-
TOTAL EQUITY		82,513,825	78,653,854	53,384,326	48,659,326
Non-current liabilities					
Borrowings	21	2,304,818	2,533,597	-	-
Deferred tax liabilities	13	267,891	137,511	163,364	137,511
Total non-current liabilities		2,572,709	2,671,108	163,364	137,511
Current liabilities					
Trade payables	22	7,924,196	13,320,586	-	-
Other payables and accruals	23	5,766,786	5,003,085	1,010,996	1,137,487
Contract liabilities	17	9,508,250	-	-	-
Borrowings	21	34,905,144	24,102,271	-	-
Amounts due to subsidiaries	18	-	-	1,580,858	8,601,958
Current tax liabilities		57,796	35,995	-	-
Total current liabilities		58,162,172	42,461,937	2,591,854	9,739,445
TOTAL LIABILITIES		60,734,881	45,133,045	2,755,218	9,876,956
TOTAL EQUITY AND LIABILITIES		143,248,706	123,786,899	56,139,544	58,536,282

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

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

	Note	<-- Attributable to owners of the Company -->			Non-controlling interest RM	Total equity RM
		Share capital RM	Retained earnings RM	Total RM		
Group						
At 1 January 2020		48,514,639	28,843,819	77,358,458	1,295,396	78,653,854
(Loss)/Profit net of tax, representing total comprehensive (loss)/income for the financial year		-	(997,587)	(997,587)	246,558	(751,029)
Transactions with owners						
Issue of ordinary shares	20	4,611,000	-	4,611,000	-	4,611,000
At 31 December 2020		53,125,639	27,846,232	80,971,871	1,541,954	82,513,825

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

	<-- Attributable to owners of the Company -->			Non- controlling interest RM	Total equity RM	
	Note	Share capital RM	Retained earnings RM			Total RM
Group						
At 1 January 2019		48,514,639	31,155,875	79,670,514	1,214,324	80,884,838
(Loss)/Profit net of tax, representing total comprehensive (loss)/income for the financial year		-	(2,017,056)	(2,017,056)	81,072	(1,935,984)
Transactions with owners						
Adjustment on fair value of consideration of subsidiary		-	185,000	185,000	-	185,000
Dividend on ordinary shares	24	-	(480,000)	(480,000)	-	(480,000)
At 31 December 2019		48,514,639	28,843,819	77,358,458	1,295,396	78,653,854

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

	Note	Share capital RM	Retained earnings RM	Total equity RM
Company				
At 1 January 2019		48,514,639	245,568	48,760,207
Profit net of tax, representing total comprehensive income for the financial year		-	379,119	379,119
Transactions with owners				
Dividend on ordinary shares	24	-	(480,000)	(480,000)
At 31 December 2019		48,514,639	144,687	48,659,326
Profit net of tax, representing total comprehensive income for the financial year		-	114,000	114,000
Transactions with owners				
Issue of ordinary shares	20	4,611,000	-	4,611,000
At 31 December 2020		53,125,639	258,687	53,384,326

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



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities					
Profit/(Loss) before tax		1,211,868	(764,160)	257,440	530,131
Adjustments for:					
Depreciation of property, plant and equipment		2,176,232	2,330,654	187,821	177,797
Written off on property, plant and equipment		1,904	5,381	-	61
Gain on disposal of property, plant and equipment		(67,995)	(20,366)	-	-
Bad debts written off		-	84,400	-	84,400
Impairment loss on trade receivables		786,791	1,522,153	-	-
Reversal of impairment loss on trade receivables		(35,675)	(22,379)	-	-
Inventories written down		1,533,175	-	-	-
Interest expense		1,358,969	1,647,775	178,799	268,433
Dividend income		-	-	-	(300,000)
Interest income		(37,251)	(201,709)	(555,445)	(479,908)
Share of results of an associate		(241,436)	(167,945)	-	-
Unrealised loss/(gain) on foreign exchange		224	(22,604)	-	-
Operating profit before changes in working capital		6,686,806	4,391,200	68,615	280,914
Changes in working capital:					
Inventories		2,935,723	(5,735,921)	-	-
Trade and other receivables		(9,470,820)	1,857,297	2,501,047	467,938
Trade and other payables		(4,632,913)	8,377,450	(126,491)	(434,286)
Contract assets		(1,884,843)	-	-	-
Contract liabilities		9,508,250	-	-	-
Net cash generated from operations, carried forward		3,142,203	8,890,026	2,443,171	314,566



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities (Continued)					
Net cash generated from operations, brought forward		3,142,203	8,890,026	2,443,171	314,566
Dividend received		-	-	-	300,000
Interest received		37,251	201,709	555,445	479,908
Income tax paid		(1,251,199)	(1,438,724)	(183,326)	(225,000)
Income tax refunded		115,103	2,023,410	115,103	57,709
Net cash from operating activities		2,043,358	9,676,421	2,930,393	927,183
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(954,238)	(598,903)	(61,351)	(94,520)
Proceeds from disposal of property, plant and equipment		68,000	32,450	-	-
Additional cost of investment in existing subsidiary		-	-	(50,000)	-
Placement of deposits with a licensed bank		(24,550)	(1,042,638)	(10,586)	(15,753)
Repayment from/(Advances to) subsidiaries		-	-	310,566	(405,748)
Interest paid		-	-	(178,799)	(268,433)
Net cash (used in)/from investing activities		(910,788)	(1,609,091)	9,830	(784,454)
Cash flows from financing activities (a),(b)					
Proceeds from issuance of ordinary shares	20	4,611,000	-	4,611,000	-
Net proceeds from/(repayment of) bankers' acceptances		10,882,958	(7,511,823)	-	-
Payment of lease liabilities		(1,456,562)	(1,059,047)	-	-
Repayment to subsidiaries		-	-	(7,021,100)	(1,978,181)
Dividend paid		-	(480,000)	-	(480,000)
Interest paid		(1,358,969)	(1,616,633)	-	-
Net cash from/(used in) financing activities		12,678,427	(10,667,503)	(2,410,100)	(2,458,181)



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Net increase/(decrease) in cash and cash equivalents		13,810,997	(2,600,173)	530,123	(2,315,452)
Cash and cash equivalents at beginning of the financial year		7,130,784	9,730,957	584,962	2,900,414
Cash and cash equivalents at end of the financial year	19	20,941,781	7,130,784	1,115,085	584,962

(a) Reconciliation of liabilities arising from financing activities

	1 January 2020 RM	Cash flows RM	Non-cash acquisition RM	31 December 2020 RM
Group				
Bankers' acceptances	22,587,816	10,882,958	-	33,470,774
Lease liabilities	4,048,052	(1,456,562)	1,147,698	3,739,188
	26,635,868	9,426,396	1,147,698	37,209,962
	1 January 2019 RM	Cash flows RM	Non-cash acquisition RM	31 December 2019 RM
Group				
Bankers' acceptances	30,099,639	(7,511,823)	-	22,587,816
Lease liabilities	4,720,924	(1,059,047)	386,175	4,048,052
	34,820,563	(8,570,870)	386,175	26,635,868

(b) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM2,064,731 (2019: RM1,804,659).

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



NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

K. Seng Seng Corporation Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at Lot 3707, Jalan 7/5, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and its associate are disclosed in Notes 11 and 12.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 May 2021.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases *
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendment to MFRS 16 *Leases* issued by the Malaysian Accounting Standards Board (“MASB”) on 5 June 2020 or/and 6 April 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to MFRSs (Continued)

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^] / 1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 [#]
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022 [^] / 1 January 2023 [#]

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued):

<u>Amendments/Improvements to MFRSs (Continued)</u>		Effective for financial periods beginning on or after
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2021/ 1 January 2022 [^]
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023 [#]
MFRS 141	Agriculture	1 January 2022 [^]

[^] The Annual Improvements to MFRS Standards 2018-2020

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts



NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

- (a) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases

The *Interest Rate Benchmark Reform—Phase 2* amends some specific requirements in MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.



NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

- (a) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below (Continued).

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases (Continued)

The amendments provides a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period ; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.



NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

- (a) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below (Continued).

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

The initial application of the above applicable amendments/improvements to MFRSs is not expected to have material impact to the current period and prior period financial statements.

2.4 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 the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Group’s and the Company’s functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associates used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions 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 investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.10(b).

3.2 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Sale of goods and services

(i) Sale of goods

The Group manufactures and trades a range of stainless steel products and all kind of industrial hardware. Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term ranges from 30 to 180 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(ii) Revenue from services

Revenue from services is recognised as and when services are rendered.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue and other income (Continued)

(b) Rental income

Rental income is recognised on an accrual basis and time proportionate basis over the lease term.

(c) Interest income

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

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Management fee

Management fee is recognised as and when services are rendered.

3.4 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year in which the employees have rendered their services to the Group and to the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national contribution plan. Such contributions are recognised as an expense in profit or loss in the financial year in which the employees render their services.

3.5 Borrowing costs

Borrowing cost are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

Borrowing costs that are 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses, unabsorbed capital allowances and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses, unabsorbed capital allowances and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Income tax (Continued)

(b) Deferred tax (Continued)

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

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

(c) Sales and services tax

Revenues, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.7 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, and any other direct attributable costs but excluded internal profits.

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



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment (Continued)

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives
Buildings	50 years
Electrical installation	10 years
Plant and machinery and factory equipment	5-10 years
Electrical equipment, furniture and fittings, and office equipment	5-10 years
Motor vehicles	5-10 years
Computers	2 years
Renovation	2 years

The residual value, useful life and depreciation method are reviewed at each reporting period and adjusted as appropriate.

(d) Derecognition

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

3.8 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets and lease liabilities as separate lines in Notes 10 and 21.

Right-of-use asset

The right-of-use asset is initially recognised 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 the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is 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. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

(b) Lessee accounting (Continued)

Lease liability (Continued)

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.8(b), then it classifies the sublease as an operating lease.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

(c) Lessor accounting (Continued)

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.9 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

(i) Financial assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The measurement category which the Group and the Company classify their debt instruments as follows:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at fair value through other comprehensive income ("FVOCI"). The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments (Continued)

(b) 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in 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, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments (Continued)

(d) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.10 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, contract assets and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, 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.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 120 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are 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 that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that 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 source 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 and the Company's procedure for recovery of amounts due.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (Continued)

(b) Impairment of 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, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other non-financial assets or cash-generating units ("CGUs").

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the assets in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.11 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

3.12 Current versus non-current classification

The Group classifies assets and liabilities in statements of financial position as current and non-current. An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the financial year; or
- a cash or a cash equivalent which is not restricted from being exchanged or used to settle a liability for at least twelve months after the financial year.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the financial year; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the financial year.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Current versus non-current classification (Continued)

The Group classifies all other liabilities as non-current.

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

A liability is classified as current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the financial year; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the financial year.

The Group classifies all other liabilities as non-current.

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

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value as follows:

- Raw materials, consumables, packing materials and trading goods: purchase costs including costs incurred in bringing the inventories to their present location and condition on a weighted average cost basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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

3.14 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.15 Share capital

Ordinary shares

Ordinary shares are equity instruments and classified as equity. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Transaction costs that are directly attributable to the issuance of ordinary shares are deducted against equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.17 Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise warrants granted to shareholders.

3.18 Operating segments

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment manager report directly to the Board of Directors of the Company who periodically review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.19 Fair value measurement

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 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Fair value measurement (Continued)

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 value is 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. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

4.1 Write-down of obsolete or slow-moving inventories

Inventories are stated at the lower of cost and net realisable value. Reviews are made periodically by the Group on damaged and slow-moving inventories. These reviews require judgement and estimates. In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by the Group based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the latest selling price or replacement cost, nature of the inventories and other relevant factors such as supply and demand of the identified inventories. Possible changes in these estimates could result in revisions to the valuation of inventories. The economic uncertainties resulting from COVID-19 pandemic may continue to impact the saleability of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 14.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following (Continued):

4.2 Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The forward-looking estimates include the possible impact of COVID-19 pandemic on risk of default and expected loss rate of financial assets and contract assets.

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

The information about the impairment losses on the Group's financial assets and contract assets are disclosed in Note 27(a).

5. REVENUE

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Revenue from contract customers:				
Sale of goods and services	105,842,634	107,453,623	-	-
Revenue from other sources:				
Dividend income from subsidiaries	-	-	-	300,000
Management fee	-	-	2,713,000	2,441,100
Lease income on building	18,100	18,000	1,388,980	949,200
	105,860,734	107,471,623	4,101,980	3,690,300

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. REVENUE (CONTINUED)

(a) Disaggregation of revenue

The Group and the Company report the following major segments: stainless steel products, marine hardware and consumable, other industrial hardware and engineering works in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into primary geographical markets and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Stainless steel products RM	Marine hardware and consumable RM	Other industrial hardware RM	Engineering works RM	Total RM
Group					
2020					
Primary geographical markets:					
Asia	34,495,077	24,918,112	34,276,108	10,018,212	103,707,509
Europe	2,135,125	-	-	-	2,135,125
	36,630,202	24,918,112	34,276,108	10,018,212	105,842,634
Timing of revenue recognition:					
At a point in time	36,630,202	24,918,112	34,276,108	10,018,212	105,842,634
2019					
Primary geographical markets:					
Asia	34,181,097	29,010,947	29,270,271	13,221,445	105,683,760
Europe	1,769,863	-	-	-	1,769,863
	35,950,960	29,010,947	29,270,271	13,221,445	107,453,623
Timing of revenue recognition:					
At a point in time	35,950,960	29,010,947	29,270,271	13,221,445	107,453,623

(b) Transaction price allocated to the remaining performance obligations

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**6. PROFIT/(LOSS) BEFORE TAX**

Profit/(Loss) before tax is arrived at after charging/(crediting):

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration					
- Statutory audit					
- Current year		225,000	214,000	70,000	70,000
- Prior year		(1,000)	-	-	-
- Other services		5,000	5,000	5,000	5,000
Bad debts written off		-	84,400	-	84,400
Depreciation of property, plant and equipment	10	2,176,232	2,330,654	187,821	177,797
Employee benefits expense (including key management personnel)					
- Salaries, allowances and bonuses		11,519,841	11,549,590	2,687,129	2,317,051
- Defined contribution plans		1,046,716	1,042,552	201,771	239,113
- Other employee benefits		391,372	447,646	24,873	35,562
Impairment losses on financial assets:					
- Impairment loss on trade receivables	15	786,791	1,522,153	-	-
- Reversal of impairment loss on trade receivables	15	(35,675)	(22,379)	-	-
Inventories written down	14	1,533,175	-	-	-
Interest expense in respect of:					
- Bankers' acceptances		1,104,522	1,377,009	-	-
- Bank overdraft		29,135	36,487	-	-
- Lease liabilities		225,312	234,279	-	-
- Subsidiary		-	-	178,799	268,433
Property, plant and equipment written off	10	1,904	5,381	-	61
Expense relating to short-term leases		412,785	511,333	-	-
(Gain)/Loss on foreign exchange					
- Realised		(22,501)	30,536	-	-
- Unrealised		224	(22,604)	-	-
Gain on disposal of property, plant and equipment		(67,995)	(20,366)	-	-
Insurance compensation		(31,050)	-	-	-
Interest income on:					
- Deposits with licensed banks		(32,047)	(86,680)	(10,758)	(42,287)
- Associate		(5,204)	(115,029)	-	-
- Subsidiaries		-	-	(544,687)	(437,621)

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**7. DIRECTORS' REMUNERATION**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Directors of the Company				
Executive directors				
- Other emoluments	1,004,836	1,275,758	1,004,836	1,275,758
- Defined contribution plan	98,029	151,592	98,029	151,592
- Benefits-in-kind	36,125	49,250	36,125	49,250
	<u>1,138,990</u>	<u>1,476,600</u>	<u>1,138,990</u>	<u>1,476,600</u>
Non-executive directors				
- Fees	220,984	168,600	220,984	168,600
- Other emoluments	20,400	21,000	20,400	21,000
	<u>241,384</u>	<u>189,600</u>	<u>241,384</u>	<u>189,600</u>
Directors of subsidiaries				
Executive directors				
- Other emoluments	398,250	313,454	-	-
- Defined contribution plan	36,576	29,520	-	-
- Benefits-in-kind	6,500	6,500	-	-
	<u>441,326</u>	<u>349,474</u>	<u>-</u>	<u>-</u>
Total directors' remuneration	<u>1,821,700</u>	<u>2,015,674</u>	<u>1,380,374</u>	<u>1,666,200</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INCOME TAX EXPENSE

The income tax expense for the financial years ended 31 December 2020 and 31 December 2019 are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Statements of comprehensive income:				
Current income tax:				
- Current income tax charge	1,251,204	797,565	152,429	156,360
- Adjustment in respect of prior years	(18,789)	(88,110)	(34,842)	(9,940)
	1,232,415	709,455	117,587	146,420
Deferred tax (Note 13):				
- Origination of temporary differences	750,678	536,192	10,424	5,310
- Adjustment in respect of prior years	(20,196)	(73,823)	15,429	(718)
	730,482	462,369	25,853	4,592
Income tax expense recognised in profit or loss	1,962,897	1,171,824	143,440	151,012

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

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**8. INCOME TAX EXPENSE (CONTINUED)**

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit/(Loss) before tax	1,211,868	(764,160)	257,440	530,131
Tax at Malaysian statutory income tax rate of 24%	290,848	(183,398)	61,786	127,231
Share of results of an associate	58,045	40,408	-	-
Adjustments:				
Non-taxable income	(52,733)	-	-	(44,400)
Non-deductible expenses	298,143	173,309	101,067	78,839
Deferred tax assets not recognised	1,040,955	602,344	-	-
Reversal of deferred tax assets recognised in prior financial years	366,624	701,094	-	-
Adjustment in respect of prior years:				
- current income tax	(18,789)	(88,110)	(34,842)	(9,940)
- deferred tax	(20,196)	(73,823)	15,429	(718)
Income tax expense recognised in profit or loss	1,962,897	1,171,824	143,440	151,012

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**9. LOSS PER SHARE****Basic loss per ordinary share**

Basic loss per share is based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2020	2019
	RM	RM
Loss attributable to owners of the Company	(997,587)	(2,017,056)
	2020	2019
	Unit	Unit
Weighted average number of ordinary shares for basic loss per share	96,369,262	96,000,000
	2020	2019
	sen	sen
Basic loss per ordinary share	(1.04)	(2.10)

Diluted loss per ordinary share

The diluted loss per share is equivalent to the basic loss per share as the Company does not have any dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Machine under construction RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Right-of-use assets RM	Total RM
Group Cost											
At 1 January 2019	1,981,721	6,333,121	208,796	13,522,389	583,855	834,115	1,982,611	648,478	450,335	6,502,040	33,047,461
Additions	-	-	-	348,444	80,314	54,860	-	77,625	37,660	386,175	985,078
Disposals	-	-	-	(44,100)	-	(25,000)	(78,220)	-	-	-	(147,320)
Written off	-	-	(113,151)	(37,012)	(4,313)	(594,096)	-	(516,045)	(430,763)	-	(1,695,380)
Reclassification	-	-	-	700,147	-	-	-	-	-	(700,147)	-
Transfer	-	-	-	187,008	(304,782)	-	-	-	-	117,774	-
At 1 January 2020	1,981,721	6,333,121	95,645	14,676,876	355,074	269,879	1,904,391	210,058	57,232	6,305,842	32,189,839
Additions	-	-	8,413	784,616	198	66,289	-	90,512	4,210	1,147,698	2,101,936
Disposals	-	-	-	-	-	-	(380,164)	-	-	-	(380,164)
Written off	-	-	-	(71,000)	(1,901)	-	-	-	-	-	(72,901)
Reclassification	-	-	-	(24,918)	-	-	507,747	-	-	(482,829)	-
Transfer	-	-	-	7,552	(84,371)	-	-	-	-	76,819	-
At 31 December 2020	1,981,721	6,333,121	104,058	15,373,126	269,000	336,168	2,031,974	300,570	61,442	7,047,530	33,838,710

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Machine under construction RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Right-of-use assets RM	Total RM
Group Accumulated depreciation											
At 1 January 2019	-	1,997,144	126,153	11,060,450	-	724,649	1,795,295	620,482	444,797	2,173,444	18,942,414
Charge for the financial year	-	126,662	13,030	840,509	-	52,891	74,896	66,356	20,210	1,136,100	2,330,654
Disposals	-	-	-	(32,018)	-	(24,999)	(78,219)	-	-	-	(135,236)
Written off	-	-	(113,122)	(36,920)	-	(593,539)	-	(515,673)	(430,745)	-	(1,689,999)
Reclassification	-	-	-	196,586	-	-	-	-	-	(196,586)	-
At 1 January 2020	-	2,123,806	26,061	12,028,607	-	159,002	1,791,972	171,165	34,262	3,112,958	19,447,833
Charge for the financial year	-	126,662	13,100	642,645	-	48,638	47,250	61,214	20,380	1,216,343	2,176,232
Disposals	-	-	-	-	-	-	(380,159)	-	-	-	(380,159)
Written off	-	-	-	(70,997)	-	-	-	-	-	-	(70,997)
Reclassification	-	-	-	316,412	-	-	507,743	-	-	(824,155)	-
At 31 December 2020	-	2,250,468	39,161	12,916,667	-	207,640	1,966,806	232,379	54,642	3,505,146	21,172,909
Carrying amount											
At 1 January 2020	1,981,721	4,209,315	69,584	2,648,269	355,074	110,877	112,419	38,893	22,970	3,192,884	12,742,006
At 31 December 2020	1,981,721	4,082,653	64,897	2,456,459	269,000	128,528	65,168	68,191	6,800	3,542,384	12,665,801

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicle RM	Computers RM	Renovation RM	Total RM
Cost									
At 1 January 2019	1,981,721	6,333,121	29,810	255,400	143,244	4,680	27,259	405,889	9,181,124
Additions	-	-	-	-	18,231	-	48,839	27,450	94,520
Written off	-	-	(29,810)	-	(110,184)	-	(8,800)	(393,217)	(542,011)
At 1 January 2020	1,981,721	6,333,121	-	255,400	51,291	4,680	67,298	40,122	8,733,633
Additions	-	-	-	-	26,249	-	35,102	-	61,351
At 31 December 2020	1,981,721	6,333,121	-	255,400	77,540	4,680	102,400	40,122	8,794,984

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicle RM	Computers RM	Renovation RM	Total RM
Company									
Accumulated depreciation									
At 1 January 2019	-	1,997,144	29,806	255,398	121,284	2,807	25,245	405,874	2,837,558
Charge for the financial year	-	126,662	-	-	10,051	936	26,423	13,725	177,797
Written off	-	-	(29,806)	-	(110,145)	-	(8,797)	(393,202)	(541,950)
At 1 January 2020	-	2,123,806	-	255,398	21,190	3,743	42,871	26,397	2,473,405
Charge for the financial year	-	126,662	-	-	12,314	936	34,186	13,723	187,821
At 31 December 2020	-	2,250,468	-	255,398	33,504	4,679	77,057	40,120	2,661,226
Carrying amount									
At 31 December 2019	1,981,721	4,209,315	-	2	30,101	937	24,427	13,725	6,260,228
At 31 December 2020	1,981,721	4,082,653	-	2	44,036	1	25,343	2	6,133,758

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

During the financial year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM2,101,936 (2019: RM985,078) and RM61,351 (2019: RM94,520) which are satisfied as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash payments	954,238	598,903	61,351	94,520
Lease arrangement	1,147,698	386,175	-	-
	2,101,936	985,078	61,351	94,520

(a) Assets pledged as security

The Group's and the Company's property, plant and equipment which are pledged as security for borrowings of the Group as mentioned in Note 21 are as follows:

	Group and Company	
	2020	2019
	RM	RM
Freehold land	1,981,721	1,981,721
Buildings	4,082,653	4,209,315
	6,064,374	6,191,036

(b) Right-of-use assets

	Buildings	Plant and machinery	Motor vehicles	Total
	RM	RM	RM	RM
Group Cost				
At 1 January 2019	1,629,271	2,632,562	2,240,207	6,502,040
Additions	-	129,000	257,175	386,175
Reclassification	-	(700,147)	-	(700,147)
Transfer	-	117,774	-	117,774
At 1 January 2020	1,629,271	2,179,189	2,497,382	6,305,842
Additions	986,789	-	160,909	1,147,698
Reclassification	-	24,918	(507,747)	(482,829)
Transfer	-	76,819	-	76,819
At 31 December 2020	2,616,060	2,280,926	2,150,544	7,047,530

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(b) Right-of-use assets (Continued)**

	Buildings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group Accumulated depreciation				
At 1 January 2019	-	555,082	1,618,362	2,173,444
Charge for the financial year	457,638	332,534	345,928	1,136,100
Reclassification	-	(196,586)	-	(196,586)
At 1 January 2020	457,638	691,030	1,964,290	3,112,958
Charge for the financial year	605,241	309,514	301,588	1,216,343
Reclassification	-	(316,412)	(507,743)	(824,155)
At 31 December 2020	1,062,879	684,132	1,758,135	3,505,146
Carrying amount				
At 31 December 2019	1,171,633	1,488,159	533,092	3,192,884
At 31 December 2020	1,553,181	1,596,794	392,409	3,542,384

The Group leases buildings as its factory and staff hostels. The leases generally have lease terms between 2 to 3 years. The leases include renewal option for additional terms of 1 to 3 years upon expiry of the initial term.

The Group also leases plant and machinery and motor vehicles with lease terms of 3 to 7 years, and has options to purchase the assets at the end of the contract term.

The Group applies the practical expedient in paragraph 46A of *Amendment to MFRS 16 Leases* and accordingly, account for any reduction in lease payments resulting from the rent concession as other income.

11. INVESTMENTS IN SUBSIDIARIES

	Note	Company 2020 RM	2019 RM
Unquoted shares, at cost:			
At 1 January		33,010,002	33,010,002
Addition	(a)	50,000	-
At 31 December		33,060,002	33,010,002

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
K. Seng Seng Industries Sdn. Bhd.	Malaysia	100	100	Sales of stainless steel industrial fasteners, rigging accessories and components, and trading of industrial hardware.
Three & Three Hardware Sdn. Bhd.	Malaysia	100	100	Processing of secondary stainless steel long products and trading of industrial hardware.
PTM Stainless Steel Industry Sdn. Bhd.	Malaysia	100	100	Manufacturing of stainless steel tubes and pipes, and processing of secondary stainless steel flat products.
K. Seng Seng Parts Sdn. Bhd.	Malaysia	100	100	Hiring of motor vehicles.
KSG Engineering Sdn. Bhd.	Malaysia	100	100	Engineering works, fabrication and installation of rubber glove dipping line and trading of all kinds of bearings, motor, speed reducer, sprocket, gear, belting pulley, coupling and others.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

Details of the subsidiaries are as follows (Continued):

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
Koseng Sdn. Bhd.	Malaysia	75	75	Trading of all kinds of industrial and marine hardware and consumables, sale and marketing of stainless steel products namely industrial fasteners, rigging accessories and components, flat and long products, tubes and pipes and supply of construction materials, machineries and machinery related parts.
Subsidiary of KSG Engineering Sdn. Bhd.				
K. Seng Seng Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing of stainless steel industrial fasteners, conveyor chain, rigging accessories and components.

(a) Subscription of shares in a subsidiary

On 15 July 2020, the Company subscribed for 50,000 ordinary shares in K. Seng Seng Parts Sdn. Bhd. ("KSSP") via capitalisation of amount due from KSSP of RM50,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Non-controlling interest in subsidiary

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

	Koseng Sdn. Bhd. RM	Total RM
2020		
NCI proportion of ownership interest and voting interest	25%	
Carrying amount of NCI ("RM")	1,541,954	1,541,954
Profit allocated to NCI ("RM")	246,558	246,558
2019		
NCI proportion of ownership interest and voting interest	25%	
Carrying amount of NCI ("RM")	1,295,396	1,295,396
Profit allocated to NCI ("RM")	81,072	81,072

(c) Summarised financial information of material non-controlling interest

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiary that has material NCI are as follows:

	Koseng Sdn. Bhd. RM
Summarised statement of financial position	
As at 31 December 2020	
Non-current assets	693,638
Current assets	24,057,871
Non-current liabilities	(175,456)
Current liabilities	(18,408,237)
Net assets	6,167,816

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)****(c) Summarised financial information of material non-controlling interest (Continued)**

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiary that has material NCI are as follows (Continued):

	Koseng Sdn. Bhd. RM
Summarised statement of comprehensive income	
Financial year ended 31 December 2020	
Revenue	24,948,236
Profit for the financial year	986,231
Total comprehensive income	<u>986,231</u>
Summarised cash flow information	
Financial year ended 31 December 2020	
Cash flows from operating activities	1,007,409
Cash flows used in investing activities	(18,137)
Cash flows used in financing activities	(483,640)
Net increase in cash and cash equivalents	<u>505,632</u>
Summarised statement of financial position	
As at 31 December 2019	
Non-current assets	1,176,022
Current assets	22,012,572
Non-current liabilities	(528,096)
Current liabilities	(17,478,913)
Net assets	<u>5,181,585</u>
Summarised statement of comprehensive income	
Financial year ended 31 December 2019	
Revenue	21,995,665
Profit for the financial year	324,288
Total comprehensive income	<u>324,288</u>
Summarised cash flow information	
Financial year ended 31 December 2019	
Cash flows used in operating activities	(1,586,201)
Cash flows used in investing activities	(1,087,848)
Cash flows from financing activities	1,806,469
Net decrease in cash and cash equivalents	<u>(867,580)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unquoted shares, at cost	820,000	820,000	820,000	820,000
Share of post-acquisition reserves	4,168,680	3,927,244	-	-
	4,988,680	4,747,244	820,000	820,000

Details of the associate is as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2020 %	2019 %	
EIE Asian Holding Sdn. Bhd. ^	Malaysia	50	50	Investment holding.
Held by EIE Asian Holding Sdn. Bhd.				
EIE Industrial Products Sdn. Bhd. ^	Malaysia	100	100	Retailers and dealers in hardware used in industries, quarries and mines.
EIE Pulp & Speciality Sdn. Bhd. ^	Malaysia	71	71	General trading and dealing in pulps and paper.

^ Audited by auditor other than Baker Tilly Monteiro Heng PLT.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INVESTMENT IN AN ASSOCIATE (CONTINUED)

(a) Summarised financial information of associate

The summarised financial information of the Group's associate is as follows:

	2020 RM	2019 RM
Assets and liabilities		
Non-current assets	571,276	450,693
Current assets	16,520,313	17,407,597
Non-current liabilities	(422,080)	(336,739)
Current liabilities	(6,495,179)	(7,831,677)
Net assets	<u>10,174,330</u>	<u>9,689,874</u>
Non-controlling interests	<u>196,971</u>	<u>195,388</u>
Results		
Revenue	13,895,538	18,081,903
Profit for the financial year/Total comprehensive income	484,455	337,938
Profit for the financial year/Total comprehensive income attributable to owners of an associate	<u>482,872</u>	<u>335,889</u>
Group's share of net assets	<u>4,168,680</u>	<u>3,927,244</u>
Share of results of the Group for the Financial year ended 31 December		
Share of results of the Group	<u>241,436</u>	<u>167,945</u>

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**13. DEFERRED TAX ASSETS/(LIABILITIES)**

Deferred tax relates to the following:

	At 1 January 2020 RM	Recognised in profit or loss RM	At 31 December 2020 RM
Group			
Deferred tax liabilities:			
Property, plant and equipment	(137,511)	(130,380)	(267,891)
Deferred tax assets:			
Property, plant and equipment	5,264	80,966	86,230
Capital allowances	265,283	(265,283)	-
Tax losses	98,572	(98,572)	-
Reinvestment allowances	317,213	(317,213)	-
	686,332	(600,102)	86,230
	548,821	(730,482)	(181,661)
Group			
Deferred tax liabilities:			
Property, plant and equipment	(132,919)	(4,592)	(137,511)
Deferred tax assets:			
Property, plant and equipment	(97,375)	102,639	5,264
Capital allowances	338,364	(73,081)	265,283
Tax losses	657,861	(559,289)	98,572
Reinvestment allowances	245,259	71,954	317,213
	1,144,109	(457,777)	686,332
	1,011,190	(462,369)	548,821

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**13. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

Deferred tax relates to the following (Continued):

	At 1 January 2020 RM	Recognised in profit or loss RM	At 31 December 2020 RM
Company			
Deferred tax liabilities:			
Property, plant and equipment	(137,511)	(25,853)	(163,364)
	At 1 January 2019 RM	Recognised in profit or loss RM	At 31 December 2019 RM
Company			
Deferred tax liabilities:			
Property, plant and equipment	(132,919)	(4,592)	(137,511)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2020 RM	2019 RM
Unabsorbed capital allowances	1,852,504	1,157,304
Unused tax losses	6,284,871	4,827,675
Unutilised reinvestment allowances	1,638,650	-
Difference between the carrying amounts of property, plant and equipment and their tax base	334,789	580,888
Impairment loss on trade receivables	786,791	-
Inventories written down	1,533,175	-
	12,430,780	6,565,867

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**13. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

The unused tax losses are available for offset against future taxable profits of the Group up to in the following financial years:

	Group	
	2020	2019
	RM	RM
Year of assessments		
2025	1,962,284	1,885,292
2026	2,942,383	2,942,383
2027	1,380,204	-
	6,284,871	4,827,675

14. INVENTORIES

	Group	
	2020	2019
	RM	RM
Raw materials	7,181,755	7,164,315
Work-in-progress	956,347	3,461,046
Finished goods	6,327,867	4,864,909
Consumables	1,167,223	976,668
Packing materials	102,942	95,742
Stock in transit	611,245	-
Trading goods	37,320,907	41,574,504
	53,668,286	58,137,184

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM85,857,958 (2019: RM88,945,515) and the cost of inventories recognised as other expenses in profit or loss of the Group in respect of write-down of inventories to net realisable value was RM1,533,175 (2019: RM Nil).

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**15. TRADE RECEIVABLES**

	Note	Group 2020 RM	2019 RM
Non-current:			
External parties	(a)	2,765	386,822
Less: Impairment losses for trade receivables	(c)	(2,765)	-
Total trade receivables (non-current)		-	386,822
Current:			
External parties	(b)	46,643,607	39,452,593
Related party	(b)	2,385	331,327
		46,645,992	39,783,920
Less: Impairment losses for trade receivables	(c)	(4,475,348)	(3,726,997)
Total trade receivables (current)		42,170,644	36,056,923
Total trade receivables (non-current and current)		42,170,644	36,443,745

(a) In the previous financial year, these amounts are non-interest bearing and repayable through 36 instalments up to year 2020.

(b) Included in trade receivables of the Group is an amount of RM2,385 (2019: RM331,327) due from a related party who is a subsidiary of an associate.

The Group's normal credit term ranges from 30 to 90 days (2019: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Note	Group 2020 RM	2019 RM
At 1 January		3,726,997	2,324,811
Charge for the financial year			
- individually assessed	6	786,791	1,522,153
Reversal of impairment losses	6	(35,675)	(22,379)
Written off		-	(97,588)
At 31 December		4,478,113	3,726,997

Trade receivables that are individually determined to be credit impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

The information about the credit exposures is disclosed in Note 27(a).

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	52,083	177,917	2,078	1,500
GST refundable	-	116,121	-	5,513
Refundable deposits	510,811	356,165	17,270	23,770
Downpayments to suppliers	3,543,528	382,188	-	-
Prepayments	525,132	606,358	127,308	144,583
	<u>4,631,554</u>	<u>1,638,749</u>	<u>146,656</u>	<u>175,366</u>

17. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2020 RM	2019 RM
Contract assets relating to rubber glove dipping line contracts	<u>1,884,843</u>	-
Contract liabilities relating to rubber glove dipping line contracts	<u>9,508,250</u>	-

Significant changes in contract balances

	Group			
	2020	2019	2020	2019
	Contract assets Increase/ (Decrease) RM	Contract liabilities (Increase)/ Decrease RM	Contract assets Increase/ (Decrease) RM	Contract liabilities (Increase)/ Decrease RM
Increase due to consideration received from customers, but revenue not recognised	-	(9,508,250)	-	-
Increase as a result of changes in the measure of progress	1,884,843	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**18. AMOUNTS DUE FROM/(TO) SUBSIDIARIES**

	Note	Company 2020 RM	2019 RM
Amounts due from subsidiaries			
Trade	(a)	2,064,084	4,536,421
Non-trade	(b)	12,173,764	12,484,330
		<u>14,237,848</u>	<u>17,020,751</u>
Amounts due to subsidiaries			
Non-trade	(c)	<u>(1,580,858)</u>	<u>(8,601,958)</u>

- (a) The credit terms range from 30 to 90 days (2019: 30 to 90 days). These amounts which are neither past due nor impaired, are creditworthy debtors with good payment records with the Company.
- (b) These amounts are unsecured, interest free and are repayable on demand in cash except for an amount of RM11,100,674 (2019: RM4,419,853) which bear interest at rates ranging from 7.40% to 8.40% (2019: 8.15% to 9.90%) per annum.
- (c) These amounts are non-trade in nature, unsecured, interest free and repayable on demand in cash.

19. DEPOSITS, CASH AND BANK BALANCES

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Deposits placed with licensed banks (Islamic)	473,611	451,196	461,782	451,196
Deposits placed with licensed banks	1,045,770	1,539,223	-	-
Cash and bank balances (Islamic)	8,225,183	1,934,564	-	-
Cash and bank balances	12,699,848	4,683,882	1,115,085	584,962
	<u>22,444,412</u>	<u>8,608,865</u>	<u>1,576,867</u>	<u>1,036,158</u>
Less: Non-short term deposits placed with licensed banks	(1,502,631)	(1,478,081)	(461,782)	(451,196)
	<u>20,941,781</u>	<u>7,130,784</u>	<u>1,115,085</u>	<u>584,962</u>

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**19. DEPOSITS, CASH AND BANK BALANCES (CONTINUED)**

The interest rate and maturity period of deposits are as follows:

	Group		Company	
	2020	2019	2020	2019
Interest rate per annum (%)	1.75% to 3.17%	2.88% to 4.10%	2.38%	3.60%
Maturity period	30 days to 365 days	30 days to 365 days	365 days	365 days

20. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2020	2019	2020	2019
	Unit	Unit	RM	RM
Issued and fully paid up:				
At 1 January	96,000,000	96,000,000	48,514,639	48,514,639
Issued during the financial year	7,950,000	-	4,611,000	-
At 31 December	103,950,000	96,000,000	53,125,639	48,514,639

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company issued 7,950,000 new ordinary shares at a price of RM0.58 per ordinary share for business expansion and working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**21. BORROWINGS**

	Note	Group 2020 RM	2019 RM
Non-current			
Lease liabilities	(b)	2,304,818	2,533,597
Current			
Bankers' acceptances (Islamic)	(a)	18,112,677	5,703,813
Bankers' acceptances	(a)	15,358,097	16,884,003
Lease liabilities	(b)	1,434,370	1,514,455
		34,905,144	24,102,271
Total borrowings:			
Bankers' acceptances (Islamic)	(a)	18,112,677	5,703,813
Bankers' acceptances	(a)	15,358,097	16,884,003
Lease liabilities	(b)	3,739,188	4,048,052
		37,209,962	26,635,868

(a) Bankers' acceptances

The bankers' acceptances of the Group are secured and supported as follows:

- (i) legal charge over the freehold land and buildings of the Company; and
- (ii) corporate guarantee by the Company.

The bankers' acceptances bear interest at rates as follows:

	Group Interest rate per annum (%)	
	2020	2019
Bankers' acceptances (Islamic)	2.06% to 2.35%	3.45% to 4.07%
Bankers' acceptances	3.05% to 4.34%	3.30% to 4.02%

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. BORROWINGS (CONTINUED)

(b) Lease liabilities

Certain equipment and vehicles of the Group as disclosed in Note 10 are pledged for leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term.

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	2020	2019
	RM	RM
Minimum lease payments:		
Not later than one year	1,586,234	1,701,612
Later than one year and not later than 5 years	2,432,237	2,700,809
Later than 5 years	44,578	20,656
	4,063,049	4,423,077
Less: Future finance charges	(323,861)	(375,025)
Present value of minimum lease payments	3,739,188	4,048,052
Present value of minimum lease payments:		
Not later than one year	1,434,370	1,514,455
Later than one year and not later than 5 years	2,261,702	2,513,578
Later than 5 years	43,116	20,019
	3,739,188	4,048,052
Less: Amount due within 12 months	(1,434,370)	(1,514,455)
Amount due after 12 months	2,304,818	2,533,597

The lease liabilities of the Group bear interest at rates ranging from 3.47% to 8.70% (2019: 3.47% to 7.27%) per annum.

22. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 120 days (2019: 30 to 120 days).

For explanations on the Group's and the Company's liquidity risk management process, refer to Note 27(b).

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**23. OTHER PAYABLES AND ACCRUALS**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Deposits	53,100	50,600	53,100	50,600
Downpayments from customers	949,253	125,836	-	-
Other payables	1,605,431	1,418,848	353,806	299,677
Accruals	3,159,002	3,407,801	604,090	787,210
	5,766,786	5,003,085	1,010,996	1,137,487

Included in other payables of the Group and of the Company is an amount of RM4 (2019: RM4,762) and RM4 (2019: RM13) respectively due to certain directors of the Group. These amounts are non-trade in nature, unsecured, interest free and repayable on demand in cash.

24. DIVIDENDS

	Group and Company	
	2020	2019
	RM	RM
Recognised during the financial year:		
Dividend on ordinary shares:		
- First and final single-tier dividend of 0.5 sen per share in respect of financial year ended 31 December 2018, paid on 12 June 2019	-	480,000

25. RELATED PARTIES**(a) Identity of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Associate;
- (iii) Entity in which major directors have substantial financial interests; and
- (iv) Key management personnel of the Group, comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**25. RELATED PARTIES (CONTINUED)****(b) Significant related party transactions**

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
	2020	2019
	RM	RM
Subsidiary of associate		
Sale of goods	(2,785)	(3,361,007)
Purchase of goods	5,750	-
Purchase of office consumables	3,132	-
Interest receivable	(5,204)	(115,029)
	<hr/>	
	Company	
	2020	2019
	RM	RM
Subsidiaries		
Dividend received	-	(300,000)
Interest receivable	(544,687)	(437,621)
Management fee	(2,713,000)	(2,441,100)
Rental of premises	(1,370,880)	(931,200)
Hiring charges of motor vehicles	64,171	35,935
Interest charges	178,799	268,433
	<hr/>	

Significant outstanding balances with related parties at the end of the reporting period are disclosed in Notes 15, 18 and 23.

The secured corporate guarantee provided by the Company to banks in respect of banking facilities granted to its subsidiaries is disclosed in Note 27(b).

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**25. RELATED PARTIES (CONTINUED)****(c) Compensation of key management personnel**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Directors of the Company and subsidiaries:				
Executive directors				
- Short term employee benefits	1,403,086	1,589,212	1,004,836	1,275,758
- Post-employment benefits	134,605	181,112	98,029	151,592
- Benefits-in-kind	42,625	55,750	36,125	49,250
	1,580,316	1,826,074	1,138,990	1,476,600
Non-executive directors				
- Fees	220,984	168,600	220,984	168,600
- Short term employee benefits	20,400	21,000	20,400	21,000
	241,384	189,600	241,384	189,600
Other key management personnel:				
- Short term employee benefits	475,531	855,192	475,531	270,665
- Post-employment benefits	3,300	65,372	3,300	16,404
- Benefits-in-kind	8,800	18,066	8,800	4,466
	487,631	938,630	487,631	291,535
	2,309,331	2,954,304	1,868,005	1,957,735

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**26. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

The following table analyses the financial instruments in the statements of financial positions by the category of financial instruments to which they are assigned:

	Carrying amount RM	Amortised cost RM
Group		
2020		
Financial assets		
Trade receivables	42,170,644	42,170,644
Other receivables and refundable deposits *	562,894	562,894
Deposits, cash and bank balances	22,444,412	22,444,412
	65,177,950	65,177,950
Financial liabilities		
Trade payables	7,924,196	7,924,196
Other payables and accruals #	4,764,433	4,764,433
Borrowings	37,209,962	37,209,962
	49,898,591	49,898,591
Group		
2019		
Financial assets		
Trade receivables	36,443,745	36,443,745
Other receivables and refundable deposits *	534,082	534,082
Deposits, cash and bank balances	8,608,865	8,608,865
	45,586,692	45,586,692
Financial liabilities		
Trade payables	13,320,586	13,320,586
Other payables and accruals #	4,826,649	4,826,649
Borrowings	26,635,868	26,635,868
	44,783,103	44,783,103

* Excluding GST refundable, downpayments to suppliers and prepayments

Excluding deposits and downpayments from customers

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial positions by the category of financial instruments to which they are assigned (Continued):

	Carrying amount RM	Amortised cost RM
Company		
2020		
Financial assets		
Other receivables and refundable deposits *	19,348	19,348
Amounts due from subsidiaries	14,237,848	14,237,848
Deposits, cash and bank balances	1,576,867	1,576,867
	15,834,063	15,834,063
Financial liabilities		
Other payables and accruals #	957,896	957,896
Amounts due to subsidiaries	1,580,858	1,580,858
	2,538,754	2,538,754
Company		
2019		
Financial assets		
Other receivables and refundable deposits *	25,270	25,270
Amounts due from subsidiaries	17,020,751	17,020,751
Deposits, cash and bank balances	1,036,158	1,036,158
	18,082,179	18,082,179
Financial liabilities		
Other payables and accruals #	1,086,887	1,086,887
Amounts due to subsidiaries	8,601,958	8,601,958
	9,688,845	9,688,845

* Excluding GST refundable and prepayments

Excluding deposits



NOTES TO THE FINANCIAL STATEMENTS (continued)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows:

(i) Cash and bank balances, trade and other receivables, contract assets, trade and other payables and contract liabilities

The carrying amounts are reasonable approximation of fair values due to short-term nature of these financial instruments.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to short-term nature of these borrowings.

The fair value of long-term lease liabilities is estimated using discounted cash flow analysis, based on current lending rate for similar types of lease arrangements.

(c) Fair value measurements

Analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the financial year ended 31 December 2020 and 31 December 2019, there have been no transfers between Level 1 and Level 2 fair value measurements.

27. FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**27. FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Credit risk**

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group determines the credit risk concentration by monitoring the country of its trade receivables and contract assets on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

Trade receivables:

	2020		Group		2019	
	RM	%		RM	%	
By country:						
Malaysia	44,573,193	96		38,546,448	96	
Republic of Indonesia	876,574	2		13,730	^	
United Kingdom	470,774	1		702,175	2	
Republic of Singapore	437,307	1		734,761	2	
Other countries	290,909	^		173,628	^	
	46,648,757	100		40,170,742	100	

^ Representing amount below 1%

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The Group determines the credit risk concentration by monitoring the country of its trade receivables and contract assets on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows (Continued):

Contract assets:

	2020	Group	2019	
	RM	%	RM	%
By country:				
Malaysia	1,884,843	100	-	-

The Group does not have any significant exposure to any individual customer at the reporting date.

The Group applies the simplified approach to providing expected credit losses ("ECL") prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. The Group individually assessed ECL of individual customer based on indicators such as changes in financial capability of the receivables and contract customers, past payment trends of the receivables and contract customers and default or significant delay in payments. The determination of ECL also incorporate economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivable. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

For rubber glove dipping line contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and other external information relating to the customers that are publicly available.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**27. FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Credit risk (Continued)****Trade receivables and contract assets (Continued)**

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
At 31 December 2020			
Trade receivables			
Current (not past due)	35,471,421	-	35,471,421
1 to 30 days past due	1,798,643	-	1,798,643
31 to 60 days past due	426,681	-	426,681
61 to 90 days past due	510,332	-	510,332
91 to 120 days past due	523,992	-	523,992
More than 120 days past due	3,439,575	-	3,439,575
Credit impaired:			
- Individually assessed	4,478,113	(4,478,113)	-
	<u>46,648,757</u>	<u>(4,478,113)</u>	<u>42,170,644</u>
Contract assets			
Current (not past due)	1,884,843	-	1,884,843
	<u>48,533,600</u>	<u>(4,478,113)</u>	<u>44,055,487</u>
At 31 December 2019			
Trade receivables			
Current (not past due)	31,978,336	-	31,978,336
1 to 30 days past due	904,876	-	904,876
31 to 60 days past due	341,160	-	341,160
61 to 90 days past due	145,653	-	145,653
91 to 120 days past due	180,360	-	180,360
More than 120 days past due	2,893,360	-	2,893,360
Credit impaired:			
- Individually assessed	3,726,997	(3,726,997)	-
	<u>40,170,742</u>	<u>(3,726,997)</u>	<u>36,443,745</u>

The significant changes in gross carrying amount of trade receivables and contract assets do not contribute to changes in the impairment loss allowance during the financial year.



NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Other receivables and other financial assets

For other receivables and other financial assets (including deposits, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

A significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the counterparty does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

The Group and the Company consider these financial assets to have low credit risk and any expected credit loss is negligible. As at the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets.

Refer to Note 3.10(a) for the Group's and the Company's other accounting policies for impairment of financial assets.



NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of certain banking facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounting to RM33,217,248 (2019: RM22,178,604) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 27(b). As at the reporting date, there was no allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's exposure to liquidity risk arise principally from trade and other payables and borrowings.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group's and the Company's liquidity risk management policy is to manage its 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 level of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

The Group manages its cash flow requirements of purchases in its operating activities mainly through bankers' acceptances which are drawdown to finance the import of goods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

Maturity analysis

The maturity profile of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations:

	← Contractual cash flows →					Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM	
2020						
Group						
Financial liabilities						
Trade payables	7,924,196	7,924,196	-	-	-	7,924,196
Other payables and accruals #	4,764,433	4,764,433	-	-	-	4,764,433
Bankers' acceptances (Islamic)	18,112,677	18,112,677	-	-	-	18,112,677
Bankers' acceptances	15,358,097	15,358,097	-	-	-	15,358,097
Lease liabilities	3,739,188	1,586,234	1,283,458	1,148,779	44,578	4,063,049
	49,898,591	47,745,637	1,283,458	1,148,779	44,578	50,222,452
Company						
Financial liabilities						
Other payables and accruals #	957,896	957,896	-	-	-	957,896
Amount due to subsidiaries	1,580,858	1,580,858	-	-	-	1,580,858
Financial guarantee *	-	33,217,248	-	-	-	33,217,248
	2,538,754	35,756,002	-	-	-	35,756,002

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

Maturity analysis (Continued)

The maturity profile of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations (Continued):

	Carrying amount RM	Contractual cash flows				Total RM
		On demand or within 1 year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM	
2019						
Group						
Financial liabilities						
Trade payables	13,320,586	13,320,586	-	-	-	13,320,586
Other payables and accruals #	4,826,649	4,826,649	-	-	-	4,826,649
Bankers' acceptances (Islamic)	5,703,813	5,751,738	-	-	-	5,751,738
Bankers' acceptances	16,884,003	16,884,003	-	-	-	16,884,003
Lease liabilities	4,048,052	1,701,612	2,700,809	20,656	-	4,423,077
	44,783,103	42,484,588	2,700,809	20,656	-	45,206,053
Company						
Financial liabilities						
Other payables and accruals #	1,086,887	1,086,887	-	-	-	1,086,887
Amount due to subsidiaries	8,601,958	8,601,958	-	-	-	8,601,958
Financial guarantee *	-	22,178,604	-	-	-	22,178,604
	9,688,845	31,867,449	-	-	-	31,867,449



NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

Maturity analysis (Continued)

* The Company has given corporate guarantee to banks on behalf of certain subsidiaries for banking facilities. The potential exposure of the financial guarantee is equivalent to the amount of the banking facilities being utilised by the said subsidiaries. As at 31 December 2020, approximately RM33,217,248 (2019: RM22,178,604) of the banking facilities were utilised by the said subsidiaries.

Excluding deposits and downpayments from customers.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its borrowings.

Borrowings at floating rate amounting to RM33,470,774 (2019: RM22,587,816) expose the Group to cash flow interest rate risk whilst borrowings at fixed rate amounting to RM3,739,188 (2019: RM4,048,052) expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 (2019: 50) basis points higher/lower and all other variables were held constant, the Group's loss net of tax ended 31 December 2020 would increase/decrease by RM127,189 (2019: RM85,834) as a result of exposure to floating rate borrowings.

(d) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Singapore Dollar ("SGD") and Chinese Renminbi ("RMB").

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**27. FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Foreign currency risk (Continued)**

Financial assets/(liabilities) denominated in USD, SGD and RMB are as follows:

	Group 2020 RM	2019 RM
USD		
Trade receivables	1,046,781	702,175
Cash and bank balances	5,666	74,215
Trade payables	(53,365)	(71,982)
Other payables	(442,767)	-
	556,315	704,408
SGD		
Trade receivables	437,307	734,761
Cash and bank balances	632,254	418,856
Trade payables	(42,448)	-
	1,027,113	1,153,617
RMB		
Trade receivables	-	173,628
Trade payables	(1,171,207)	(1,082,879)
Other payables	(128,798)	-
	(1,300,005)	(909,251)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD, SGD and RMB exchange rate against the functional currency of the Group, with all other variables held constant.

	Group 2020 RM	2019 RM
USD/RM - strengthened 5% (2019: 5%)	21,208	27,658
- weakened 5% (2019: 5%)	(21,208)	(27,658)
SGD/RM - strengthened 5% (2019: 5%)	46,617	48,864
- weakened 5% (2019: 5%)	(46,617)	(48,864)
RMB/RM - strengthened 5% (2019: 5%)	(49,400)	(34,552)
- weakened 5% (2019: 5%)	49,400	34,552



NOTES TO THE FINANCIAL STATEMENTS (continued)

28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No change were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using gearing ratio, which is calculated as total interest-bearing borrowings divided by total equity. The Group monitors and maintains a prudent level of gearing ratio to optimise shareholders' value and to ensure compliance with covenants under debt agreements, if any. Total interest-bearing borrowings include bankers' acceptances and lease liabilities.

	Group 2020 RM	2019 RM
Total interest-bearing borrowings	37,209,962	26,635,868
Total equity	82,513,825	78,653,854
Gearing ratio %	45%	34%

The Group and certain subsidiaries are required to comply with certain loan-to-value ratio, consolidated net worth, consolidated borrowings to consolidated net worth ratio and interest coverage ratio in respect of the banking facilities.

29. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than as disclosed elsewhere in the financial statements, the significant events during and subsequent to the end of the financial year are as follows:

(a) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 18 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of COVID-19 outbreak in Malaysia. When the number of daily new infections began to fall, the MCO was lifted on 12 May 2020 and was replaced with less restrictive forms of MCO. On 13 January 2021, following the start of a second wave of infections in Malaysia, the Government re-imposed the MCO in certain states until 4 March 2021. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.



NOTES TO THE FINANCIAL STATEMENTS (continued)

29. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

Other than as disclosed elsewhere in the financial statements, the significant events during and subsequent to the end of the financial year are as follows (Continued):

(a) COVID-19 pandemic (Continued)

The emergence of the COVID-19 outbreak in early 2020 and the resulting lockdowns imposed across the globe have brought about significant economic uncertainties in Malaysia.

The Group and the Company have considered the impact of COVID-19 in the application of significant judgements and estimates to determine amounts recognised in the financial statements, including those disclosed in Note 4 above. As the pandemic continues to evolve, there is uncertainty over its duration and the potential effects it may have on the Group's financial and liquidity positions.

Given the fluidity of the situation, the Group and the Company will continue to monitor the impact of the pandemic and take appropriate and timely measures to minimise its impact on the Group's and the Company's operations.

- (b) On 23 September 2020, the Company had announced that its wholly owned subsidiary, KSG Engineering Sdn. Bhd. had been served with a sealed Amended Writ of Summons No. WA-22NCC-391-08/2020 on 18 September 2020 by WRP Asia Pacific Sdn. Bhd.. On 26 January 2021, the matter had undergone E-Review for Case Management and court hearing had been fixed on 2 March 2021. Subsequently on 3 March 2021, court hearing had been rescheduled to 26 April 2021. Upon court hearing on 26 April 2021, case management for this matter had been fixed on 11 June 2021.
- (c) On 6 January 2021, the Company issued 7,450,000 new ordinary shares at a price of RM0.485 per ordinary share for business expansion and working capital purposes.
- (d) On 8 January 2021, the Company issued 3,800,000 new ordinary shares at a price of RM0.535 per ordinary share for business expansion and working capital purposes.

30. SEGMENT INFORMATION

For management purposes, the Group is organised into operating units reportable operating segments as follows:

- (i) Stainless steel products
- (ii) Marine hardware and consumable
- (iii) Other industrial hardware
- (iv) Investment holding
- (v) Engineering works

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. SEGMENT INFORMATION (CONTINUED)

Management monitors the operating revenue of its operating units separately for the purpose of making decisions about resource allocation and performance assessment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment results, assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment results, assets and liabilities. All results, assets and liabilities are managed on a group basis.

	Stainless steel products RM	Marine hardware and consumable RM	Other industrial hardware RM	Investment holding RM	Engineering works RM	Elimination RM	Total RM
2020							
Revenue							
External revenue	36,630,202	24,918,112	34,276,108	18,100	10,018,212	-	105,860,734
Inter-segment revenue	2,842,789	30,124	31,423,281	4,282,280	468,152	(39,046,626)	-
Total segment revenue	39,472,991	24,948,236	65,699,389	4,300,380	10,486,364	(39,046,626)	105,860,734
Gross profit	3,814,147	5,074,743	8,565,212	18,100	1,609,857	-	19,082,059
2019							
Revenue							
External revenue	35,950,960	29,010,947	29,270,271	18,000	13,221,445	-	107,471,623
Inter-segment revenue	1,042,637	1,848,259	20,853,087	-	908,148	(24,652,131)	-
Total segment revenue	36,993,597	30,859,206	50,123,358	18,000	14,129,593	(24,652,131)	107,471,623
Gross profit	3,985,482	6,706,883	6,123,321	18,000	596,256	-	17,429,942

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. SEGMENT INFORMATION (CONTINUED)

Information about geographical areas

Revenue information based on the geographical location of customers is as follows:

	Group	
	2020	2019
	RM	RM
Malaysia	98,846,033	99,175,123
Thailand	104,896	26,130
Republic of Indonesia	1,064,944	1,582,409
United Kingdom	2,135,125	1,769,964
Republic of Singapore	2,312,369	4,242,557
Brunei	464,316	675,440
Hong Kong	615,178	-
Vietnam	317,873	-
	105,860,734	107,471,623

All non-current assets (other than financial instruments and deferred tax assets) of the Group are located in Malaysia.

Information about major customer

There is no single customer with revenue equal or more than 10% of the Group revenue.

31. COMPARATIVE FIGURES

The following comparative figures were reclassified to conform with current year's presentation:

	As previously stated	Reclassification	As restated
	RM	RM	RM
2019			
Statements of Financial Position			
Group			
Current liabilities			
Other payables and accruals	4,877,249	125,836	5,003,085
Downpayments from customers	125,836	(125,836)	-



STATEMENT BY DIRECTORS

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

We, **KOH SENG LEE** and **TSEN KET SHUNG @ KON SHUNG**, being two of the directors of K. SENG SENG CORPORATION BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 96 to 177 are drawn up in accordance with the 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 2020 and of their financial performance and cash flows for the financial year then ended.

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

.....
KOH SENG LEE
Director

.....
TSEN KET SHUNG @ KON SHUNG
Director

Date: 21 May 2021



STATUTORY DECLARATION

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

I, **CHAN MIN WAI**, being the officer primarily responsible for the financial management of K. SENG SENG CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 96 to 177 are 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.

.....
CHAN MIN WAI
Officer
(MIA membership No.: 26548)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 21 May 2021.

Before me,

.....
TAN SEOK KETT
No. W530
Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of K. Seng Seng Corporation Berhad, which comprise the statements of financial position as at 31 December 2020 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 financial year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 96 to 177.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, 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 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT (continued) **TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD** (Incorporated in Malaysia)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial 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.

Group

Inventories (Note 14 to the financial statements)

As at 31 December 2020, the Group's inventories amounted to RM53.7 million. We focused on this area because certain inventories of the Group are slow moving inventories. The review of saleability and valuation of these inventories at lower of cost and net realisable value by the Group are major source of estimation uncertainty.

Our response:

Our audit procedures included, among others:

- observing year end physical inventory count and evaluating the design and implementation of controls during the count;
- checking subsequent sales, supplier's quotations and evaluating the management's assessment on estimated net realisable value on selected inventory items; and
- evaluating whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.

Trade receivables (Note 15 to the financial statements)

As at 31 December 2020, the Group's trade receivables amounted to RM42.2 million. We focused on this area because the Group made judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- understanding the design and controls associated with monitoring of outstanding receivables and impairment calculation;
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of collection related reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the reasonableness and calculation of expected credit losses as at the end of the reporting period.

Company

We have determined that there are no key audit matters in audit of the separate financial statements of the Company to be communicated in our auditors' report.



INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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.



INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan
No. 03264/04/2023 J
Chartered Accountant

Kuala Lumpur

Date: 21 May 2021

**ANALYSIS OF SHAREHOLDINGS**

AS AT 30 APRIL 2021

Number of Shares Issued	:	115,200,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote Per Ordinary Share
No. of shareholders	:	1,375

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 APRIL 2021

Category	No. of Shareholders	No. of Shares	Percentage (%)
Less than 100	3	97	0.00%
100 - 1,000	219	120,203	0.10%
1,001 - 10,000	656	3,971,700	3.45%
10,001 - 100,000	432	14,812,200	12.86%
100,001 - less than 5% of issued shares	63	45,334,600	39.35%
5% and above of issued shares	2	50,961,200	44.24%
Total	1,375	115,200,000	100.00%

LIST OF SUBSTANTIAL SHAREHOLDINGS AS AT 30 APRIL 2021

No.	Names	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Koh Seng Kar @ Koh Hai Sew (Demised on 23 March 2019)	36,960,000	32.08	-	-
2.	Koh Seng Lee	17,601,200	15.28	-	-
3.	Yap Chee Kheng	6,247,200	5.42	-	-

DIRECTORS' INTERESTS IN SHARES AS AT 30 APRIL 2021

No.	Names	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Koh Seng Lee	17,601,200	15.28	-	-
2.	Tsen Ket Shung @ Kon Shung	364,400	0.32	-	-
3.	Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	100,000	0.09	-	-
4.	Lee Choon Wan (Appointed on 24/08/2020)	-	-	-	-
5.	Dr Teh Chee Ghee (Appointed on 04/01/2021)	-	-	-	-

ANALYSIS OF SHAREHOLDINGS (continued)

AS AT 30 APRIL 2021

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 30 APRIL 2021

No.	Names	No. of Shares held	Percentage (%)
1.	KOH SENG KAR @ KOH HAI SEW (Demised on 23 March 2019)	36,960,000	32.08
2.	KOH SENG LEE	14,001,200	12.15
3.	NG HOOK	5,000,000	4.34
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG (8055840)	4,178,000	3.63
5.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR SEAH HOCK THIAM	3,800,000	3.30
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH SENG LEE (7004175)	3,600,000	3.13
7.	NKG RESOURCES SDN.BHD.	3,500,000	3.04
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM PANG KIAM (MY3876)	3,284,900	2.85
9.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG (MY3821)	2,069,200	1.80
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHOOI GUAN (7000747)	1,669,500	1.45
11.	GUE CHET KANG	1,160,000	1.01
12.	TAN KIM SENG	1,063,100	0.92
13.	BALAKRISNEN A/L SUBBAN	1,000,000	0.87
14.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOH CHOH PIAU (M&A)	900,000	0.78
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG BENG HOO	800,000	0.69

ANALYSIS OF SHAREHOLDINGS (continued)

AS AT 30 APRIL 2021

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 30 APRIL 2021 (CONTINUED)

No.	Names	No. of Shares held	Percentage (%)
16.	GUO YONGJIN	736,700	0.64
17.	LIM BOON TICK	721,000	0.63
18.	CHAN KEE SENG	650,000	0.56
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN TECK WEE	550,000	0.48
20.	LIM YAT KWAN	458,800	0.40
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE WAY HOONG (E-KLC/SSH)	441,000	0.38
22.	LEE KOK KENG	400,000	0.35
23.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHI ON KANG	368,600	0.32
24.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM PANG KIAM	368,000	0.32
25.	TSEN KET SHUNG @ KON SHUNG	364,400	0.32
26.	INNOSIN SDN. BHD.	328,000	0.28
27.	TIO SIOW YUK	311,000	0.27
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAILAMI A/P PALANIANDY	300,000	0.26
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KARAMJIT KAUR A/P PALL SINGH (E-KLC)	300,000	0.26
30.	TAN HANG KIM	300,000	0.26
	TOTAL	89,583,400	77.77

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2020

Registered Owner(s)	Location	Description/ Existing Use	Tenure of Land	Land Area/Built-up Area	Issuance date of Certificate of Fitness	Net book value as at 31 December 2020 (RM'000)
KSSC	Lot 3707, Jalan 7/5, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan	Double storey office cum factory/ Administration and Trading Office and Manufacturing and Processing Plant	Freehold	14,796 square metres/7,580 square metres	10 September 2003	6,011
KSSC	102 and 102A, Jalan Keris Taman Sri Tebrau, 80050 Johor Bahru, Johor Darul Takzim	Double storey shophouses/ For rental income purposes	Freehold	163.509 square metre/237.832 square metres	9 January 1977	53

K. SENG SENG CORPORATION BERHAD
(Registration No. 198501000983 (133427-W))
(Incorporated In Malaysia)

NOTICE OF THIRTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth Annual General Meeting of the Company will be conducted via an online portal from Broadcast Venue at Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur on Monday, 28 June 2021 at 10.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS:

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Note (a) |
| 2. | To approve the payment of Directors' Fees of RM220,984 for the financial year ended 31 December 2020. | Ordinary Resolution 1 |
| 3. | To approve the payment of allowances of RM20,400 for the financial year ended 31 December 2020. | Ordinary Resolution 2 |
| 4. | To approve the payment of Directors' Fees of up to RM300,000 for the period commencing from 1 January 2021 until the next Annual General Meeting in the year 2022. | Ordinary Resolution 3 |
| 5. | To approve the payment of allowances of up to RM20,000 for the period commencing from 1 January 2021 until the next Annual General Meeting in the year 2022. | Ordinary Resolution 4 |
| 6. | To re-elect Mr Koh Seng Lee, a Directors who retires in accordance with Clause 83 of the Company's Constitution and being eligible, offer himself for re-election. | Ordinary Resolution 5 |
| 7. | To re-elect the following Directors of the Company who retire in accordance with Clause 90 of the Company's Constitution and being eligible, offer themselves for re-election:- | Ordinary Resolution 6 |
| | (i) Lee Choon Wan; and | |
| | (ii) Dr Teh Chee Ghee. | Ordinary Resolution 7 |
| 8. | To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 8 |

NOTICE OF ANNUAL GENERAL MEETING (continued)

SPECIAL BUSINESS:

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

9. **Proposed Retention of Independent Non-Executive Director** **Ordinary Resolution 9**
- “THAT authority be and is hereby given to Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.”
10. **Authority to issue shares** **Ordinary Resolution 10**
- “THAT subject always to the Companies Act, 2016, Constitution of the Company and approvals of the relevant governmental/regulatory bodies where such approvals shall be necessary, the Directors be and are hereby authorised and empowered pursuant to Section 75 of the Companies Act, 2016 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 percent (20%) of the total number of issued shares for the time being of the Company.
- AND THAT the Directors of the Company whether solely or jointly, be authorised to complete and do all such acts and things (including executing such relevant documents) as he/she/they may consider necessary, expedient or in the interest of the Company to give effect to the aforesaid mandate.”
11. **Proposed Amendment to the Constitution of the Company (“Proposed Amendment”)** **Special Resolution 1**
- “THAT approval be and is given to amend the existing clauses of the Company’s Constitution as set out in Appendix I of the Notice of AGM dated 28 May 2021 with immediate effect.
- AND THAT the Directors of the Company be and are hereby authorised with full power to make any modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to do all acts and things and to take all such steps as they may deem necessary or expedient to give full effect to the Proposed Amendment”.

ANY OTHER BUSINESS:

12. To transact any other business for which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act, 2016.

NOTICE OF ANNUAL GENERAL MEETING (continued)

BY ORDER OF THE BOARD,

WONG YOUN KIM (MAICSA 7018778)

Company Secretaries

Kuala Lumpur

Dated : 28 May 2021

NOTES:

1. A member of the Company entitled to attend and vote at the meeting may appoint up to two (2) proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan K.L., Malaysia not less than 24 hours before the time appointed for the taking of poll or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 22 June 2021 shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

NOTICE OF ANNUAL GENERAL MEETING (continued)

7. EXPLANATORY NOTES:-

(a) Item 1 of the Agenda

Audited Financial Statements for financial year ended 31 December 2020

The audited financial statements under Agenda 1 are meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require shareholders' approval. Hence, this Agenda will not be put forward for voting.

(b) Item 9 of the Agenda – Ordinary Resolution 9

Proposed Retention of Independent Non-Executive Directors - Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff

The Nomination Committee has assessed the independence of Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff who have served as Independent Non-Executive Director of the Company for a term of eleven (11) years and recommended them to continue to act as Independent Non-Executive Director of the Company on the following justifications :

- (a) Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff has fulfilled the criteria stated under the definition of Independent Director as defined in the Listing Requirements of Bursa Malaysia Securities Berhad and they would be able to provide proper check and balance thus bringing an element of objectivity to the Board;
- (b) His length of services on the Board of eleven (11) years do not in any way interfere with his exercise of objective judgement or his ability to act in the best interest of the Company and the Group. In fact, they are familiar with the Group's business operations and have always actively participated in Board and Board Committee discussions and have continuously provided an independent view to the Board; and
- (c) His has exercised due care during their tenures as Independent Director of the Company and have discharged his duties with reasonable skill and competence, bringing independent judgement into the decision making of the Board and in the best interest of the Company and its shareholders.

NOTICE OF ANNUAL GENERAL MEETING (continued)

(c) Item 10 of the Agenda – Ordinary Resolution 10

Authority to Issue Shares

The proposed Ordinary Resolution 10, if passed, will renew the authority to empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the best interest of the Company (“Renewed Mandate”) provided that the aggregate number of shares issued pursuant to this resolution shall not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being. This Renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

On 25 August 2020, the Company had announced its proposal to undertake a private placement exercise to place such number of new ordinary shares not exceeding 20% of its total number of issued shares to unrelated private investors pursuant to the mandate granted to the Directors at the last AGM.

On 11 January 2021, the Company completed the Private Placement by the issuance of 19,200,000 new ordinary shares in the capital of the Company by 3 tranches as follows:-

Date of Allotment	Number of Ordinary Shares	Issue Price per Share	Amount
15 December 2020	7,950,000	RM0.580	RM4,611,000.00
7 January 2021	7,450,000	RM0.485	RM3,613,250.00
11 January 2021	3,800,000	RM0.535	RM2,033,000.00
Total:	19,200,000		RM10,257,250.00

The shares were issued to independent third-party investors pursuant to the mandate granted to the Directors at the last annual general meeting held on 22 July 2020. The total proceeds of RM10,257,250.00 was raised and the proceeds had not been fully utilized.

Further information on the purpose and utilisation of proceeds from the private placement is set out under the additional information on page 54 of the Annual Report 2020.

The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects and/or working capital and/or acquisitions.

(d) Item 11 of the Agenda – Special Resolution 1

Proposed Amendment to the Constitution of the Company (“Proposed Amendment of the Constitution”)

The proposed amendment to the Constitution of the Company is to align the provision therein with the Companies Act 2016 and to enhance administrative efficiency.

This Special Resolution needs a majority of not less than seventy-five percent (75%) of such members who are entitled to vote either in person or by proxy.

The details of the proposed amendments are set out in Appendix 1 to the Notice of AGM dated 28 May 2021.

NOTICE OF ANNUAL GENERAL MEETING (continued)

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

- 1) Mr Koh Seng Lee, the Director who is standing for re-election at the Thirty-Sixth Annual General Meeting of the Company pursuant to Clause 83 of the Constitution of the Company.

The details of the above Director seeking re-election are set out in the Board of Directors' Profile as disclosed on page 11 of this Annual Report.

- 2) The Directors who are standing for re-election at the Thirty-Sixth Annual General Meeting of the Company pursuant to Clause 90 of the Constitution of the Company are:
 - i. Lee Choon Wan
 - ii. Dr Teh Chee Ghee

The details of the above Directors seeking re-election are set out in the Board of Directors' Profile as disclosed on page 11 and page 12 of this Annual Report.

- 3) The details of the above Directors' interest in the securities of the Company are stated on page 185 of this Annual Report.
- 4) The statement relating to the general mandate for authority to issue shares is set out in the Explanatory Notes to the Notice of the Thirty-Sixth Annual General Meeting on page 193 of this Annual Report.

K. SENG SENG CORPORATION BERHAD

CLAUSE	EXISTING	PROPOSED AMENDMENT
Memorandum of Association		
Article 4	Deleted	Section 21 of the Companies Act 2016 shall apply. The paragraphs as contained in the Third Schedule of the Companies Act 2016 (“the Act”) shall apply to the company except in so far as the same is repeated or contained in this Constitution.
Articles of Association (the whole Articles of Association be renumbered)		
Clause 2 Company	K. SENG SENG CORPORATION BERHAD (Company No. 133427-W)	K. SENG SENG CORPORATION BERHAD (Registration No. 198501000983 (133427 W));
Clause 2 Depository	Bursa Malaysia Depository Sdn. Bhd. (Company No. 165570-W);	Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W));
To add new clause	-	<u>Compliance with requirements</u> The Company shall duly observe and comply with the provisions of the Act and the Listing Requirements from time to time prescribed by the Exchange applicable to any allotment of its shares.

CLAUSE	EXISTING	PROPOSED AMENDMENT
Clause 12	<p><u>Issue of Securities</u> The Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such securities save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with this provision. For this purpose, the Company must notify the Depository of the names of the allottees and all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the Securities Accounts of such allottees.</p>	<p><u>Issue of Securities</u> Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Sections 75 and 76 of the Act, the Company must ensure that it shall not issue any shares or convertible Securities, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.</p>
To add new clause	-	<p><u>Exercise of Rights and Members</u> No person shall exercise any rights of a member until his name shall have been entered in the Records of Depositors and he shall have paid all calls and other moneys for the time being due and payable on any share held by him.</p>
Clause 21	<p><u>When calls deemed made</u> Any sum which by the terms of issue of a share is payable on allotment or any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Constitution be deemed to have been duly called for and shall be payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Constitution as to payment of interest and expenses, forfeiture or otherwise, shall apply as if the sum had become payable by virtue of a call duly made and notified.</p>	<p><u>When calls deemed made</u> Any sum which by the terms of issue of a share is payable on allotment or any fixed date, shall for the purposes of these Constitution be deemed to have been duly called for and shall be payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Constitution as to payment of interest and expenses, forfeiture or otherwise, shall apply as if the sum had become payable by virtue of a call duly made and notified.</p>

CLAUSE	EXISTING	PROPOSED AMENDMENT
Clause 18	<p><u>Directors may make calls</u></p> <p>The Directors may, subject to the provision of this Constitution, from time to time make calls upon the Members in respect of any money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no calls shall be payable at less than one (1) month from the date fixed for the payment of the last preceding call, and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified, the amount called on his shares. A call may be revoked or postponed as the Directors may determine.</p>	<p><u>Directors may make calls</u></p> <p>The Directors may, subject to the provision of this Constitution, from time to time make calls upon the Members in respect of any money unpaid on their shares and not by the conditions of allotment thereof made payable at fixed times, provided that no calls shall be payable at less than one (1) month from the date fixed for the payment of the last preceding call, and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified, the amount called on his shares. A call may be revoked or postponed as the Directors may determine.</p>
Clause 21	<p><u>When calls deemed made</u></p> <p>Any sum which by the terms of issue of a share is payable on allotment or any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of this Constitution be deemed to have been duly called for and shall be payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise, shall apply as if the sum had become payable by virtue of a call duly made and notified.</p>	<p><u>When calls deemed made</u></p> <p>Any sum which by the terms of issue of a share is payable on allotment or any fixed date shall for the purposes of this Constitution be deemed to have been duly called for and shall be payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise, shall apply as if the sum had become payable by virtue of a call duly made and notified.</p>

CLAUSE	EXISTING	PROPOSED AMENDMENT
Clause 52	<p><u>Power to alter capital</u></p> <p>The Company may by ordinary resolution:</p> <p>(a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;</p> <p>(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</p> <p>(c) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and</p> <p>(d) cancel any shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.</p>	<p><u>Power to alter capital</u></p> <p>The Company may alter its share capital by passing a special resolution to:</p> <p>a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;</p> <p>b) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares;</p> <p>c) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or</p> <p>d) cancel any shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.</p>
Clause 54	<p><u>Power to reduce capital</u></p> <p>The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorization, and consent required by law.</p>	<p><u>Power to reduce capital</u></p> <p>The Company may, subject to the provision of the Act, by special resolution reduce its share capital.</p>

CLAUSE	EXISTING	PROPOSED AMENDMENT
Clause 55	<p><u>General Meeting</u> An annual general meeting of the Company shall be held in accordance with the provisions of the Act. All general meetings other than the annual general meeting shall be called extraordinary general meetings. All general meetings shall be held at such time and place as the Directors shall determine. Every notice of an annual general meeting shall specify the meeting as such and every meeting convened for passing a special resolution shall state the intention to propose such resolution as a special resolution.</p>	<p><u>General Meeting</u> The Company shall hold an annual general meeting in every calendar year in addition to any other meetings held during that period. The annual general meeting shall be held within six (6) months from the Company's financial year end and not more than fifteen (15) months after the last preceding annual general meeting. All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings.</p>
To add new clause	-	<p><u>Convening of General Meetings</u> All general meetings shall be held at such time and place as the Directors shall determine. Every notice of an annual general meeting shall specify the meeting as such and every meeting convened for passing a special resolution shall state the intention to propose such resolution as a special resolution. A general meeting may be held at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members' rights to speak and vote at the meeting.</p>

CLAUSE	EXISTING	PROPOSED AMENDMENT
Clause 57	<p><u>Notices of Meetings</u> The notices convening meetings shall specify the place, the day and the hour of the meeting, and shall be given to all shareholders at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice, or twenty one (21) days' notice in the case where any special resolution is to be proposed or where it is an annual general meeting, of every such meeting must be given by advertisement in at least one nationally circulated in Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.</p>	<p><u>Notice of Meetings</u> The notice convening general meetings shall be given to at least twenty-eight (28) days in the case of an annual general meeting and in any other case, at least fourteen (14) days. A meeting of Members where special resolution is to be proposed shall be called by notice of at least twenty-one (21) days. Subject to the provisions of the Act and agreement for shorter notice, notices shall be given to the Exchange and all Members entitled to receive notices of general meetings of the Company and shall be published in at least one (1) national Bahasa Malaysia or English daily newspaper circulating in Malaysia. For the purpose of calculating the notice period, the day on which the notice of meeting is given or served or deemed to be duly served shall not be counted.</p>
Clause 61	<p><u>Business at Meetings</u> Subject always to the provision of Section 302 of the Act, no business shall be transacted at any extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a dividend, receiving of the audited financial statements and the report of the Directors and auditors, the fixing of the fees of Directors, the election of Directors in the place of those retiring, and the appointment and fixing of the remuneration of the auditors.</p>	<p><u>Business of Meetings</u> Subject always to the provisions of the Act, no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a dividend, receiving of the audited financial statements and the report of the Directors and auditors, the fixing of the fees of Directors, the election of Directors in the place of those retiring, and the appointment and fixing of the remuneration of the auditors.</p>

CLAUSE	EXISTING	PROPOSED AMENDMENT
To add new clause	-	<p><u>Resolution requiring special notice</u> Where by the Act special notice is required of a resolution, the resolution shall not be effective unless notice of the intention to move it has been given to the Company not less than twenty-eight (28) days before the meeting at which it is moved, and the Company shall give its Members notice of any such resolution at the same time and in the same manner as it gives notice of the meeting or, if that is not practicable, shall give them notice thereof, in any manner allowed by this Constitution not less than fourteen (14) days before the meeting, but if after notice of the Mention to move such a resolution has been given to the Company, a meeting is called for a date twenty-eight (28) days or less after the notice has been given, the notice, although not given to the Company within the time required by this Constitution shall be deemed to be properly given.</p>
To add new clause	-	<p><u>Circulation of Statements</u> Subject to Section 323 of the Act, Members of a public company may require the Company to circulate statements to Members of the Company entitled to receive notice of Company meeting of Members.</p>

CLAUSE	EXISTING	PROPOSED AMENDMENT
<p>Clause 77</p>	<p>A proxy may but need not be a member of the Company and provisions of Section 334 of the Act shall not apply to the Company.</p> <p>To be valid, this form, duly completed must be deposited at the Office of the Company not less than 48 hours before the time for holding the meeting Provided. That in the event the member(s) duly executes the form of proxy but does not name as proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of proxy from, other than the particulars of the proxy/proxies have been duly completed by the member(s).</p> <p>A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the specifies the proportions of his holdings to be represented by each proxy.</p> <p>Where a member of the company is an authorised nominee as defined under the Central Depositors Act, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of company standing to the credit of the said securities account.</p> <p>If the appointor is a corporation, this form must be executed under its common seal or under the hand of an attorney duly authorized.</p>	<p>A proxy may but need not be a member of the Company and provisions of Section 334 of the Act shall not apply to the Company.</p> <p>To be valid, this form, duly completed must be deposited at the Office of the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll. That in the event the member(s) duly executes the form of proxy but does not name as proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of proxy from, other than the particulars of the proxy/proxies have been duly completed by the member(s).</p> <p>A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the specifies the proportions of his holdings to be represented by each proxy.</p> <p>Where a member of the company is an authorised nominee as defined under the Central Depositors Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of company standing to the credit of the said securities account.</p> <p>If the appointor is a corporation, this form must be executed under its common seal or under the hand of an attorney duly authorized.</p>



CLAUSE EXISTING	PROPOSED AMENDMENT																												
<p>Cont. Clause 77</p> <p style="text-align: center;">K. SENG SENG CORPORATION BERHAD (Company No: 133427 W) (Incorporated in Malaysia)</p> <p>FORM OF PROXY No. of ordinary shares held</p> <p>I/We _____ I.C No./Co.No./CDS No.: _____ of _____ being a member/members of K. SENG SENG CORPORATION BERHAD hereby appoint the following person(s):</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Name of proxy, NRIC No. & Address</th> <th style="width: 50%;">No. of shares to be represented by proxy</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td></td> </tr> <tr> <td>2.</td> <td></td> </tr> </tbody> </table> <p>or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on my/our behalf at the Annual or Extraordinary (as the case may be) General Meeting of the Company to be held at _____ on _____ at _____, or at any adjournment thereof; to vote as indicated below:-</p>	Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy	1.		2.		<p>FORM OF PROXY</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">No. of Ordinary Shares Held</td> <td></td> </tr> <tr> <td>CDS Accounts No.</td> <td></td> </tr> </table> <p style="text-align: center;">K. SENG SENG CORPORATION BERHAD (Registration No. 198501000983 (133427-W))</p> <p>I/We _____ *NRIC/Passport/Company No. _____ (FULL NAME IN BLOCK LETTERS)</p> <p>of _____ (FULL ADDRESS)</p> <p>with email address _____ mobile phone no. _____ being a member/members of K. SENG SENG CORPORATION BERHAD hereby appoint the following person(s):-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="width: 30%;">Full Name (in Block)</th> <th rowspan="2" style="width: 20%;">NRIC/Passport No.</th> <th colspan="2" style="width: 50%;">Proportion of Shareholdings</th> </tr> <tr> <th style="width: 20%;">No. of Shares</th> <th style="width: 10%;">%</th> </tr> </thead> <tbody> <tr> <td colspan="2">Address:</td> <td></td> <td></td> </tr> <tr> <td colspan="2">Email Address:</td> <td></td> <td></td> </tr> <tr> <td colspan="2">Mobile Number:</td> <td></td> <td></td> </tr> </tbody> </table> <p>and/or* (*delete as appropriate)</p>	No. of Ordinary Shares Held		CDS Accounts No.		Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings		No. of Shares	%	Address:				Email Address:				Mobile Number:			
Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy																												
1.																													
2.																													
No. of Ordinary Shares Held																													
CDS Accounts No.																													
Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings																											
		No. of Shares	%																										
Address:																													
Email Address:																													
Mobile Number:																													



CLAUSE	EXISTING	PROPOSED AMENDMENT																																														
Cont. Clause 77	<table border="1" style="width:100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">FIRST PROXY</th> <th colspan="2">SECOND PROXY</th> </tr> <tr> <th>For</th> <th>Against</th> <th>For</th> <th>Against</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>(Please indicate with a “√” or “X” in the space provided how you wish your vote(s) to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion).</p> <p>Dated this _____ day of _____</p> <p>* Strike out whichever is not desired.</p> <p style="text-align: right; margin-right: 50px;">_____</p> <p style="text-align: right; margin-right: 50px;">Signature/Common Seal</p> <p>Notes: A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a)&(b) of the Act shall not apply to the Company.</p> <p>To be valid, this form, duly completed must be deposited at the Office of the Company not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy/proxies have been duly completed by the member(s).</p>		FIRST PROXY		SECOND PROXY		For	Against	For	Against						<table border="1" style="width:100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th rowspan="2">Full Name (in Block)</th> <th rowspan="2">NRIC/Passport No.</th> <th colspan="2">Proportion of Shareholdings</th> </tr> <tr> <th>No. of Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td colspan="2">Address:</td> <td></td> <td></td> </tr> <tr> <td colspan="2">Email Address:</td> <td></td> <td></td> </tr> <tr> <td colspan="2">Mobile Number:</td> <td></td> <td></td> </tr> </tbody> </table> <p>or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual or Extraordinary General Meeting of the Company (as the case may be) to be held at _____ on _____ at _____, or at any adjournment. My/our proxy/proxies is/are to vote as indicated below:-</p> <table border="1" style="width:100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th rowspan="2">RESOLUTIONS RELATING TO: -</th> <th colspan="2">FIRST PROXY</th> <th colspan="2">SECOND PROXY</th> </tr> <tr> <th>For</th> <th>Against</th> <th>For</th> <th>Against</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>(Please indicate with a “√” or “X” in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion). The first named proxy shall be entitled to vote on a show of hands on my/our behalf.</p> <p>Dated this ___ day of _____</p> <p style="text-align: right; margin-right: 50px;">.....</p> <p style="text-align: right; margin-right: 50px;">Signature of Shareholder(s)/Common Seal</p>	Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings		No. of Shares	%	Address:				Email Address:				Mobile Number:				RESOLUTIONS RELATING TO: -	FIRST PROXY		SECOND PROXY		For	Against	For	Against					
	FIRST PROXY		SECOND PROXY																																													
	For	Against	For	Against																																												
Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings																																														
		No. of Shares	%																																													
Address:																																																
Email Address:																																																
Mobile Number:																																																
RESOLUTIONS RELATING TO: -	FIRST PROXY		SECOND PROXY																																													
	For	Against	For	Against																																												



CLAUSE	EXISTING	PROPOSED AMENDMENT
Cont. Clause 77	<p>A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy and the first named proxy shall be entitled to vote on a show of hands.</p> <p>Where a member of the company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.</p> <p>If the appointor is a corporation, this form must be executed under its common seal or under the hand of an attorney duly authorised.</p>	
Clause 107 (b)	<p>The conduct of a meeting of Directors or a committee of the Directors may include participation thereat by any Director via telephone conferencing and/or video conferencing or any other interactive means of audio or audio-visual communications whereby all participating persons are able to hear each other or be heard during the meeting. A Director's participation in the manner as aforesaid shall be deemed to be present at the meeting but shall not be counted for the purpose of a quorum. He shall also be entitled to vote thereat. Any meeting held in such manner shall be deemed to be or have been held such time and place as set out in the notice of the meeting.</p>	<p>Any Director may participate at a meeting of Directors by way of telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other and be heard for the entire duration of the meeting in which event such Director shall be deemed to be physically present at the meeting. A Director participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the Directors attending the meeting PROVIDED that at least one of the Directors present at the meeting was at such place for the duration of that meeting. All information and documents must be made equally available to all participants prior to or at/during the meeting.</p>



CLAUSE	EXISTING	PROPOSED AMENDMENT
Clause 108	<p><u>Quorum of meetings of Directors</u> It shall not be necessary to give any Director or alternate Director who does not have an address in Malaysia, registered with the Company, notice of a meeting of the Directors. Unless otherwise determined by the Directors from time to time, notice of all Directors' meetings shall be given to all Directors and their alternates who have a registered address in Malaysia. Except in the case of an emergency, reasonable notice of every Directors' meeting shall be given in writing and the notice of each Directors' meeting shall be served in the manner referred to in Constitution 153 and 154 and the said Constitution 153 and 154 shall apply mutatis mutandis to the services of notice of Directors' meetings on Directors as they apply to the services of notices on Members of the Company.</p>	<p><u>Quorum of meetings of Directors</u> It shall not be necessary to give any Director or alternate Director who does not have an address in Malaysia, registered with the Company, notice of a meeting of the Directors. Unless otherwise determined by the Directors from time to time, notice of all Directors' meetings shall be given to all Directors and their alternates who have a registered address in Malaysia. Except in the case of an emergency, reasonable notice of every Directors' meeting shall be given in writing and the notice of each Directors' meeting shall be served in the manner referred to in Clauses 163 and 164 and the said Clauses 163 and 164 shall apply mutatis mutandis to the services of notice of Directors' meetings on Directors as they apply to the services of notices on Members of the Company.</p>
Clause 119 (6)	<p>An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote. However, his attendance shall not be taken into account for the purpose of computation of the 50% of the total number of Board meetings attendance by the Principal Director during the financial year pursuant to Clause 95(g) hereof.</p>	<p>An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote. However, his attendance shall not be taken into account for the purpose of computation of the 50% of the total number of Board meetings attendance by the Principal Director during the financial year pursuant to Clause 104(g) hereof.</p>



CLAUSE	EXISTING	PROPOSED AMENDMENT
To add new clause	-	<p><u>Participation of committee meetings by way of telephone and video conferencing</u></p> <p>Notwithstanding any provisions to the contrary contained in this Constitution, any member of a committee may participate at a committee meeting by way of telephone and video conferencing or by means of other communication' equipment whereby all persons participating in the meeting are able to hear each other, in which event such member shall be deemed to be physically present at the meeting whether for the purposes of these Constitution or otherwise. A member participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the members attending the meeting PROVIDED that at least one (1) of the members present at the meeting was at such place for the duration of that meeting.</p>
Clause 124	<p><u>Meeting of Committees</u></p> <p>Subject to any rules and regulations made pursuant to Clause 123, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members present (if more than one (1)) and in the case of any equality of votes, the Chairman shall not have a second or casting vote.</p>	<p><u>Meeting of Committees</u></p> <p>Subject to any rules and regulations made pursuant to Clause 132, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members present (if more than one (1)) and in the case of any equality of votes, the Chairman shall not have a second or casting vote.</p>



CLAUSE	EXISTING	PROPOSED AMENDMENT
Clause 128	<p><u>Directors' Circular Resolutions</u></p> <p>A resolution in writing signed or approved by letter by a majority of the Directors for the time being entitled to receive notice of a meeting of the Directors, shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book. Any such resolution may consist of several documents or counterparts in like form, each signed by one (1) or more Director or their alternates and may be accepted as sufficiently signed by a Director if transmitted to the Company by telex, telegram cable, facsimile or other electrical written message purporting to include a signature of the Director.</p>	<p><u>Circular Resolutions</u></p> <p>A resolution in writing signed or approved by letter, telegram, telex, telefax or electronic means by majority of the Directors for the time being entitled to receive notice of a meeting of Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate. All such resolutions shall be described as "Directors' Resolution In Writing" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minutes Book. Any such resolution in writing may consist of several documents including facsimile or other similar means of communication, in similar form, each document shall be signed or assented to by one or more Directors or their alternates. A copy of any such resolution shall be entered in the minutes book of Board proceedings.</p>
Clause 130	<p><u>Conclusive evidence of resolutions and extract of minutes of meetings</u></p> <p>A document purporting to be a copy of a resolution of the Directors or any extract from the minutes of a meeting of the Directors which is certified as such in accordance with the provisions of Clause 129, shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.</p>	<p><u>Conclusive evidence of resolutions and extract of minutes of meetings</u></p> <p>A document purporting to be a copy of a resolution of the Directors or any extract from the minutes of a meeting of the Directors which is certified as such in accordance with the provisions of Clause 139, shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.</p>



CLAUSE	EXISTING	PROPOSED AMENDMENT
Clause 150	<p><u>Capitalization of profits by bonus issue etc.</u></p> <p>The Company by ordinary resolution in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such Members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution. A share premium account and a capital redemption reserve may, for the purposes of this Article, be applied only in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.</p>	<p><u>Capitalization of profits by bonus issue etc.</u></p> <p>The Company may, upon the recommendation of the Directors, by ordinary resolution resolve either unconditionally or subject to such conditions as it may deem fit that it is desirable to capitalise any sum standing or which will stand to the credit of the profit and loss account or otherwise available or which will become available for distribution, provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend, and accordingly that the Directors be authorised to appropriate the sum resolved to be capitalised to the Members holding ordinary shares in the proportions in which such sum would have been divisible amongst them had the same been applied or been applicable in paying dividends and to apply such sum; their behalf, either in or towards paying the amounts (if any) for the time being unpaid on any shares held by such Members respectively, or paying up in full unissued shares or debentures of the Company, such shares or debentures to be allotted and distributed credited as fully paid up to and amongst such Members in the proportion aforesaid or partly in one way and partly in the other.</p>



CLAUSE	EXISTING	PROPOSED AMENDMENT
Clause 153	<p><u>Service of Notices</u> A notice or document may be given by the Company to any Member either personally, or by sending it by post to him in a prepaid letter addressed to him or CD-ROM at his registered address in Malaysia as appearing in the Register or the Record of Depositors or (if he has no registered address within Malaysia) to the address if any, within Malaysia supplied by him to the Company for the giving of notices to him.</p>	<p><u>Mode of service of notice or other document</u> A notice or other document required to be sent by the Company to Members and/or Directors may be given by the Company or the Secretary to any Member or Director, as the case may be:-</p> <ol style="list-style-type: none">a) in hard copy, either personally or by sending it through the post in prepaid letter addressed to such Member or Director at his registered address as appearing in the Register of Directors and/or the Records of Depositors, as the case may be, in Malaysia or (if he has no address within Malaysia) to the address, if any, within Malaysia supplied by him to the Company for the giving of notices or documents to him; orb) in electronic form, and sent via the following electronic means:-<ol style="list-style-type: none">i) transmitting to the last known electronic mail address of the Member or Director;ii) publishing the notice or document on the Company's website provided that a notification via hard copy or electronic mail to that effect is given in accordance with Section 320 of the Act and the Listing Requirements; oriii) using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner for access by Members or Directors, provided that a notification via hard copy or electronic mail to that effect is given to the Members or Directors.



CLAUSE	EXISTING	PROPOSED AMENDMENT
Clause 154	<p><u>When service effected</u> Any notice or other document, if served by post, shall be deemed to have been served or delivered at the time when the letter containing the same is put into the post and in proving such service or sending it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post office as a prepaid letter. A certificate in writing signed by a Director or any other officer of the Company that the envelope or wrapper containing the notice was so addressed, prepaid and posted shall be conclusive evidence thereof. Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear. A notice by electronic mail or other means of communication shall be deemed given when the electronic mail or electronic communications is sent.</p>	<p><u>Deemed time of service of notice or other document</u> (a) A notice or other document if served by post shall be deemed to be served in the case of a Member or Director having an address for service in Malaysia two (2) days following that on which a properly stamped letter containing the same is posted within Malaysia and in the case of a Member or Director having an address for service outside Malaysia five (5) days following that on which the letter suitably stamped at airmail rates containing the same is posted within Malaysia. In proving service by post it shall be sufficient to prove that the letter containing the notice or document was properly addressed and stamped and put into a Government post office letter box. (b) A notice or other document if served by electronic means:- (i) pursuant to Clause 163(b)(i), shall be deemed to have been served at the time of transmission to a Member's electronic mail address, provided that there is a record of the electronic mail being sent and that no written notification of delivery failure is received by the Company; (ii) pursuant to Clause 163(b)(ii), shall be deemed to have been served two (2) days from the date the notification of publication of the notice or other document on the Company's website is given to the Members; or (iii) pursuant to Clause 163(b)(iii), shall be deemed to have been served two (2) days from the later of the time the notification of the making available of the notice and/or document on the relevant electronic platform is served or deemed served, as the case may be, and the time the notice or other document is first made available or accessible to Members on the electronic platform.</p>



CLAUSE	EXISTING	PROPOSED AMENDMENT
Cont. Clause 154		<p>(c) In the event that service of a notice or other document pursuant to Clause 173(b) is unsuccessful, the Company must, within two (2) market days of discovering the delivery failure, make alternative arrangements for service by serving the notice or document by hard copy in accordance with Clause 173(a).</p> <p>(d) Last known address for service The registered address in Malaysia (or if he has no address within Malaysia, to the address within Malaysia supplied by the Member or the Director of the Company for giving of notices or other documents to him) and electronic mail address of the Member and/or Director appearing in the Record of Depositors, Register of Members or Register of Directors, as the case may be, shall be deemed as the last known address for purposes of service of notices or documents to the Member or Director, as the case may be, by the Company.</p>
Clause 155	<p><u>Notice in case of death or bankruptcy</u> A notice may be given by the Company to the person entitled to a share in consequence of the death or bankruptcy of a Member by sending it through representatives of the deceased or assignee of the bankrupt or by any like description, at the address, if any, within Malaysia supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been if the death or bankruptcy had not occurred. Every person who, by operation of law, transfer, transmission or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which, previously to his name and address being entered in the Register or Record of Depositors as the registered holder of such share, shall have been duly given to the person from whom he derives the title to such share.</p>	<p><u>Person entitled to shares by transfer, transmission, etc. bound by notices or documents</u></p> <p>(a) Every person who, by operation of law, transfer, transmission or other means whatsoever, shall become entitled to any share, shall be bound by every notice or document in respect of such share, which, previously to his name and address being entered in the Record of Depositors as the registered holder of such share, shall have been duly given to the person from whom he derives the title to such share PROVIDED ALWAYS that a person entitled to a share in consequence of the death or bankruptcy of a Member, upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also an address within Malaysia for the service of notices, shall be</p>



CLAUSE	EXISTING	PROPOSED AMENDMENT
Cont. Clause 155		<p>entitled to have served upon him at such address any notice or document to which the Member but for his death or bankruptcy would be entitled, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (as claiming through or under him) in the share.</p> <p><u>Notice or document by post to persons entitled in consequence of death</u></p> <p>(b) Subject always to the provision of Clause 165(a), any notice or document delivered or sent by post to, or left at, the registered address of any Member shall, if such Member be then deceased, and whether or not the Company has notice of his death, be deemed to have been duly served on his legal personal representatives.</p>
Clause 156	<p><u>Who may receive notice of general meeting</u></p> <p>(1) Notice of every general meeting shall be given in a manner hereinbefore specified to:-</p> <ul style="list-style-type: none"> (i) every Director; (ii) every Member with a registered address in Malaysia or an address for service of notices in Malaysia; (iii) every person entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting; (iv) the auditors for the time being of the Company; and (v) the Exchange. <p>(2) Except as aforesaid no other person shall be entitled to receive noticed of general meetings.</p>	<p><u>Who may receive notice of general meeting</u></p> <p>(1) Notice of every general meeting shall be given in a manner hereinbefore specified to:-</p> <ul style="list-style-type: none"> (i) every Director; (ii) every Member with a registered address in Malaysia or an address for service of notices in Malaysia; (iii) every person entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting; (iv) the auditors for the time being of the Company; and (v) the Exchange. <p>(2) Except as aforesaid no other person shall be entitled to receive notice of general meetings.</p>



CLAUSE	EXISTING	PROPOSED AMENDMENT
Cont. Clause 156	<p>(3) Whenever any notice is required to be given under the provisions of the laws of Malaysia or of this Constitution, waiver thereof or the shortening of the period of such notice, may be effectively given by complying with Section 316 (5)(b) of the Act.</p> <p>(4) At least fourteen (14) days' notice of every general meeting and at least twenty one (21) days' notice of every general meeting where any special resolution is to be proposed or where it is an annual general meeting shall be given by advertisement in one (1) issue of a daily newspaper circulating in Malaysia.</p> <p>(5) Subject to the Act, Listing Requirements, laws, rules or regulations, notice of a meeting of members shall be in writing or Document which is required or permitted to be given, sent or served under the Act or under this Constitution shall be given to the members either:- (a) in hard copy; (b) in electronic form; or (c) partly in hard copy and partly in electronic form.</p> <p>(6) A notice or Document:- (a) given in hard copy shall be sent to any member/securities holder either personally or by post to the address supplied by the member to the Company for such purpose; or (b) given in electronic form shall be transmitted to the electronic address provided by the member/securities holder to the Company for such purpose or by publishing on a website.</p> <p>(7) A notice of a meeting of members or Document shall not be validly given by the Company by means of a website unless a notification to that effect is given in accordance with Section 320 of the Act.</p>	<p>(3) Whenever any notice is required to be given under the provisions of the laws of Malaysia or of this Constitution, waiver thereof or the shortening of the period of such notice, may be effectively given by complying with Section 316 (5)(b) of the Act.</p>



CLAUSE	EXISTING	PROPOSED AMENDMENT
Cont. Clause 156	<p>(8) The Company shall notify a member/securities holder of the publication of the notice or Document on the website and such notifications shall be in writing and shall be given in hard copy or electronic form stating:-</p> <ul style="list-style-type: none">(a) that it concerns a meeting of members;(b) the place, date and time of the meeting;(c) the general nature of the business of the meeting; and(d) whether the meeting is an annual general meeting. <p>If the Company sends the notice or Document or notifications through electronic mail, there must be proof of electronic mail delivery. In the event of delivery failure, the Company shall send for a hard copy of the notice or Document to him.</p> <p>Notice of meeting of members may include text of any proposed resolutions and other information as the Directors deem fit.</p> <p>(9) The notice or Document shall be made available on the website throughout the period beginning from the date of the notification referred in Clause 156(5) until the conclusion of the meeting.</p> <p>(10) The contact details of the member/securities holder as provided to the Depository shall be deemed as the last known address provided by the member to the Company for purpose of communication with the member.</p> <p>(11) Where any member/ securities holder requests for a hard copy of the Document, the Company shall forward a hard copy of these Documents to the member/securities holder as soon as reasonably practicable after the receipt of the request, free of charge.</p>	



CLAUSE	EXISTING	PROPOSED AMENDMENT
	<p>(12) Where it relates to Documents required to be completed by members/securities holders for a rights issue or offer for sale, the Company must send these Documents through electronic mail, in hard copy or in any other manner as the Exchange may prescribe from time to time.</p>	

K. SENG SENG CORPORATION BERHAD
(Registration No. 198501000983 (133427 W))
(Incorporated in Malaysia)

FORM OF PROXY

No. of Ordinary Shares Held	
CDS Accounts No.	

I/We _____ *NRIC/Passport/Company No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

with email address _____ mobile phone no. _____

being a member/members of **K. SENG SENG CORPORATION BERHAD** hereby appoint the following person(s):-

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

and/or* (*delete as appropriate)

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

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty-Sixth Annual General Meeting of the Company to be conducted via an online portal from Broadcast Venue at Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur on Monday, 28 June 2021 at 10.00 a.m.. My/our proxy/proxies is/are to vote as indicated below:-

RESOLUTIONS RELATING TO: -		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
ORDINARY RESOLUTION					
1.	Approval of payment of Directors' Fees of RM220,984 for the financial year ended 31 December 2020.				
2.	Approval of payment of allowances of RM20,400 for the financial year ended 31 December 2020.				
3.	Approval of payment of Directors' Fees of up to RM300,000 for the period commencing from 1 January 2021 until the next Annual General Meeting in year 2022.				
4.	Approval of payment of allowances of up to RM20,000 for the period commencing from 1 January 2021 until the next Annual General Meeting in year 2022.				

5.	Re-election of Mr Koh Seng Lee as a Director retiring in accordance with Clause 83 of the Company's Constitution.				
6.	Re-election of Mr Lee Choon Wan as a Director retiring in accordance with Clause 90 of the Company's Constitution.				
7.	Re-election of Dr Teh Chee Ghee as a Director retiring in accordance with Clause 90 of the Company's Constitution.				
8.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
	SPECIAL BUSINESS				
9.	Retention of Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff as an Independent Non-Executive Director.				
10.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.				
	SPECIAL RESOLUTION				
11.	Proposed Amendment to the Constitution of the Company.				

(Please indicate with a "√" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion). The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

Dated this ___ day of _____ 2021

.....
Signature of Shareholder(s)/Common Seal

Notes :

1. A member of the Company entitled to attend and vote at the meeting may appoint up to two (2) proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
4. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan K.L, Malaysia not less than 24 hours before the time appointed for taking of the poll.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 22 June 2021 shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

**REQUEST FORM FOR PRINTED COPY OF K. SENG SENG CORPORATION BERHAD
ANNUAL REPORT 2020**

To: K. Seng Seng Corporation Berhad
c/o HMC Corporate Services Sdn. Bhd.
Level 2, Tower 1, Avenue 5, Bangsar South City
59200 Kuala Lumpur, Wilayah Persekutuan K.L.
Malaysia

Please find below my complete particulars for the delivery of a printed copy of KSSC Annual Report 2020:

Particulars of Shareholder

Name:

Identity Card No./Passport No./Company No.:

CDS Account No.:

Mailing Address:

Telephone No.:

Date:

Signature of Shareholder:

Name:

.....

AFFIX
STAMP

THE COMPANY SECRETARY
K. SENG SENG CORPORATION BERHAD
(Registration No. 198501000983 (133427-W))
Level 2, Tower 1, Avenue 5, Bangsar South City,
59200 Kuala Lumpur, Wilayah Persekutuan K.L,
Malaysia

.....



Trading



Processing

**Lot 3707, Jalan 7/5,
Taman Industri Selesa Jaya,
43300 Balakong, Selangor, Malaysia**

**Tel : 603-8961 5555 (Hunting Line)
Fax : 603-8962 6666 (Marketing)
603-8962 1111 (Accounts)**

E-mail : enquiry@kssc.com.my



Manufacturing



®

誠成集團

K. SENG SENG CORPORATION BERHAD

Company No.: 198501000983 (133427-W)