



# ANNUAL REPORT 2020

# CONTENTS

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING	2
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING	5
CORPORATE INFORMATION	6
FINANCIAL HIGHLIGHTS - 5-YEAR COMPARISON	7
PROFILE OF THE BOARD OF DIRECTORS	8
KEY SENIOR MANAGEMENT	10
CHAIRMAN'S STATEMENT	11
MANAGEMENT DISCUSSION AND ANALYSIS	12
SUSTAINABILITY STATEMENT	13
CORPORATE GOVERNANCE OVERVIEW STATEMENT	17
OTHER COMPLIANCE INFORMATION	28
AUDIT COMMITTEE REPORT	29
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL	32
STATEMENT OF DIRECTORS' RESPONSIBILITIES	34
DIRECTORS' REPORT	35
INDEPENDENT AUDITORS' REPORT	39
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	43
STATEMENT OF FINANCIAL POSITION	44
STATEMENTS OF COMPREHENSIVE INCOME	45
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	46
STATEMENT OF CHANGES IN EQUITY	47
STATEMENTS OF CASH FLOWS	48
NOTES TO THE FINANCIAL STATEMENTS	50
STATEMENT BY THE DIRECTORS	79
STATUTORY DECLARATION	79
LIST OF PROPERTIES	80
ANALYSIS OF SHAREHOLDINGS	82
ADMINISTRATIVE NOTES FOR THE CONDUCT OF THE TWENTIETH ANNUAL GENERAL MEETING	84
PROXY FORM AND ANNEXURE TO PROXY FORM	85

# NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twentieth Annual General Meeting ("AGM") of the Company will be held at Ballroom 2, LG Level, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 30 July 2020 at 10.00 a.m. to transact the following businesses:-

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 January 2020 together with the Directors' and Auditors' Reports thereon. *(Please see Note 1 of Explanatory Notes on Ordinary Business)*
2. To re-elect the following Directors who are retiring pursuant to Clause 76(3) of the Constitution of the Company ("the Constitution"):-
  - (a) Mr Chen Teck Shin *Resolution 1*
  - (b) Ms Chen Wai Ling *Resolution 2*
3. To approve the Directors' fees of RM264,000 for the financial year ending 31 January 2021. *Resolution 3*
4. To approve the Directors' benefits of RM20,000 for the period commencing from the date immediately after the Twentieth AGM up to the next AGM to be held in 2021. *Resolution 4*
5. To re-appoint Mazars PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 5*
6. To transact any other business for which due notice is given in accordance with the Companies Act 2016 and the Constitution.

### By Order of the Board

KUAN HUI FANG (MIA 16876)  
SSM PC No. 202008001235

THAM WAI YING (MAICSA 7016123)  
SSM PC No. 202008001181

Company Secretaries

Kuala Lumpur  
Dated this 30 June 2020

### Notes:

1. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors **as at 23 July 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his place. A proxy may but need not be a member of the Company.

3. A member of the Company who is entitled to attend and vote at an AGM of the Company may appoint not more than two (2) proxies to attend, speak and vote instead of the member at the AGM.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiah.online> (applicable to individual shareholders only). Kindly refer to the Annexure to Proxy Form on the procedures for electronic lodgement of proxy form via TIH Online.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is **Tuesday, 28 July 2020 at 10.00 a.m.**
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
  - (i) Identity card (NRIC) (Malaysian), or
  - (ii) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
  - (iii) Passport (Foreigner).

13. For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the **ORIGINAL** certificate of appointment of authorised representative if it has not been deposited with the Share Registrar.

*The certificate of appointment of authorised representative should be executed in the following manner:*

- (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
    - (a) at least two (2) authorised officers, of whom one shall be a director; or*
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
14. **It is important that you read the Administrative Notes for the conduct of the Twentieth AGM.**
15. Shareholders are advised to check the Company's website at [www.cylcorporation.com](http://www.cylcorporation.com) and announcements from time to time for any changes to the administration of the Twentieth AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

#### Explanatory Notes on Ordinary Business

1. Agenda item no. 1 is meant for discussion only as the provisions of 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.
2. Resolutions 1 to 2

Mr Chen Teck Shin and Ms Chen Wai Ling who are standing for re-election as Directors and being eligible, have offered themselves for re-election at the Twentieth AGM.

The Board of Directors ("the Board") has through the Nomination Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria prescribed by Paragraph 2.20A of the Main Market Listing Requirement on character, experience, integrity, competence and time to effectively discharge their role as Directors.

3. Resolutions 3 and 4

The proposed Resolution 3 is to facilitate payment of Directors' fees on a current financial year basis, calculated based on the current Board size. In the event the Directors' fees proposed are insufficient (e.g. due to enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Payment of the Directors' fees will be made by the Company and its subsidiary on a monthly basis and as and when incurred if the proposed Resolution 3 is passed at the Twentieth AGM. The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the Directors' fees on a monthly basis and as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiary throughout the period stated in the resolution.

The proposed Resolution 4 for the Directors' benefits are calculated based on the current Board size and number of scheduled Board and Board Committee meetings for the period commencing from the date immediately after the Twentieth AGM up to the next AGM to be held in 2021. In the event the proposed amount is insufficient (e.g. due to additional meetings or enlarged Board size), approval will be sought at the next AGM for the shortfall.

4. Resolution 5

The Board has through the Audit Committee, considered the re-appointment of Mazars PLT as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the Twentieth AGM are disclosed in the Corporate Governance Overview Statement of the Annual Report 2020.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

There are no individuals standing for election/appointment as Directors at the Twentieth AGM.

The Directors who are standing for re-election are Mr Chen Teck Shin and Ms Chen Wai Ling, whose profiles are set out on page 9 respectively of the Annual Report 2020.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Tan Sri Abu Talib Bin Othman  
*(Chairman/Non-Independent  
Non-Executive Director)*

Chen Yat Lee  
*(Managing Director)*

Chen Teck Shin  
*(Executive Director)*

Chen Wai Ling  
*(Executive Director)*

Tang Sook Kuen  
*(Independent Non-Executive Director)*

## AUDIT COMMITTEE

Tan Sri Abu Talib Bin Othman  
Tang Sook Kuen

## NOMINATION COMMITTEE

Tan Sri Abu Talib Bin Othman  
Tang Sook Kuen

## REMUNERATION COMMITTEE

Tan Sri Abu Talib Bin Othman  
*(Chairman)*  
Tang Sook Kuen

## AUDITORS

**Mazars PLT**  
Chartered Accountants  
Wisma Golden Eagle Realty  
11<sup>th</sup> Floor, South Block  
142-A, Jalan Ampang  
50450 Kuala Lumpur  
Tel. No. : 603-2161 5222  
Fax. No. : 603-2161 3909

## COMPANY SECRETARIES

Kuan Hui Fang (MIA 16876)  
SSM PC No. 202008001235  
  
Tham Wai Ying (MAICSA 7016123)  
SSM PC No. 202008001181

## REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel. No. : 603-2783 9191  
Fax. No. : 603-2783 9111  
Email : info@my.tricorglobal.com

## CORPORATE BUSINESS OFFICE

12, Jalan Teluk Gadung 27/93  
Section 27  
40000 Shah Alam  
Selangor Darul Ehsan  
Tel. No. : 603-5191 3888  
Fax. No. : 603-5191 2888  
Website : [www.cylcorporation.com](http://www.cylcorporation.com)  
Email : ctshin@cylcorporation.com

## REGISTRAR

**Tricor Investor & Issuing House  
Services Sdn. Bhd.**

Office:  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel. No. : 603-2783 9299  
Fax. No. : 603-2783 9222

Customer Service Centre:  
Unit G-3, Ground Floor  
Vertical Podium  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

## PRINCIPAL BANKERS

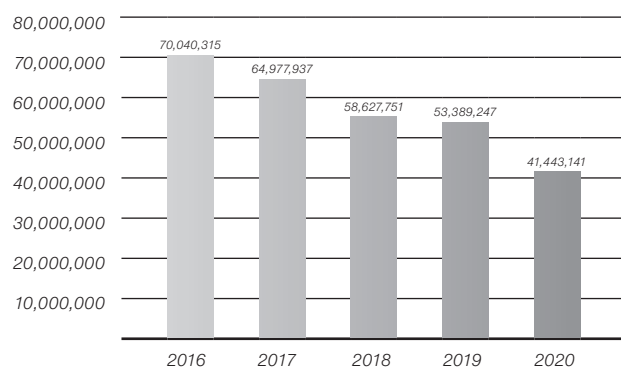
CIMB Bank Berhad  
AmBank (M) Berhad  
Hong Leong Bank Berhad

## STOCK EXCHANGE LISTING

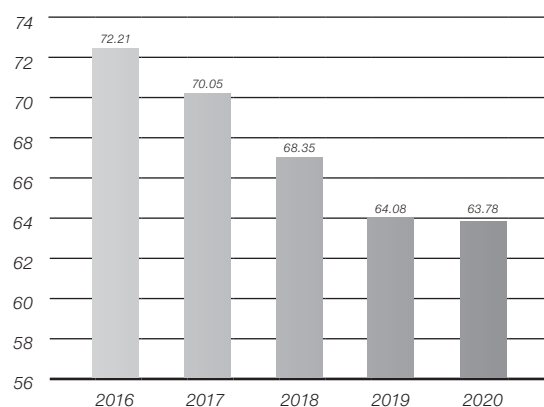
**Bursa Malaysia Securities Berhad**  
Main Market  
Sector: Industrial  
Stock Name: CYL  
Stock Code: 7157

# 5-YEAR FINANCIAL HIGHLIGHTS

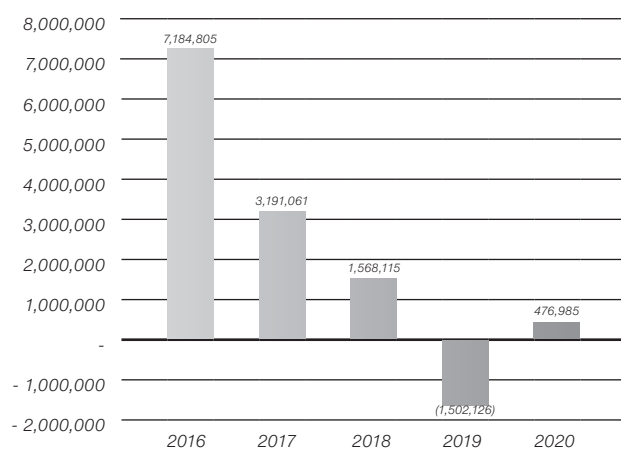
Revenue (RM) - 5-Year Comparison



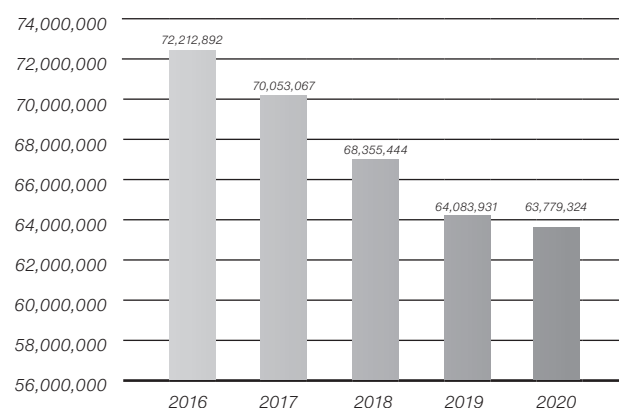
Net Assets per Share (sen) - 5-Year Comparison



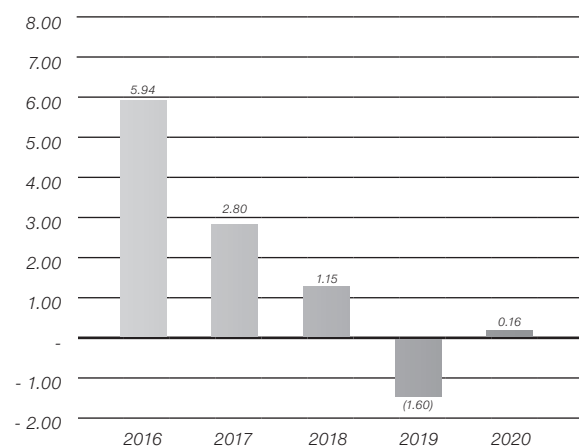
Profit Before Tax (RM) - 5-Year Comparison



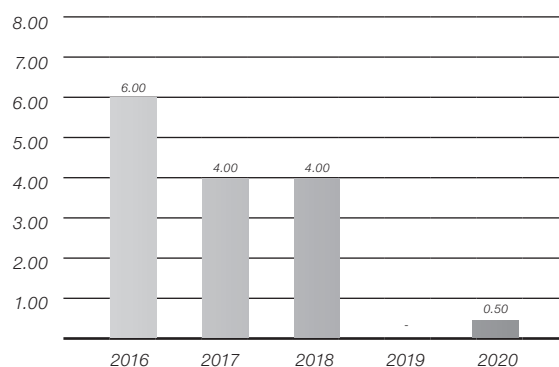
Shareholders' Fund (RM) - 5-Year Comparison



Earnings Per Share (sen) - 5-Year Comparison



Dividend Declared / Paid (sen)





# PROFILE OF THE BOARD OF DIRECTORS

## **TAN SRI ABU TALIB BIN OTHMAN**

*Non-Independent Non-Executive Chairman*

Malaysian, aged 81, Male

Tan Sri Abu Talib Bin Othman was appointed as the Non-Independent Non-Executive Chairman of CYL Corporation Berhad ("CYL") on 16 September 2002. He is the Chairman of the Remuneration Committee and a member of Audit Committee and Nomination Committee.

He is a Barrister at Law from Lincoln's Inn, United Kingdom. He has served in various capacities in the Judicial and Legal Service of the Government of Malaysia. He was the Attorney-General of Malaysia from 1980 to his retirement in 1993.

He is also the Director of MUI Continental Berhad, KAF Investment Funds Berhad and TH Plantations Berhad.

He is a substantial shareholder of CYL, details of which are set out on page 83 of the Annual Report 2020.

He has no family relationship with any Director and/or other major shareholder of the Company and has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. He does not have any conflict of interest with the Company.

He attended all seven Board meetings held during the financial year ended 31 January 2020.

## **CHEN YAT LEE**

*Managing Director*

Malaysian, aged 79, Male

Mr Chen Yat Lee was appointed as Managing Director of CYL on 6 June 2000. He has more than 46 years of experience in the field of technological support and innovative product development in the plastic related industries. He was one of the first Malaysians to be awarded the German Scholarship to study plastic technology in Suddeutschen Kunststoff-Zentrum, Wurzburg in Germany in 1965.

As the founder and Managing Director of Perusahaan Jaya Plastik (M) Sdn. Bhd. ("PJP"), his responsibilities include developing and planning the overall strategic business direction for the CYL Group. His entrepreneurial skills and vast technical experience have paved the way for the significant growth of PJP from a small rented factory with a workforce of 30 persons to its present size of over 300,000 sq. ft. of built-up factory and warehousing facilities fully owned by PJP in Shah Alam with a total workforce of 300 employees (including contract workers).

He is a substantial shareholder of CYL, details of which are set out on page 83 of the Annual Report 2020.

He does not hold any directorships in other public companies and listed issuers. He is the father of Mr Chen Teck Shin and Ms Chen Wai Ling. He has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. He does not have any conflict of interest with the Company.

He attended all seven Board meetings held during the financial year ended 31 January 2020.

## **CHEN TECK SHIN**

*Executive Director*

Malaysian, aged 41, Male

---

Mr Chen Teck Shin was appointed as Executive Director of CYL on 23 May 2017. He graduated in 1999 with a Bachelor of Commerce (Economics) Degree and went on to complete a Postgraduate Diploma in Accounting and Masters in Accounting from Macquarie University, Australia in 2000. He is a Chartered Accountant Member of the Malaysian Institute of Accountants (MIA). He is also a Certified Practising Accountant (CPA Australia). He was with Deloitte Touche Tohmatsu Tax Services Sdn Bhd as senior associate for 3 years before joining PJP in 2004. He is currently heading the Finance and Accounts Department of the CYL Group.

He is a substantial shareholder of CYL, details of which are set out on page 83 of the Annual Report 2020.

He does not hold any directorships in other public companies and listed issuers. He is the son of Mr Chen Yat Lee and brother of Ms Chen Wai Ling. He has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. He does not have any conflict of interest with the Company.

He attended all seven Board meetings held during the financial year ended 31 January 2020.

## **CHEN WAI LING**

*Executive Director*

Malaysian, aged 45, Female

---

Ms Chen Wai Ling was appointed as Executive Director of CYL on 16 September 2002. She graduated in 1997 with a Bachelor of Commerce degree from the University of Newcastle in Australia. She joined PJP in 1998 and is currently heading the Administration, Human Resource and Purchasing Department of the CYL Group.

She does not hold any directorships in other public companies and listed issuers. She is the daughter of Mr Chen Yat Lee and sister of Mr Chen Teck Shin. She has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. She does not have any conflict of interest with the Company.

She attended six out of seven Board meetings held during the financial year ended 31 January 2020.

# PROFILE OF KEY SENIOR MANAGEMENT

## TANG SOOK KUEN

*Independent Non-Executive Director*

Malaysian, aged 44, Female

---

Madam Tang Sook Kuen was appointed as Independent Non-Executive Director of CYL on 25 February 2019. She obtained her Degree in Accountancy from Universiti Putra Malaysia in 2000. She is a Fellow Member of the Association of Chartered Certified Accountants and Member of the Malaysian Institute of Accountants. She has worked with several companies in the audit, accounts and finance departments between 2002 and 2017. She is currently the managing partner of Shirley Tang & Associates and director of VGS Tax Services Sdn. Bhd..

She does not hold any directorships in other public companies and listed issuers. She has no family relationship with any Director and/or other major shareholder of the Company and has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. She does not have any conflict of interest with the Company.

She attended all six Board meetings held during the financial year ended 31 January 2020 since her appointment as Director on 25 February 2019.

The disclosure on the particulars of Key Senior Management of CYL Group is made in compliance with the requirements under Appendix 9C of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Key Senior Management of CYL Corporation Berhad comprises of the Managing Director and Executive Directors of the Company, Mr Chen Yat Lee, Mr Chen Teck Shin and Ms Chen Wai Ling.

Apart from the above mentioned individuals, the other Key Senior Management of the Company is Mr Chen Teck Sun, whose profile is as below.

## CHEN TECK SUN

*General Manager*

Malaysian, aged 44, Male

---

Mr Chen Teck Sun joined PJP in 2000. He was appointed as the General Manager of PJP on 23 March 2014, primarily responsible for CYL Group's Manufacturing Operations, Product Development and Sales Division. Mr Chen holds a Foundation Studies Certificate from the University of Newcastle, Australia.

He does not hold any directorships in other public companies and listed issuers. He is the son of Mr Chen Yat Lee and brother of Mr Chen Teck Shin and Ms Chen Wai Ling. He has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. He does not have any conflict of interest with the Company.

# CHAIRMAN'S STATEMENT

*ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020 ("FYE 2020").*

## FINANCIAL REVIEW

For the year under review, the Group turnover amounted to RM41.44 million with a profit before tax amounting to RM476,985. In the corresponding financial year ended 31 January 2019 ("FYE 2019"), the Group's turnover amounted to RM53.39 million with a loss before tax of RM1.50 million. The Group's better performance was mainly due to the softening of resin prices which is the Group's main cost driver coupled with a more favourable product mix. The Group's cost rationalisation program also contributed to the positive performance for the current financial year.

## DIVIDENDS

An interim tax exempt dividend of 0.50 sen per ordinary share amounting to RM500,000 was paid on 22 January 2020 during the current FYE 2020.

## REVIEW OF OPERATIONS

Overall, the performance of the Group has been challenging due to the weak business conditions that prevail in the industry. The Group remains vigilant in cost management. The Group is maintaining its strategy of focusing on being lean and efficient in terms of productivity and in optimising resources such as manpower and equipment

to meet the increased competitive pressure faced by the industry. With increasing competition, we have to be prudent in managing our costs and upkeep the quality of our products to enable us to maintain our position as one of the preferred and major packaging players in the industry.

## FUTURE PROSPECT

For the new financial year, the Group foresees a continued competitive and extremely challenging operating environment as the global economy is experiencing increased volatility of unprecedented levels in the wake of heightened fears of the spread of coronavirus. The uncertainty in crude oil price and the volatility of the local currency vis the US dollar will have a direct impact on the costs of raw material. The Board of Directors will continue to focus on improving production efficiency, productivity and processes to enable the Company to continue to improve its performance.

## ACKNOWLEDGEMENT

Amidst various challenges to the industry, the Group has remained resilient. This is attributable mainly to the commitment of the management team and staff. On behalf of the Board of Directors, I would like to thank the management team and all employees

for their commitment and dedication throughout the year.

To our valued stakeholders, customers, investors, business partners and shareholders, I wish to extend my appreciation for your contribution, trust and confidence in the company.

I also wish to take this opportunity to thank Madam Seow Nyoke Yoong who resigned as our Senior Independent Non-Executive Director on 5 June 2020 for her contributions to CYL Corporation Berhad and wish her every success in her future undertakings.

I also wish to record my thanks to my fellow Directors for their advice and support.

**Tan Sri Abu Talib Bin Othman**  
*Chairman*



# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview of Group's Business and Operations

The Group is mainly involved in the plastics packaging industry through its wholly owned subsidiary Perusahaan Jaya Plastik (M) Sdn. Bhd. ("PJP"). The Group has more than 30 years of experience in the industry and is focused on the 5ml and up to the 5,000ml segment of the packaging market. PJP uses advanced moulding technology namely blow moulding, injection moulding and injection blow moulding processes catering to the consumer toiletries and detergent, automotive lubricant, pharmaceutical and food industries. Value added services such as silk screen printing, bottle labelling and shrink tunnel sleeving are also part of the expertise of the Group. Apart from these, PJP also possesses in-house mould making capabilities, making it a one-stop centre for current and potential customers looking for plastics packaging solutions.

PJP's strength lies in its capability to cater to high volume production and warehousing, coupled with a dedication to ensuring and maintaining the quality of our products. The Group stands as one of the preferred plastic packaging manufacturers in the domestic market currently.

## Financial comparison for the financial year ended 31 January 2020 ("FYE 2020") and financial year ended 31 January 2019 ("FYE 2019")

The Group's revenue for FYE 2020 was RM41.44 million, a decrease of RM11.95 million (22%) compared with RM53.39 million for the FYE 2019. The lower revenue was mainly attributable to lower volume of demand from customers coupled with the price variance factor from the softening of resin prices which is the Group's main cost driver. The

price of resin has fallen 20% year-on-year and has since fallen below the RM4,000 per metric tonne (pmt) level.

The overall sentiment prevailing in the domestic market for FYE 2020 was challenging. As the domestic plastics packaging industry in general is demand elastic, the consumer market slowdown weighed on the overall business of the Group. This is reflected in the output of production measured in metric tonnes ("MT") where the total consumption dropped from 4,339MT to 3,577MT year-on-year.

Total Cost of Goods Sold per Ringgit Malaysia of revenue experienced a decrease of 10% from FYE 2019 to FYE 2020. The decrease in the price of crude oil is the main contributor to the decrease in cost of the Group's main raw material i.e. resin.

The tax expense for the Group was RM318,893 in FYE 2020 compared with RM93,575 for FYE 2019. The higher tax expense for FYE 2020 was mainly due to the tax payable position for the current FYE 2020.

Cash and cash equivalents of the Group increased from RM2.32 million as at 31 January 2019 to RM7.43 million. The increase of RM5.11 million was mainly due to better performance achieved during the year despite the decrease in revenue generated. The focus on being lean and efficient coupled with the lower costs of resin resulted in a higher net cash inflow from operating activities. The Group's capital expenditure in respect of property, plant and equipment was RM957,013 for the FYE 2020, reiterating the focus on cost control measures by the management in FYE 2020.

## Dividend Policy

The Group does not have any formal dividend policy. An interim tax exempt

dividend of 0.50 sen per ordinary share amounting to RM500,000 was paid on 22 January 2020 during the current FYE 2020.

## Prospects and Outlook

The global economy is experiencing major headwinds and increased volatility of unprecedented levels in the wake of heightened fears over the rapid spread of coronavirus ("COVID-19") and the still unresolved trade dispute between the 2 major economies i.e. China and the U.S.A.. The outlook for Malaysia continues to be affected by developments in the global and domestic fronts. The Movement Control Order ("MCO") in place to stem the spread of COVID-19 has put the domestic and global economy at a standstill. Economists are forecasting a bleak year ahead for the global economy due to the demand shock caused by the MCO enforced worldwide. The uncertain trajectory of the price of crude oil, in which the Group's main raw material pricing is highly correlated with, will be a major concern to the industry as a whole going into the financial year ending 31 January 2021 ("FYE 2021"). These factors coupled with the weaker than expected climate in terms of business confidence and consumer sentiment will inherently put a damper on the outlook of the Group for the FYE 2021.

Notwithstanding the lacklustre market in general, the Group will continue to focus on new product development that is coming on-stream in FYE 2021, cost rationalisation and improving production efficiency, productivity and processes to ensure that costs are kept in check and liquidity is preserved in this highly uncertain economic conditions. All in all, notwithstanding the weak consumer market environment, we anticipate the performance of the Group to remain challenging.

# SUSTAINABILITY STATEMENT

***THIS SUSTAINABILITY STATEMENT IS CYL'S COMMITMENT TO PURSUE EQUITABLE AND SUSTAINABLE GROWTH BY ENSURING OUR BUSINESS OPERATES IN AN EFFICIENT, ETHICAL AND RESPONSIBLE MANNER.***

## INTRODUCTION

Over the course of more than 30 years, CYL Corporation Berhad ("CYL"), the investment holding company with its sole wholly owned subsidiary company, Perusahaan Jaya Plastik (M) Sdn. Bhd., has chartered a growth trajectory to be where it is at today. With growth comes the realisation of the significance and impact of our business to the environmental, economic and social ("EES") aspects in which we operate. This Sustainability Statement is CYL's commitment to pursue equitable and sustainable growth by ensuring our business operates in an efficient, ethical and responsible manner. We recognise that moving to best practise sustainability performance in line

with the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") is a journey and the Group will strive to integrate the philosophy of sustainability as part of its overall business strategy and culture.

## SCOPE OF THE REPORT

### Coverage

CYL Corporation Berhad and its wholly-owned subsidiary company, Perusahaan Jaya Plastik (M) Sdn. Bhd.

### Reporting Period

This Sustainability Report covers the financial year from 1 February 2019 to 31 January 2020.

## Boundary

The disclosures covered in this report are within the following boundaries

- Principal business activities,
- Company's operations.

## Audience

This report is published for our valued stakeholders that include investors, customers, suppliers, employees, government, local communities and media.

Sustainability Governance Structure	
Board of Directors	<ul style="list-style-type: none"><li>• Review &amp; approve the Group's strategic direction, taking into consideration the EES risks and opportunities related to our business operations.</li><li>• Establish relevant sustainability performance measures to be implemented by various departments and assume oversight responsibility in monitoring the achievements of performance measures.</li><li>• Ensure the integrity of sustainability reporting.</li></ul>
Managing Director (MD)	<ul style="list-style-type: none"><li>• Stewardship of the Group's direction and day to day management and implementation of the Group's sustainability relevant policy and strategies approved by the Board.</li><li>• Accountable for the Group's achievements.</li><li>• Reports the Group's achievements against the set corporate objectives on sustainability performance targets to the Board.</li></ul>



## Stakeholders Engagement

Maintaining an open and transparent relationship with our relevant stakeholders continues to be a key driver towards ensuring sustainability at the Company in the long run. As part of our commitment to cultivate continuous engagement, we disclose our stakeholders' engagement methods, topics of interest and frequency in the table below:

Stakeholder Group	Topic of Interest	Engagement Methods	Frequency of Engagement
Shareholders	<ul style="list-style-type: none"> <li>• Transparent reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Report</li> <li>• Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• Per announcements to Bursa Securities</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Reliable service and on-time delivery</li> <li>• Quality up to specification</li> <li>• Competitive pricing</li> <li>• Operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Customer feedback</li> <li>• Customer Audits</li> <li>• Operational meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Continuously</li> <li>• Annually</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Competitive pay and benefits</li> <li>• Clear communication</li> <li>• Work life balance</li> <li>• Career growth and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Training programmes and workshops</li> <li>• Internal audit on operations</li> <li>• Employee performance evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• Semi Annually</li> <li>• Annually</li> </ul>
Regulatory Authorities and Statutory Bodies	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Corporate governance</li> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Fire safety and building inspection by BOMBA. Fire drill training</li> <li>• External Audit of Quality Management System by customers; Internal audit program outsourced to an independent firm</li> <li>• Safety incident reporting via Safety Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• Semi Annually</li> <li>• Annually</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Timely</li> <li>• Procurement practices</li> <li>• Supplier Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier assessment forms</li> <li>• Anti-Bribery and Corruption Policy</li> </ul>	<ul style="list-style-type: none"> <li>• During supplier screening or before registering into the Group system</li> <li>• Continuously</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>• CSR</li> <li>• Economic opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Employment opportunities through local hiring</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly</li> </ul>



## ECONOMIC

### Financial Performance

The Group's performance can be found in the Management and Discussion Analysis section of the Annual Report 2020 on page 12.

### Procurement

The Group also contributes to the Small and Medium Industry by building a professional and mutually beneficial relationship with our various suppliers across differing industries, contributing not only to the growth of the Group but also to the growth of our valued suppliers.

## ENVIRONMENT

The Group is focused on the efficient use of resources and proper management of waste which is a by-product of the manufacturing process.

### Energy, Material and Waste

The investment in automation over the years has not only reduced costs but has also indirectly contributed to minimising wastages of resources used. This more efficient usage of resources and lesser machine hours have indirectly contributed to a smaller carbon footprint due to less kilowatt hours of electricity used per bottle produced. The continuing focus and investment in automation whereby components are controlled electronically instead of hydraulically has contributed to a significant reduction in waste material generated.

The Group has implemented the "switching off" policy at our offices during lunch hour breaks to conserve the use of electricity. Production staff are also advised to turn off auxiliary equipment that are not in use in an effort to save energy. Furthermore, we are turning to Light-emitting diode ("LED") technology by replacing all lightings at our premises with energy efficient LED units.

The Group acknowledges its responsibility in ensuring that the disposal of wastes is done in a proper manner and in accordance with the relevant laws and regulations. Training has been conducted on innovative waste management practices to be applied in our production process.

To mitigate the unnecessary use of paper in its daily operations, the Group encourages paperless communication via electronic means. Double sided printing and paper sizing reduction is practiced if and when printing is unavoidable. All matters of paper sizing are recycled as much as possible.

We are currently solely relying on local electricity supply for our energy consumption. In line with the technological growth in renewable energy, we are currently assessing the feasibility of installing photovoltaic solar systems on the roof of our factories to generate electricity which will further reduce our carbon footprint and generate economic savings to the Group. This is in line with the Governments recent solar leasing initiative and renewal of Net Energy Metering quota of 500 megawatts of capacity.

## SOCIAL

### Workplace

The growth of the Group has contributed to the employment of the local communities whereby some employees has been with the Group for over 30 years. The Group works towards instilling a culture of well-being, enabling them to grow and prosper with the Group. Our employees are offered competitive salaries and benefits coupled with a conducive working environment.

The Group is also committed to creating a safe and healthy environment at our workplace. We have set up a Safety Committee to oversee the occupational health and safety initiatives. Programs and initiatives implemented to achieve greater health and safety awareness amongst our employees include safety and awareness training, cardiopulmonary resuscitation (CPR) and first aid response training, Emergency Response Plan and fire drills were conducted at least once a year (organised together with Jabatan Bomba dan Penyelamat Malaysia).

The Group had on 21 May 2018 adopted and implemented the Whistleblowing Policy for employees to report any issues that they encounter from either their superiors or their subordinates. All employees are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way. On 28 May 2020, the Anti-Corruption and Bribery Policy was established



## ***WITH THE VARIOUS INITIATIVES CONDUCTED, WE STRIVE TO WORK TOWARDS A SUSTAINABLE BALANCE BETWEEN OUR COMMITMENTS TO OUR CUSTOMERS AND ALSO OTHER STAKEHOLDERS IN THE ECONOMIC ENVIRONMENT.***

in accordance with the Guidelines on Adequate Procedures pursuant to Section 17A(5) under the Malaysian Anti-Corruption Commission Act 2009.

### **Employees Welfare**

The Group strives to create a conducive working environment for all our employees. Annual lunch is organised each year together with a Lion Dance troupe performance in conjunction with the Lunar New Year to foster closer relationship amongst the employees of the Group.

For the well-being of the production employees and in compliance with the Group's policy on occupational health and safety regulations, ear protection plugs are provided to the production employees. The Group also ensures that all production plants are equipped with fire extinguishers and employees are trained to use them.

### **Training and Development**

The Group also provides training to our employees for cultivation of talent within the Group to sustain our growth in the future. Trainings are recommended based on a needs analysis garnered from feedback communicated by the various heads of departments.

### **Minimum Wage**

The Group abides by the Minimum Wage Order and has since revised upwards the minimum wage amount to RM1,200 effective 1 February 2020.

With the various initiatives conducted, we strive to work towards a sustainable balance between our commitments to our customers and also other stakeholders in the economic environment i.e. our environment via our carbon footprint; our economy via our continuous growth creating a mutually beneficial relationship with our suppliers and sustaining employment for our local communities and our assets by empowering our employees via the various career development initiatives and promoting a conducive, healthy and safety working environment.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of CYL Corporation Berhad (“CYL”) acknowledges the importance of enhancement of corporate governance practices outlined in the Malaysian Code on Corporate Governance (“MCCG” or “the Code”). It is the Board’s responsibility and commitment to ensure that high standards of corporate governance are being practised in the Group (Company and its subsidiary company), thereby safeguarding the assets of the Group and its shareholders’ investments. The Board believes that it has substantially complied with the recommendations set out in the Code.

The Board is pleased to report an overview on the extent to which the Principles set out in the Code were applied throughout the financial year ended 31 January 2020 (“FYE 2020”) in this Corporate Governance Overview Statement (“CG Overview Statement”).

The application of the Practices set out in the Code throughout FYE 2020 is also disclosed to Bursa Malaysia Securities Berhad (“Bursa Securities”) in a prescribed format (“CG Report”). The CG Report can be downloaded from the Company’s corporate website at [www.cylcorporation.com](http://www.cylcorporation.com).

The Board considers that the Company has complied with all Practices under the MCCG with the exception of the following Practices:-

- Practice 4.1 (At least half of the board comprises independent directors); and
- Practice 7.2 (The board discloses on a named basis the top five senior management’s remuneration component in bands of RM50,000).

The reasons for the departure are disclosed in the CG Report.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### 1. Roles and Responsibilities

The Board takes full responsibility for the overall direction and performance of the Group. The role of Management is to run the general business operations and activities and manage the Group’s financial matters in accordance with established delegated authority from the Board.

Other than those statutorily and regulatory required and powers accorded under the Constitution of the Company (“the Constitution”), the following are matters reserved for Board deliberation and decision which are non-exhaustive and may be varied from time to time:-

- delegation of certain functions to Board Committees;
- receiving reports and recommendations from Board Committees;
- approving strategic business plans, mergers, acquisitions of a substantial value and corporate exercises;
- major investment or divestment of current businesses;

- changes to the Group structure; and
- provision of indemnities or corporate guarantees.

The Board assumes the following duties and responsibilities:-

- reviewing and adopting a strategic plan for the Group whereby the current focus on the Company’s core business is deemed appropriate;
- reviewing the Group’s annual budget and evaluating its level of appropriateness given the assumptions and prevailing economic conditions;
- reviewing and approving the Capital Expenditure Budget for each financial year;
- overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed by having at least four (4) meetings during the year with timely updates from the Managing Director on prospects of the Company given the prevailing market conditions;
- identifying principal risks and ensure the implementation of appropriate

systems to manage those risks, if any;

- succession planning;
- establishing and ensuring the effective functioning of the various board committees;
- developing and implementing a shareholder communications policy for the Company; and
- reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

To facilitate the discharge of the Board’s responsibility and oversight role, the Board is assisted by various Board Committees namely the Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) which have been established with terms of reference setting out their duties and responsibilities. The Chairpersons of the respective Committees report regularly to the Board on the key findings of their review and/or make

recommendations to the Board. The ultimate responsibility for decision making, however, lies with the Board.

## 2. Chairman and Managing Director

The positions of Chairman and Managing Director ("MD") are held by different individuals. The Chairman of the Board is a Non-Independent Non-Executive Director. There is a clear division of responsibilities between the Chairman and MD of the Company to ensure a balance of power and authority. The Chairman's responsibility is to ensure the effectiveness of the Board while the MD is responsible for overall operations and effective implementation of the Board's decisions and policies.

The responsibilities of the Chairman, amongst others, are as follows:-

- lead the Board in setting its values, ethical standards and instilling good corporate governance practices;
- represent the Board to the shareholders and indirectly to the general public for Company's performance;
- ensure the efficient organisation and conduct of the Board's function and meetings;
- ensure the content and order of the agenda are appropriate and that the members of the Board have the relevant papers in good time. The Chairman must also ensure that the Board members are properly briefed on issues arising at Board meetings;
- promote constructive and respectful relations between Directors, and between the Board and Management; and
- ensure effective communication with shareholders and relevant stakeholders.

The responsibilities of the MD are as follows:-

- develop and implement corporate strategies for the Group. During the year, much focus was concentrated on the cost rationalisation aspect of the Company's operation;
- supervise and control the general management and operation of the Company;
- ensure the efficiency and effectiveness of the operation of the Group;
- assess the principal risks of the Group and to ensure that these risks are being monitored and managed;
- ensure effective internal controls and management information systems are in place;
- act as a liaison between Management and the Board;
- communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
- ensure that the Board is properly informed and that sufficient information is provided to enable the Board to form appropriate judgment;
- assess business opportunities which are of potential benefit to the Group; and
- bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

## 3. Qualified and Competent Company Secretaries

The Board is supported by qualified Company Secretaries. The Company Secretaries ensure that the Board's actions and policies are in compliance with the relevant regulatory requirements i.e. Main Market Listing Requirements ("MMLR") of Bursa

Securities and companies legislation related to the Group. The Company Secretaries attend meetings of the Board and shareholders and ensure that the meeting proceedings are properly convened and recorded.

The Company Secretaries also serve notices to the Directors and Principal Officers on the closed periods for trading in CYL's shares pursuant to Chapter 14 of the MMLR of Bursa Securities.

Both Company Secretaries are qualified to act as secretaries under Section 235(2) of the Companies Act 2016. The Board is satisfied with the performance and support rendered by the Company Secretaries in assisting them to discharge their duties.

## 4. Access to Information and Independent Advice

All Directors have full unrestricted access to timely information pertaining to the Company. The agenda for every Board and Board Committees meeting, together with a set of Board and Board Committees papers are furnished to all Directors for their perusal prior to the Board and Board Committees meetings. This is to ensure sufficient time is given to enable the Directors to review and consider the agenda items to be deliberated at the Board and Board Committees meetings. The Board and Board Committees papers include, amongst others, quarterly financial reports, year-end financial statements of the Group and annual budget. The Board can at any time request for additional information pertaining to any agenda items to be deliberated prior to or post Board and Board Committees meeting. In most instances, the senior management are invited to be in attendance at Board

meetings to provide insight and to furnish clarification on issues that may be raised by the Board.

The Directors, collectively or individually, have unrestricted access to the advice and services of the Company Secretaries, senior management and independent professional advisers including the External Auditors, at the Company's expense.

The Directors may exercise their right to obtain independent professional advice and information in accordance with the steps set out in the Board Charter.

## 5. Board Charter

The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.

The Board Charter shall be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter is available for reference in the Company's corporate website at [www.cylcorporation.com](http://www.cylcorporation.com).

## 6. Formalised Ethical Standards through Code of Conduct, Whistleblowing Policy and Anti-Corruption and Bribery Policy

The Board is committed to creating an environment whereby ethics and

professionalism are placed in the highest priority in line with good corporate governance practices. The Board shall observe and adhere to the Directors' Code of Conduct as set out in the Code of Conduct adopted by the Board on 24 June 2013. The Board has also adopted a Whistleblowing Policy on 21 May 2018.

On 28 May 2020, the Board, based on the recommendation of the AC, formally established and adopted the Anti-Corruption and Bribery Policy in accordance with the Guidelines on Adequate Procedures pursuant to Section 17A(5) under the Malaysian Anti-Corruption Commission Act 2009.

The Code of Conduct, Whistleblowing Policy and Anti-Corruption and Bribery Policy are available on the Company's corporate website at [www.cylcorporation.com](http://www.cylcorporation.com).

## 7. Composition of the Board

Throughout FYE 2020 up to 4 June 2020, the Board had three (3) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

With the resignation of Madam Seow Nyoke Yoong on 5 June 2020, the Company only has one (1) Independent Non-Executive Director. The Board will be taking steps to appoint a new Independent Director within three (3) months from the date of Madam Seow Nyoke Yoong's resignation to ensure that at least two (2) Directors or one-third (1/3<sup>rd</sup>) of its Board of Directors (whichever is the higher) are Independent Directors in order to comply with Paragraph 15.02(1) of the MMLR of Bursa Securities.

The Directors' profiles are presented on pages 8 to 10 of the Annual Report 2020.

The Board carries out an annual assessment on the Directors and Board Committees. The Board, having taken into consideration the size of the Group, is of the view that the Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise to enable the Board to lead and control the Group effectively. The Chairman is a Non-Independent Non-Executive Director and is not involved in the daily operations of the Company. As Chairman, he ensures proper balance of power and authority on the Board by encouraging robust discussions during meetings.

The Independent Directors also provide an element of objectivity, independent views, evaluations, check and balance on Board deliberations and decisions. This ensures that the interests of the Group, shareholders, employees, customers, suppliers and other business associates are safeguarded.

The Independent Non-Executive Directors are persons of high calibre, credibility and have the skills and experience to bring an independent judgement on issues of strategy, performance and resources including key appointments and standards of conduct. Up to 4 June 2020, the Independent Non-Executive Directors constitute one-third of the membership of the Board.

## 8. Tenure of an Independent Director

The Board assesses the independence of the Independent Directors annually. The Independent Directors with their

varied backgrounds bring with them an external perspective, helping to develop and strengthen the Company's policies and procedure contributing to the strategy and goals of the Company by being objective and assessing the business direction in an unbiased perspective.

The Board has assessed the independence of the Independent Directors and is satisfied with the level of independence demonstrated.

In accordance with the Company's Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director.

The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years. However, if the Board continues to retain the Independent Director after the twelfth (12th) year, the Board shall seek annual shareholders' approval through a two-tier voting process – Tier 1: large shareholders and Tier 2: other shareholders, in accordance with the MCGG.

Following the resignation of Madam Seow Nyoke Yoong on 5 June 2020, the Company does not have an Independent Director who has served for a term exceeding nine (9) years.

The Board has through the NC, assessed Madam Tang Sook Kuen and is satisfied that she is independent in character and judgment, independent of management and free from any

relationships or circumstances which are likely to affect or could appear to affect her independent judgment.

## 9. Boardroom Diversity

The Board had on 23 May 2017, adopted the Boardroom Diversity Policy. The Board's policy is to consider candidates from a various backgrounds, without discrimination to gender, age and ethnicity when deciding on appointments to the Board. An overriding principle is that all appointments to the Board will be based upon merit, experience, qualification, character, time commitment and integrity and contribution the candidates may bring to the Board.

The Company has not set any specific target for female directors on the Board. At present, more than 30% of the Board is made up of female Directors.

The Company has not set any specific target for age and ethnic diversity in the boardroom but will continue to review the composition of the Board with a view of having a well-balanced age diversity and multi-ethnicity representation on the Board.

The Boardroom Diversity Policy can be found at the Company's corporate website at [www.cylcorporation.com](http://www.cylcorporation.com).

## 10. Sourcing of Directors and Chairmanship of the NC

The NC is tasked by the Board to make independent recommendations for appointments to the Board. Appointment of Directors shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

In making these recommendations, the NC shall assess the suitability of candidates, taking into account the character, integrity, competence, professionalism, time commitment and other qualities of the candidates, before recommending their appointments to the Board for approval.

The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory requirements are complied with.

The Terms of Reference of NC is available for reference in the Company's corporate website at [www.cylcorporation.com](http://www.cylcorporation.com).

## 11. NC

The Board established the NC on 24 December 2003. Throughout FYE 2020 up to 4 June 2020, the NC comprised exclusively Non-Executive Directors with a majority of them being Independent Directors.

Madam Seow Nyoke Yoong, who was the Senior Independent Non-Executive Director and Chairperson of the NC, had resigned on 5 June 2020. The present members of the NC are:-

- Tan Sri Abu Talib Bin Othman (Member) – Non-Independent Non-Executive Director
- Madam Tang Sook Kuen (Member) – Independent Non-Executive Director.

The Board will be taking steps to appoint a new Independent Director within three (3) months from the date of Madam Seow Nyoke Yoong's resignation in order to comply with Paragraph 15.08A(1) of the MMLR of Bursa Securities. The Chair of the NC will be filled when the new Independent Director comes on board.

The NC meets at least once a year. The attendance of the NC members during FYE 2020 is as follows:-

Name of NC Members	No. of meetings attended
Seow Nyoke Yoong (Chairperson) (resigned on 5 June 2020)	2/2 (100%)
Tan Sri Abu Talib Bin Othman	2/2 (100%)
Tang Sook Kuen (appointed on 25 February 2019)	1/1 (100%)

## 12. Board Assessment

The NC evaluates the performance of the Board members on an annual basis. The Board committees are also reviewed annually by the NC for their performance and effectiveness.

The annual exercise involves Directors completing questionnaires covering the assessment of the Board and Board Committee's performance, assessment of individual Directors (self and peer evaluation), assessment on mix of skill, experience and size of the Board and assessment on independence amongst others.

The Directors' responses are then collated by the Company Secretaries and a summary of the findings would be submitted to the NC for deliberation. The NC would review the summary, assess and make recommendations to the Board.

The Board, upon the assessment and recommendation made by the NC, is satisfied and believed that the individual Directors appointed to the Board are of high calibre, integrity and experienced and can be entrusted to discharge their duties and responsibilities effectively.

## 13. Summary of Activities undertaken by the NC

The following activities were undertaken by the NC for the FYE 2020:-

- considered and recommended to the Board, the appointment of Madam Tang Sook Kuen as an Independent Non-Executive Director and member of AC, NC and RC;
- recommended to the Board, the re-designation of Madam Seow Nyoke Yoong as the Chairperson of AC;
- reviewed and assessed the mix of skills, experience, size and other qualities, including core competencies and effectiveness of the Board/Board Committees as a whole as well as the contribution from each of the individual Director of the Company. The evaluation process included a self and peer-review assessment;
- assessed the independence of the Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities;
- reviewed and recommended to the Board on the re-election of Directors retiring pursuant to Articles 83 and 90 of the Articles of Association, comprising part of the Constitution of the Company based on the assessment conducted; and
- recommended to the Board to seek annual shareholders' approval through a two-tier voting process at the Nineteenth AGM to allow

Madam Seow Nyoke Yoong, the Independent Non-Executive Director to continue to act as Independent Non-Executive Director.

## 14. Re-election of Directors

In accordance with the Constitution, all Directors who are appointed by the Board shall retire from office and are subject to election by shareholders at the Company's next AGM after their appointment.

The Constitution also provides that one-third (1/3<sup>rd</sup>) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3<sup>rd</sup>), shall retire from office at the conclusion of the AGM in every year provided always that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall retain office until the close of the meeting at which he/she retires and shall be eligible for re-election.

This provides an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately.

The following Directors who are retiring pursuant to Clause 76(3) of the Constitution and subject to re-election at the Twentieth AGM, have been assessed by the NC before recommendations are made to the Board and shareholders:

- Mr Chen Teck Shin; and
- Ms Chen Wai Ling.

## 15. Time Commitment of the Directors

The Company expects the Directors to give their time commitment in carrying out their duties and responsibilities as



a Director. This includes at least 50% attendance at the Board meetings held in each financial year. Directors are also required to attend regular meetings of any Board Committees of which they are a member of. In addition, they would be expected to devote appropriate preparation time ahead of each meeting.

The Board held seven (7) meetings

during the financial year to discuss the performance of the Group. The agenda of each Board meeting is circulated to all the Directors in advance for their perusal and understanding. Before the beginning of each calendar year, an annual meeting calendar is prepared and circulated to Directors for their forward planning. The attendance of the Board members during FYE 2020 is as follows:-

To fulfil their roles and responsibilities, each Director holds no more than five (5) directorships in listed corporations in accordance with Paragraph 15.06 of the MMLR of Bursa Securities. All Directors of the Company currently adhere to this requirement. The Directors are also required to notify the Board's Chairman when accepting new directorships in other companies. Such notification is expected to include an indication of time that will be spent on the new appointment.

Name of Directors	No. of Board meetings attended during the financial year
Tan Sri Abu Talib Bin Othman	7/7 (100%)
Chen Yat Lee	7/7 (100%)
Chen Teck Shin	7/7 (100%)
Chen Wai Ling	6/7 (85.71%)
Seow Nyoke Yoong (resigned on 5 June 2020)	7/7 (100%)
Tang Sook Kuen (appointed on 25 February 2019)	6/6 (100%)

## 16. Continuing Education and Training of Directors

The Board constantly reminds and encourages its Directors to attend training programmes, seminar, courses and conferences to enhance their skills and knowledge to enable them to discharge their fiduciary duties to the Company. All Directors have completed the Mandatory Accreditation Programme ("MAP") required by Bursa Securities.

**THE COMPANY EXPECTS THE DIRECTORS TO GIVE THEIR TIME COMMITMENT IN CARRYING OUT THEIR DUTIES AND RESPONSIBILITIES AS A DIRECTOR.**

All Directors have attended one or more of the following training programmes/ seminars/ courses/ conferences during FYE 2020:-

Directors	List of Training Programmes/ Seminars/ Courses/ Conferences Attended	Date(s) of Attendance
Tan Sri Abu Talib Bin Othman	<ul style="list-style-type: none"> <li>Directors' Conference 2019 on Roles and Functions of Board and Recurrent Related Party Transactions: Conflict of Interest and Conflict of Duties</li> </ul>	29 October 2019
Chen Yat Lee	<ul style="list-style-type: none"> <li>Tricor Corporate Services Sdn. Bhd.: Are You Prepared for Corporate Liability?</li> </ul>	16 January 2020
Chen Teck Shin	<ul style="list-style-type: none"> <li>Malaysian Institute of Accountants: Overview of MFRS 15 &amp; 9</li> <li>Malaysian Institute of Accountants: MFRS 16 Leases</li> <li>Mazars Taxation Services Sdn. Bhd.: 11<sup>th</sup> Mazars Tax Seminar on the 2020 Malaysian Budget Proposals</li> <li>Bursa Malaysia Berhad &amp; Securities Commission Malaysia: Session on Corporate Governance and Anti-Corruption</li> <li>Bursa Malaysia Berhad &amp; Securities Commission Malaysia: Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2018</li> <li>Malaysian Integrity Academy: Corruption and Corporate Liability Offences of Commercial Organizations Under Section 17A of the MACC Amendment Act 2018</li> <li>Tricor Corporate Services Sdn. Bhd.: Are You Prepared for Corporate Liability?</li> </ul>	27 February 2019 3 July 2019 30 October 2019 31 October 2019 5 November 2019 28 November 2019 16 January 2020
Chen Wai Ling	<ul style="list-style-type: none"> <li>Boss Solution Sdn. Bhd.: Boss.Net Training EA &amp; BIK Seminar 2018</li> <li>Malaysian Employers Federation: LHDNM – MEF Seminar 2019</li> <li>Cambridge Training Sdn. Bhd.: Understanding ISO 9001:2015</li> </ul>	7 January 2019 19 March 2019 14 May 2019
Seow Nyoke Yoong (resigned on 5 June 2020)	<ul style="list-style-type: none"> <li>Corporate Governance Monitor 2019</li> <li>New Data Reveals Best Practices on Boardroom Technology</li> <li>Proposed Amendments to the Listing Requirements in relation to Anti-Corruption Measures Act to be taken by Directors</li> </ul>	30 May 2019 26 October 2019 26 November 2019
Tang Sook Kuen	<ul style="list-style-type: none"> <li>The Iclif Leadership and Governance Centre: Mandatory Accreditation Programme for Directors of Public Listed Companies</li> <li>Securities Commission Malaysia: Session on Corporate Governance &amp; Anti-Corruption</li> </ul>	11-12 April 2019 31 October 2019

In addition to the above, the Directors were briefed by the Company Secretaries, Internal Auditors and External Auditors on any updates or changes to the relevant guidelines on the regulatory and statutory requirements at Board meetings and AC meetings.

## 17. Remuneration Policy and Remuneration of Directors and Senior Management

The Company has established the RC on 24 December 2003. The RC was set up to assist the Board in assessing the remuneration packages of the Executive Directors and Non-Executive Directors of the Company.

Following the resignation of Madam Seow Nyoke Yoong on 5 June 2020, the RC is made up of:-

- Tan Sri Abu Talib Bin Othman (Chairman) – Non-Independent Non-Executive Director; and
- Madam Tang Sook Kuen (Member) – Independent Non-Executive Director.



The Board will be taking steps to appoint a new member to the RC within three (3) months from Madam Seow Nyoke Yoong's resignation to fill the vacancy in the RC.

The RC meets at least once a year. The attendance of the RC members during FYE 2020 is as follows:-

The MCCG states that remuneration for Directors and Senior Management should be determined so as to ensure that the Company attracts, retains and motivates the right talent in the Board and Senior Management to run the Company efficiently. The remuneration for Managing Director and Executive Directors are structured so as to link

reward to corporate and individual performance.

In the case of Non-Executive Directors, the Board believes that the level of remuneration should reflect the level of experience and responsibilities undertaken by the respective Directors.

On 13 May 2019, the Board, based on the recommendation of the RC, formally established and adopted the Remuneration Policy for Directors and Senior Management. The Remuneration Policy can be accessed on the Company's corporate website at [www.cylcorporation.com](http://www.cylcorporation.com).

Name of RC Members	No. of meetings attended
Tan Sri Abu Talib Bin Othman (Chairman)	5/5 (100%)
Seow Nyoke Yoong (resigned on 5 June 2020)	5/5 (100%)
Tang Sook Kuen (appointed on 25 February 2019)	5/5 (100%)

The details of remuneration of Directors of the Company for the FYE 2020 are as follows:-

(in RM)						
	Fees	Salary and allowances	Bonus	EPF	Benefits-in-kind	Total
<b>Company</b>						
Chen Yat Lee	-	-	-	-	-	-
Chen Teck Shin	-	-	-	-	-	-
Chen Wai Ling	-	-	-	-	-	-
Tan Sri Abu Talib Bin Othman	-	-	-	-	4,000	4,000
Seow Nyoke Yoong (resigned on 5 June 2020)	48,000	-	-	-	3,500	51,500
Tang Sook Kuen (Appointed on 25 February 2019)	44,429	-	-	-	3,500	47,929
<b>Total</b>	<b>92,429</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,000</b>	<b>103,429</b>
<b>Group</b>						
Chen Yat Lee	-	543,721	-	65,256	-	608,977
Chen Teck Shin	-	336,000	-	40,320	-	376,320
Chen Wai Ling	-	288,000	-	34,560	-	322,560
Tan Sri Abu Talib Bin Othman	168,000	-	-	-	4,000	172,000
Seow Nyoke Yoong (resigned on 5 June 2020)	48,000	-	-	-	3,500	51,500
Tang Sook Kuen (Appointed on 25 February 2019)	44,429	-	-	-	3,500	47,929
<b>Total</b>	<b>260,429</b>	<b>1,167,721</b>	<b>-</b>	<b>140,136</b>	<b>11,000</b>	<b>1,579,286</b>

The Company has only 4 Key Senior Management including the Managing Director and 2 Executive Directors. The remuneration of the Senior

Management (excluding the Managing Director and Executive Directors) in the band of RM50,000 is disclosed as below:-

Remuneration Bands	Number of Key Senior Management
RM400,001 - RM450,000	1

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1. AC

Throughout FYE 2020 up to 4 June 2020, the AC had three (3) members, comprising Non-Executive Directors, with a majority of them being Independent Directors.

Following the resignation of Madam Seow Nyoke Yoong on 5 June 2020, the Chair of the AC now vacant and the AC comprises the following members:

- Tan Sri Abu Talib Bin Othman (Member) – Non-Independent Non-Executive Director; and
- Madam Tang Sook Kuen (Member) – Independent Non-Executive Director.

The Board will be taking steps to appoint a new Independent Director within three (3) months from the date of Madam Seow Nyoke Yoong's resignation in order to comply with Paragraphs 15.09(1)(a) and (b) and 15.10 of the MMLR of Bursa Securities. The Chair of the AC will be filled when the new Independent Director comes on board.

The AC Report is set out on pages 29 to 31 of the Annual Report 2020.

### 2. Oversight of External Auditors by the AC

The Company has established and maintained an appropriate and transparent relationship with the Company's External Auditors, Mazars

PLT, in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The AC met the External Auditors twice during the financial year without the presence of the Executive Directors and executive team. The practice of periodically rotating the audit engagement partner, engagement quality control review partner and key audit partners ensures an independent relationship between the Company and the External Auditors. Apart from that, during the audit planning stage, independence is further enhanced with the External Auditors providing a summary of their internal policy and important safeguards and procedures to address threats to the independence and objectivity of the audit.

The AC assesses the level of service provided by the External Auditors, taking into account the following, amongst others:

- level and nature of review procedures, the approach to audit judgements and issues, independent quality control reviews and the external audit firm's approach to risk;
- sufficient resources allocated to the audit and the ability to meet the performance targets i.e. audit scope, audit plan and timing;
- communication to the AC about new and applicable accounting practices and auditing standards and the impact on the Company's financial statements;

- reasonableness of the audit fee given the scope, size, complexity and risks of the Company; and
- quality and timeliness of reports furnished to the AC.

Mazars PLT has declared to the AC that they are in compliance with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the Code of Conduct for Objectivity and Independence of Mazars PLT.

On 28 May 2020, the AC conducted an annual assessment on the External Auditors. The AC, having assessed the independence of Mazars PLT as well as reviewed the level of non-audit services rendered by them for the FYE 2020, was satisfied with their suitability, objectivity and independence. The Board, based on the AC's recommendation, will be tabling their re-appointment for shareholders' approval at the Twentieth AGM.

The Policy for External Auditors was last updated by the Board on 17 September 2019. The Policy for External Auditors is available for reference in the Company's corporate website at [www.cylcorporation.com](http://www.cylcorporation.com).

### 3. Financial literacy of the AC

The AC relies upon the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment



and provide oversight on the risk management framework of the Group.

Directors including the AC members continue to undergo training periodically during the financial year, based on individual learning requirements as well as financial and corporate developments.

#### **4. Risk Management and Internal Control Framework**

The Board acknowledges its overall responsibility for maintaining a system of internal controls, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal financial administration procedures and guidelines.

The Group's Statement on Risk Management and Internal Control is set out on pages 32 and 33 of the Annual Report 2020.

The Board acknowledges the need to maintain a sound system of internal controls within the Group in order to safeguard shareholders' interest of the Group's assets. The internal audit activities of the Group are carried out according to an annual internal audit plan approved by the AC.

The internal audit function is outsourced to an independent professional services firm namely Kloo Point Risk Management Services Sdn. Bhd. to assist the AC in assuming the task of internal control review and risk assessment functions of the Group. Areas for improvement were highlighted and the implementation of recommendations was monitored. The Internal Auditors report directly to the AC.

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

### **1. Communication with Stakeholders**

The Board acknowledges the need for the shareholders to be informed on all material business matters affecting the Group. In addition to the various announcements made, the timely release of financial results on a quarterly basis provides shareholders and the investing public with an overview of the Group's performance and operations. The Board has adopted the Corporate Disclosure Policy on 24 June 2013.

The Corporate Disclosure Policy is made available for reference in the Company's corporate website at [www.cylcorporation.com](http://www.cylcorporation.com).

### **2. Leverage on Information Technology for Effective Dissemination of Information**

Shareholders are invited to access the Company's corporate website at [www.cylcorporation.com](http://www.cylcorporation.com) as well as Bursa Securities' corporate website at [www.bursamalaysia.com](http://www.bursamalaysia.com) to obtain the latest information of the Group. The relevant announcements such as quarterly financial results of the Company and dividend declared by the Company can be accessed via the Newsroom section of the corporate website.

### **3. Conduct of General Meetings**

The Board encourages participation of shareholders at every general meeting of the Company and opportunity is given to the shareholders to make

relevant enquiries and seek clarification on the Group's business activities and financial performance.

The Notice of the Nineteenth AGM was circulated more than one (1) month prior to the date of the meeting. Same goes for the Notice of the Twentieth AGM. This would give shareholders more time to go through the Annual Report.

At the Nineteenth AGM held on 22 July 2019, all Directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Company. The Chairman invited the members, corporate representatives and proxies who were present to raise questions pertaining to the Company's Audited Financial Statements and proposed resolutions as set out in the Notice of the Nineteenth AGM, before putting the resolutions to vote. The Senior Management and External Auditors were also present to respond to queries from shareholders.

### **4. Encourage Poll Voting**

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. At least one (1) independent scrutineer must be appointed to validate the votes cast at the general meeting.

At the Nineteenth AGM held on 22 July 2019, all resolutions set out in the

Notice were voted by way of poll. The Company would be conducting the voting by poll on all resolutions tabled at the Twentieth AGM which will be held on 30 July 2020. An independent scrutineer will be appointed to validate the votes cast at the AGM.

## **5. Effective Communication and Proactive Management**

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with the requirements of the MMLR of Bursa Securities pertaining to continuing disclosures, it also adopts the best practices as recommended in the MCCG with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis.

The Annual Report is the main channel of communication between the Company and its shareholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the Annual Report are also governed by the MMLR of Bursa Securities.

Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Directors.

## **6. Compliance and Applicable Financial Reporting Standards**

The Board aims to provide and present a true and fair view of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcements of results to the shareholders as well as the Chairman's statement in the Annual Report. The Board is assisted by the AC to oversee the Group's financial reporting processes and the quality of its financial reporting.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates. The financial statements are prepared in compliance with Malaysian Financial Reporting Standards and disclosure requirements of the MMLR of Bursa Securities. The Directors also have a general responsibility for taking such steps to safeguard the assets of the Group and to prevent and detect fraud and irregularities. The Board deliberated on the quarterly financial results through the analysis of income and expenditures against budget, previous quarter and previous year's corresponding quarter.

# OTHER COMPLIANCE INFORMATION

(Pursuant to Paragraph 9.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

## MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiary company involving the interest of Directors and/or substantial shareholders entered into since the end of the financial year.

## UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate proposals during the financial year.

## RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE

The Company did not seek any shareholders' mandate in respect of RRPT of a revenue or trading nature.

## AUDIT AND NON-AUDIT FEE

The audit and non-audit fees paid or payable by the Company and the Group to the External Auditors and their affiliated companies for the financial year ended 31 January 2020 are set out as below:-

Fee	Company (in RM)	Group (in RM)
Audit	32,000	86,000
Non-audit	4,000	-

# AUDIT COMMITTEE REPORT

## COMPOSITION

Throughout the financial year ended 31 January 2020 ("FYE 2020") up to 4 June 2020, the Audit Committee ("AC") comprised of:-

Name	Membership	Designation
Seow Nyoke Yoong (re-designated as Chairperson on 25 February 2019 and resigned on 5 June 2020)	Chairperson	Senior Independent Non-Executive Director
Tan Sri Abu Talib Bin Othman	Member	Non-Independent Non-Executive Director
Tang Sook Kuen (appointed on 25 February 2019)	Member	Independent Non-Executive Director

Madam Tang Sook Kuen was appointed as a member of the AC, in place of Encik Abdul Malik Bin A Rahman, who had resigned on 1 December 2018. She is a Fellow Member of the Association of Chartered Certified Accountants and Member of the Malaysian Institute of Accountants.

The Chairperson of the AC, Madam Seow Nyoke Yoong had resigned on 5 June 2020, thereby creating a vacancy in the Chair of the AC. The Board will be taking steps to appoint a new Independent Director within 3 months to fill the vacancy created by Madam Seow Nyoke Yoong's resignation in order to comply with Paragraphs 15.09(1)(a) and (b) and 15.10 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Chair of the AC will be filled when the new Independent Director comes on board.

The performance of the AC and its members is assessed by the Board of Directors of the Company ("the Board") through the Nomination Committee on an annual basis. The Board is satisfied that the AC members have discharged their functions, duties and responsibilities in a commendable manner as well as in accordance with the Terms of Reference of the AC, thereby supporting the Board

in ensuring appropriate Corporate Governance standards within the Group.

The Terms of Reference of the AC is available on the Company's corporate website at [www.cylcorporation.com](http://www.cylcorporation.com).

## SUMMARY OF THE WORK OF THE AC DURING THE FINANCIAL YEAR

During the financial year, a total of six (6) AC meetings were held and the attendance of the members is as follows:-

Name of AC Members	No. of Meetings Attended
Seow Nyoke Yoong (resigned on 5 June 2020)	6/6
Tan Sri Abu Talib Bin Othman	6/6
Tang Sook Kuen (appointed on 25 February 2019)	6/6

The work undertaken by the AC for the financial year is as follows:-

### (a) Financial Reporting

The AC reviewed the Group's quarterly unaudited financial results, Annual Report and Annual Audited Financial Statements during its meetings held on 28 March 2019, 13 May 2019, 21 May 2019, 18

June 2019, 17 September 2019 and 16 December 2019 before recommending them to the Board for approval. The review was to ensure that the quarterly unaudited financial results and Audited Financial Statements were prepared in accordance with:-

- MMLR of Bursa Securities;
- Applicable approved accounting standards; and
- Other relevant legal and regulatory requirements.

### (b) External Audit

On 17 September 2019, the AC evaluated the External Audit Plan for FYE 2020 presented by the External Auditors. Having given due consideration to the scope of work and independence of the External Auditors, the AC approved the said External Audit Plan.

On 26 March 2020, the AC went through the audit status update for the FYE 2020 with the External Auditors.

On 28 May 2020, the AC went through the draft Audited Financial Statements with the External Auditors. The External Auditors presented their Final Report to Those Charged with Governance in respect of the audit for FYE 2020.

The AC received assurance from the External Auditors that they were independent from the Group and in compliance with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and Code of Conduct for Objectivity and Independence.

After having deliberated on the draft Audited Financial Statements, the AC reviewed and recommended the same to the Board for approval.

During FYE 2020, the AC conducted two (2) meetings with the External Auditors without the presence of the Executive Directors and executive team of the Group on 13 May 2019 and 17 September 2019.

The non-audit fees charged for services rendered to the Company by the External Auditors and its affiliates in Malaysia for FYE 2020 amounted to RM4,000.

#### (c) Internal Audit

The AC had on 28 March 2019, reviewed and approved the Internal Audit Plan for the FYE 2020. The Internal Audit Plan was developed by the Internal

Auditors based on the Internal Auditors' understanding of the Company's business environment and significant business processes that have an impact on the Group's performance.

The Internal Auditors had on 28 March 2019 and 17 September 2019 presented the Internal Audit Reports and Internal Audit Progress Reports to the AC. At the conclusion of the internal audit reviews, the weaknesses, recommended corrective actions to be taken and Management's response were highlighted and reported to the AC. Subsequently, follow-up reviews were conducted to ensure that corrective actions were implemented accordingly by Management.

The AC conducted two (2) meetings with the Internal Auditors without the presence of the Executive Directors and executive team of the Group on 28 March 2019 and 17 September 2019.

The AC also discussed on the Internal Audit fees and recommended the same to the Board for approval.

#### (d) Other activities

- (i) Reviewed and approved the minutes of the AC meetings;
- (ii) Reviewed the recurrent related party transactions entered into by the Group;
- (iii) Reviewed the extent of the Group's compliance with the provisions set out under the Code for the purpose of preparing the Corporate Governance Overview Statement to be included in the Annual Report;

(iv) Proposed and recommended the appointment of new auditors in place of the retiring auditors to the Board; and

(v) Reviewed the budget for the financial year ending 31 January 2021.

### INTERNAL AUDIT FUNCTION

The internal audit function, which is outsourced to a professional services firm, Kloo Point Risk Management Services Sdn. Bhd., assists the AC in ensuring the adequacy and effectiveness of the internal control systems. The Internal Auditors report directly to the AC.

The activities of the internal audit function during FYE 2020 were as follows:

- (a) regular reviews of business processes with Management in accordance with the Internal Audit Plan approved by AC;
- (b) reported the results of internal audit reviews and provided recommendations for improvement to AC on a periodic basis; and
- (c) followed up on the implementation of audit recommendations and action plans agreed upon by Management.



During the year, the Internal Auditors carried out reviews on the following areas:

Raw material issuance and control	<ul style="list-style-type: none"> <li>- Raw materials withdrawal procedures</li> <li>- Management of raw material storage</li> <li>- Safeguarding of raw materials</li> </ul>
Production yield control system	<ul style="list-style-type: none"> <li>- Recording and monitoring of raw material usage</li> <li>- Monitoring of production and output controls</li> <li>- Production output variances and reporting</li> </ul>
Billing	<ul style="list-style-type: none"> <li>- Billing calculation, preparation and authorisation</li> <li>- Pricing and discount</li> </ul>
Production Planning	<ul style="list-style-type: none"> <li>- Production scheduling</li> <li>- Production plan development</li> <li>- Communication linkage with Sales/ Marketing Department and materials purchase (procurement)</li> </ul>

There were no weaknesses in the system of internal control that has resulted in any material losses, contingencies or uncertainties, which would require disclosure in the Company's Annual Report.

The costs incurred in respect of the internal audit reviews performed by the professional services firm was RM28,000 for FYE 2020.





# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

This Statement on Risk Management and Internal Control has been prepared in accordance with the “Statement on Risk Management and Internal Control - Guidance for Directors of Listed Issuers”, Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Practice 9.2 of the Malaysian Code on Corporate Governance.

## BOARD RESPONSIBILITIES

The Board acknowledges the importance of good practice of corporate governance and is committed to maintaining a sound system of internal control and for reviewing its effectiveness, adequacy and integrity.

The Board recognises that for the Group to achieve its business objectives and sustain success, it is vital that the risk management and internal control processes of the Group are effective.

Management is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control as prescribed above.

Due to the limitations that are inherent in any internal control system, the Group's system of internal control can only manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. Notwithstanding this, the Board

requires that the procedures and controls in place are subject to regular review as part of an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Board has received assurance from the Managing Director and the Executive Director (being the Director who is primarily responsible for the financial management of the Company) that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

## RISK MANAGEMENT FRAMEWORK

The Board is responsible for reviewing the Group's system of control based on an ongoing process designed to identify principal risks to the achievement of strategic goals and business objectives and to manage those risks efficiently, effectively and economically.

The Group has in place Standard Operating Policies and Procedures for its main business cycles highlighting the control objectives, policies, procedures, authority and responsibility of each business cycle.

The Board engages the services of an outsourced Internal Audit firm to review a wide scope of areas i.e. finance functions, human resource, production and operations to occupational health and safety so as to identify any weaknesses in internal controls. The Management is pro-active in identifying new areas for the Internal Auditors to conduct their testing one of which is

the secondary process operations and control.

During the financial year, currency fluctuations posed an insignificant risk to the operations of the Group. The developments surrounding the factors affecting the currencies were closely monitored and decisions were made based on the trend of the currency in the long term.

The Audit Committee (“AC”) reviews internal control issues identified by the Internal Auditors and Management. In the process, it evaluates the adequacy and effectiveness of the Group's risk management and internal control system.

## INTERNAL CONTROL SYSTEM

The Board is satisfied that the system of internal control is adequate.

The internal audit review on Group and Company's operations was carried out throughout the year by an independent professional services firm. The internal audit team undertakes internal audit review based on the annual audit plan that is developed taken into consideration the concerns of management and key risk areas. The Internal Audit Plan is reviewed and approved each year by the AC.

The internal audit team reviews the adequacy and effectiveness of the internal control systems of the business units, and advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented.

## ***DURING THE FINANCIAL YEAR, CURRENCY FLUCTUATIONS POSED AN INSIGNIFICANT RISK TO THE OPERATIONS OF THE GROUP. THE DEVELOPMENTS SURROUNDING THE FACTORS AFFECTING THE CURRENCIES WERE CLOSELY MONITORED AND DECISIONS WERE MADE BASED ON THE TREND OF THE CURRENCY IN THE LONG TERM.***

The internal audit reports are submitted to the AC and the audit issues are discussed during the AC meetings. The AC is responsible for the development and maintenance of the internal control framework and determining that all major issues reported have been satisfactorily resolved. Finally, the committee reports to the Board on its activities, significant results, findings together with ideas and recommendations to improve the internal control systems.

During the year, the areas of review were raw material issuance and control, production yield control system, billing and production planning. There were no significant findings from the reviews conducted by the Internal Auditors.

The principal features of the Group's internal control structures which are conducive toward achieving a sound system of internal control are summarised as follows:-

### **Organisational structure and responsibility levels**

The Group has a defined organisational structure which stipulates the reporting functions of business units and employees. Delegation of authority is established which sets out the

decisions that need to be taken and the appropriate authority levels of Management including matters that require Board's approval.

### **Reporting and review**

The Group's management teams carry out monthly monitoring and review of operational and financial results for all business units within the Group, including monitoring and reporting thereon, of performance against management's target and plans.

### **Information and Communication**

The Group is progressively developing and enhancing its group operating policy and procedure to address the changing environment of its business operations and practices.

The Standard Operating Procedures Manual developed by the Management set out the policies, procedures and practices to identify and mitigate risks, and to ensure that their reporting and compliance objectives are met. The Manuals are to be adopted by all companies in the Group to ensure that all personnel receive a clear message regarding their role in the internal control system.

The Group's Management teams communicate regularly to monitor operational and financial performance as well as formulate action plans to address any area of concern. Scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues.

### **CONCLUSION**

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the Group's risk management and internal control system.

The Board is of the view that there are no significant weaknesses in the system of internal control of the Group for the financial year ended 31 January 2020. The Group continues to take the necessary measures to strengthen its internal controls.

This Statement on Risk Management and Internal Control which was approved by the Board on 28 May 2020, has also been reviewed by the External Auditors.

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

This statement is prepared as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31 January

2020, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed. The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 January 2020.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary are disclosed in Note 6 to the financial statements.

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

## RESULTS

	The Group RM	The Company RM
Profit for the year attributable to the owners of the Company	158,092	492,950

## DIVIDENDS

Since the end of the previous financial year, the Company paid an interim tax exempt dividend of 0.50 sen per ordinary share amounting to RM500,000 in respect of the financial year ended 31 January 2020 on 22 January 2020.

The directors do not recommend any further dividend in respect of the current financial year as the Group wishes to reserve its cash resources in view of uncertainty ahead due to Covid-19 pandemic and for the purpose of business growth.

## ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

## SHARE OPTIONS

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

## RESERVES AND PROVISIONS

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

## DIRECTORS

The directors in office during the financial year and to the date of this report are:

Tan Sri Abu Talib bin Othman\*  
Chen Yat Lee\*  
Seow Nyoke Yoong  
Chen Wai Ling  
Chen Teck Shin\*  
Tang Sook Kuen

\* Also the directors of the subsidiary.

## DIRECTORS' INTERESTS IN SHARES

The following directors, who held office at the end of financial year, had interests in shares as follows:

<i>The Company</i>	Number of ordinary shares			
	At 1.2.2019	Acquisition	Disposal	At 31.1.2020
Tan Sri Abu Talib bin Othman - direct interest	16,300,258	-	-	16,300,258
Chen Yat Lee - direct interest	34,801,800	22,793,000	(22,793,000)	34,801,800
- indirect interest*	22,793,000	-	-	22,793,000
Chen Wai Ling - direct interest	-	3,000,000	-	3,000,000
Chen Teck Shin - direct interest	-	19,793,000	-	19,793,000

\* Disclosure made pursuant to Section 59(11)(c) of Companies Act 2016 in relation to interests held by his spouse and children.

By virtue of his interest in the shares in the Company, Chen Yat Lee is deemed to have an interest in the shares of the subsidiary to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of financial year held any interest in shares in the Company or 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 a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company; and other benefits) by reason of a contract made by the Company or a related corporation with a 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 whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The benefits and remuneration of the directors are disclosed in Note 22 to the financial statements.

## INDEMNITY AND INSURANCE COST

There was no indemnity given to or insurance effected for any of the directors and officers of the Company during the financial year ended 31 January 2020.

## OTHER INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain the appropriate action had been taken in relation to the writing off of debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records 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:

- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to the current assets in the financial statements misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

No contingent or other liability of the Group and 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, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

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) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

## **EVENT OCCURRING AFTER THE REPORTING PERIOD**

Details of event occurring after the reporting period are disclosed in Note 34 to the financial statements.

## **AUDITORS**

Auditors' remuneration is set out in Note 23 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

## **APPROVAL OF THE DIRECTORS' REPORT**

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

---

**CHEN YAT LEE**

Director

---

**CHEN TECK SHIN**

Director

Kuala Lumpur  
28 May 2020

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CYL CORPORATION BERHAD (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of **CYL Corporation Berhad**, which comprise the statements of financial position as at 31 January 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 a summary of significant accounting policies, as set out on pages 43 to 78.

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 January 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 ("ISA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and Other Ethical Responsibilities*

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

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.



Revenue Recognition	
The risk	Our response
<p>The Group is principally involved in the business of manufacturing and supplying of plastic packaging products. During the financial year, the Group recognised revenue from sale of goods amounting to RM41,443,141.</p> <p>Due to the significant volume of sales transactions, there is a risk that revenue could be recognised in the incorrect accounting period for transactions occurring near or at the year end.</p> <p>We have identified revenue recognition as a key audit matter, particularly in respect of the appropriateness of the timing and amount of revenue recognised in the financial year.</p> <p>Refer to “Significant Accounting Policies” and “Revenue” in Notes 3(i) and 20 to the financial statements.</p>	<p>In addressing the risk, we performed, amongst others, the following procedures:</p> <ul style="list-style-type: none"> <li>• Reviewed the compliance on the revenue recognition criteria in accordance with the Group’s accounting policy.</li> <li>• Evaluated the design and implementation and performed control testing over internal controls to revenue account.</li> <li>• On sampling, performed testing of sales transactions throughout the financial year.</li> <li>• On sampling, performed cut-off procedures at year end to ascertain whether revenue is recognised in the appropriate accounting period.</li> </ul>

Impairment of plant and equipment	
The risk	Our response
<p>As at 31 January 2020, the carrying amounts of the Group’s plant and equipment were RM13,556,341. The carrying values of these assets are reviewed annually by management for potential indicators of impairment. Management prepared its impairment model taking into account the useful lives of plant and equipment, historical performance and other available data.</p> <p>For impairment assessment, recoverable amount of plant and equipment are determined using the value-in-use calculation. The assessment requires use of significant degree of estimations by management, in particular relating to estimated cash flow projection and discount rate.</p> <p>As plant and equipment are critical to the operations of the Group and significant estimations and assumptions are involved in the determination of recoverable amount, therefore we considered impairment of plant and equipment as a key audit matter.</p> <p>Refer to “Significant Accounting Policies”, “Significant Accounting Judgements and Estimates” and “Property, Plant and Equipment” in Notes 3(d), 4(i), (ii) and 5 to the financial statements.</p>	<p>In addressing the risk, we performed, amongst others, the following procedures:</p> <ul style="list-style-type: none"> <li>• Reviewed of cash flow projection and key assumptions prepared by management.</li> <li>• Obtained understanding and challenged on key assumptions used by management in the preparation of the Group’s impairment model.</li> <li>• Reviewed the discount rate used and compared the key inputs with other data for reasonableness.</li> <li>• Performed sensitivity analysis on the key inputs used in the cash flow projection.</li> <li>• On sampling, performed physical sighting of the assets.</li> </ul>

We do not have key audit matters in connection with the audit of the separate financial statements of the Company to be communicated in this report.

### *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 MFRS, IFRS and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

As part of an audit in accordance with approved standards on auditing in Malaysia and ISA, 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.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 content of this report.

The financial statements of the Group and of the Company for the financial year ended 31 January 2019 were audited by another firm of auditors whose report thereon dated 24 May 2019 expressed an unmodified opinion on those financial statements.

## MAZARS PLT (LLP0010622-LCA)

Chartered Accountants (AF 001954)

## RAJVINDERJIT SINGH A/L SAVINDER SINGH

03400/11/2020 J

Chartered Accountant

Kuala Lumpur

28 May 2020

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2020

	Note	31.01.2020 RM	31.01.2019 RM (Restated)	01.02.2018 RM (Restated)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	5	54,541,775	57,396,294	56,242,969
Other Investments	7	85,100	85,100	85,100
		54,626,875	57,481,394	56,328,069
<b>CURRENT ASSETS</b>				
Inventories	8	5,870,265	5,667,292	5,441,798
Trade receivables	9	6,575,199	11,935,634	12,299,868
Right to returned goods asset	10	16,095	37,850	-
Other receivables, deposits and prepayments	11	243,034	256,595	1,123,053
Other investments	7	-	-	1,505,698
Current tax asset		276,072	247,912	-
Short-term deposits with licensed banks	12	6,324,517	3,437	4,544,196
Cash and bank balances		1,109,785	2,320,228	707,880
		20,414,967	20,468,948	25,622,493
<b>TOTAL ASSETS</b>		75,041,842	77,950,342	81,950,562
<b>EQUITY</b>				
Share capital	13	51,504,405	51,504,405	51,504,405
Retained earnings		12,274,919	12,579,526	16,851,039
		63,779,324	64,083,931	68,355,444
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	14	5,226,045	5,109,453	4,373,175
Provision for gratuity payment	15	415,460	376,852	349,745
		5,641,505	5,486,305	4,722,920
<b>CURRENT LIABILITIES</b>				
Trade payables	16	2,778,901	5,625,674	5,792,325
Other payables and accruals	17	1,982,797	1,919,337	1,914,871
Refund liability	18	25,959	61,049	-
Amount owing to a director	19	14,000	-	-
Provision for gratuity payment	15	819,356	774,046	972,084
Current tax liabilities		-	-	192,918
		5,621,013	8,380,106	8,872,198
<b>TOTAL LIABILITIES</b>		11,262,518	13,866,411	13,595,118
<b>TOTAL EQUITY AND LIABILITIES</b>		75,041,842	77,950,342	81,950,562

The accompanying Notes form an integral part of the Financial Statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2020

	Note	2020 RM	2019 RM
<b>NON-CURRENT ASSETS</b>			
Investment in a subsidiary	6	51,317,184	51,317,184
<b>CURRENT ASSETS</b>			
Other receivable	11	40	40
Amount owing by a subsidiary	6	259,531	265,282
Cash and bank balances		7,169	12,772
		266,740	278,094
<b>TOTAL ASSETS</b>		<b>51,583,924</b>	<b>51,595,278</b>
<b>EQUITY</b>			
Share capital	13	51,504,405	51,504,405
Retained earnings		1,744	8,794
		51,506,149	51,513,199
<b>CURRENT LIABILITY</b>			
Other payables and accruals	17	77,775	82,079
<b>TOTAL EQUITY AND LIABILITY</b>		<b>51,583,924</b>	<b>51,595,278</b>

*The accompanying Notes form an integral part of the Financial Statements.*

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2020

	Note	Group		Company	
		2020 RM	2019 RM (Restated)	2020 RM	2019 RM
Revenue	20	41,443,141	53,389,247	790,000	310,000
Other income		434,756	178,104	61	-
Interest income from short-term deposits		129,860	107,590	-	-
Fair value gain on other investments		-	10,131	-	-
Changes in inventories of finished goods		(145,544)	119,501	-	-
Raw materials and consumables used		(21,300,038)	(32,983,353)	-	-
Employee benefits expenses	21	(5,954,223)	(6,553,944)	-	-
Remuneration of key management personnel	22	(1,624,596)	(1,712,265)	(103,429)	(96,500)
Depreciation of property, plant and equipment	5	(3,811,532)	(4,020,882)	-	-
Changes in impairment of trade receivables		64,279	(134,060)	-	-
Other expenses		(8,720,510)	(9,875,088)	(193,682)	(209,360)
Unwinding of discount		(38,608)	(27,107)	-	-
<b>Profit/(Loss) before tax</b>	23	476,985	(1,502,126)	492,950	4,140
Tax expense	24	(318,893)	(93,575)	-	-
<b>Profit/(Loss) for the year, attributable to owners of the Company</b>		158,092	(1,595,701)	492,950	4,140
Other comprehensive income/ (loss), net of tax <i>Items that will not be reclassified subsequently to profit or loss:</i>					
Deferred tax on revaluation surplus		-	(692,653)	-	-
Reversal of deferred tax liability pertaining to gain on revaluation of properties		37,301	37,302	-	-
<b>Total comprehensive income/ (loss) for the year</b>		195,393	(2,251,052)	492,950	4,140
<b>Earnings/(Loss) per ordinary share</b> - Basic and diluted (sen)	25	0.16	(1.60)		

The accompanying Notes form an integral part of the Financial Statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2020

	Note	Share Capital RM	Retained Earnings RM	Total Equity RM
At 1 February 2018 (as previously stated)		51,504,405	15,735,718	67,240,123
Prior year adjustments	33	-	1,115,321	1,115,321
<b>At 1 February 2018 (as restated)</b>		51,504,405	16,851,039	68,355,444
Impact of adoption of MFRS 15		-	(20,461)	(20,461)
Dividends paid	26	-	(2,000,000)	(2,000,000)
Total comprehensive loss for the year		-	(2,251,052)	(2,251,052)
<b>At 31 January 2019 (as restated)</b>		51,504,405	12,579,526	64,083,931
Dividends paid	26	-	(500,000)	(500,000)
Total comprehensive income for the year		-	195,393	195,393
<b>At 31 January 2020</b>		51,504,405	12,274,919	63,779,324

*The accompanying Notes form an integral part of the Financial Statements.*

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2020

	Note	Share Capital RM	Retained Earnings RM	Total Equity RM
At 1 February 2018		51,504,405	2,004,654	53,509,059
Dividends paid	26	-	(2,000,000)	(2,000,000)
Total comprehensive income for the year		-	4,140	4,140
<b>At 31 January 2019</b>		51,504,405	8,794	51,513,199
Dividends paid	26	-	(500,000)	(500,000)
Total comprehensive income for the year		-	492,950	492,950
<b>At 31 January 2020</b>		51,504,405	1,744	51,506,149

*The accompanying Notes form an integral part of the Financial Statements.*



# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) before tax	476,985	(1,502,126)	492,950	4,140
Adjustments for:				
Depreciation of property, plant and equipment	3,811,532	4,020,882	-	-
Inventories written down	402,413	239,017	-	-
Provision for gratuity payment	45,310	139,908	-	-
Changes in allowance of doubtful debts	(64,279)	134,060	-	-
Unrealised loss on foreign exchange	20,391	71,366	-	-
Interest income	(129,860)	(107,590)	-	-
Fair value gain on other investments	-	(10,131)	-	-
Unwinding of discount	38,608	27,107	-	-
Dividend income	-	-	(790,000)	(310,000)
<b>Operating profit/(loss) before working Capital Changes</b>	<b>4,601,100</b>	<b>3,012,493</b>	<b>(297,050)</b>	<b>(305,860)</b>
Changes in inventories	(605,386)	(464,511)	-	-
Changes in receivables	5,491,888	143,770	5,751	1,967,212
Changes in right to returned goods assets	21,755	(4,466)	-	-
Changes in payables	(2,798,242)	(219,387)	(4,304)	28,796
Changes in refund liability	(35,090)	7,205	-	-
Cash generated from/(used in) operations	6,676,025	2,475,104	(295,603)	1,690,148
Income tax paid	(193,160)	(453,479)	-	-
Dividend received	-	-	790,000	310,000
Gratuity paid	-	(337,946)	-	-
<b>Net cash generated from operating activities</b>	<b>6,482,865</b>	<b>1,683,679</b>	<b>494,397</b>	<b>2,000,148</b>

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	129,860	107,590	-	-
Disposals of other investments	-	1,515,829	-	-
Purchase of property, plant and equipment (Note A)	(957,013)	(4,235,509)	-	-
Deposits paid for purchase of property, plant and equipment	(45,075)	-	-	-
<b>Net cash used in investing activities</b>	<b>(872,228)</b>	<b>(2,612,090)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>				
Dividend paid, representing net cash used in financing activity	(500,000)	(2,000,000)	(500,000)	(2,000,000)
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>5,110,637</b>	<b>(2,928,411)</b>	<b>(5,603)</b>	<b>148</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>2,323,665</b>	<b>5,252,076</b>	<b>12,772</b>	<b>12,624</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>7,434,302</b>	<b>2,323,665</b>	<b>7,169</b>	<b>12,772</b>
Represented by:				
Short-term deposits with licensed banks	6,324,517	3,437	-	-
Cash and bank balances	1,109,785	2,320,228	7,169	12,772
	<b>7,434,302</b>	<b>2,323,665</b>	<b>7,169</b>	<b>12,772</b>

Note A

	Group	
	2020 RM	2019 RM
Additions during the year (Note 5)	957,013	5,174,207
Less: Deposits paid in the preceding years	-	(938,698)
<b>Cash paid during the financial year</b>	<b>957,013</b>	<b>4,235,509</b>

*The accompanying Notes form an integral part of the Financial Statements.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

## 1. GENERAL INFORMATION

**CYL Corporation Berhad** (the “Company”) is a public company limited by way of shares incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are disclosed on page 6.

The principal activity of the Company is investment holding. The principal activities of the subsidiary are disclosed in Note 6.

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

## 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, as stated in the significant accounting policies set out in Note 3.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

### (a) Application of new or amended standards

In the current year, the Group and the Company have applied a number of new standard, amendments and IC Interpretation that become effective mandatorily for the financial periods beginning on or after 1 February 2019.

The adoption of the new standard, amendments and IC Interpretation does not have significant impact on the disclosures or on the amounts reported in the financial statements of the Group and of the Company.

### (b) New or amended standards issued that are not yet effective

The Group and the Company have not applied the following amendments that have been issued by the MASB and relevant to its operation but are not yet effective:

	Effective Date
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards 1 January 2020
Amendments to MFRS 3	Definition of a Business 1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material 1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform 1 January 2020
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current 1 January 2022
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture To be announced by MASB

The adoption of the above amendments are not expected to have significant impact on the financial statements of the Group and of the Company upon their initial application.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the entity controlled by the Company made up to the end of the financial year.

The Company controls an investee if and only if the Company:

- has power over the investee;
- is exposure, or rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Company has no majority voting rights of an investee, it considers that it has power over the investee if the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation. Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

#### *Changes of interests in subsidiary*

The changes of interests in subsidiary that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interests. Any difference arising from equity transactions is recognised directly in equity.

When the Company loses control of a subsidiary:

- It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.
- It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary at the date when control is lost.
- It recognises any investment retained in the former subsidiary at its fair value when control is lost. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

#### (b) Business combination

The Group accounts for each business combination by applying the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Acquisition related costs are recognised as expenses when the costs are incurred.

On the date of acquisition, goodwill is measured as the excess of (i) over (ii) below:

- (i) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interests in the investee; and (iii) the fair value of the Group's previously held equity interest in the investee, if the business combination achieved in stages.

(ii) The net fair value of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, a business combination in which the amount in (ii) above exceeds the aggregate of the amounts in (i) above, the Group recognises the resulting gain in profit or loss.

Measurement period adjustments are adjustments that arise from additional information obtained during 12 months from the acquisition date, about facts and circumstances that existed at the acquisition date. If the initial accounting for a business combination is incomplete by the reporting date in which the business combination occurs, the Group reports provisional amounts for the business combination. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of the acquisition date.

When the consideration in a business combination includes contingent consideration, the contingent consideration is measured at fair value on acquisition date.

- Subsequent changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.
- Subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments: (i) contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity; or (ii) other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

(c) Investment in a subsidiary (separate financial statements)

In the Company's separate financial statements, investment in a subsidiary is measured at cost less impairment losses, if any. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the investment disposed is recognised in profit or loss.

(d) Property, plant and equipment

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

Depreciation is recognised to write off the depreciable amount of property, plant and equipment on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost.

Freehold land is not depreciated. The annual depreciation rates of other items are:

Freehold buildings	2%
Freehold apartments	2%
Plant and machinery	10%
Office equipment	10%
Furniture and fittings	10%
Motor vehicles	20%
Electrical installation	10%
Containers	10%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use. On disposal or retirement of an asset, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(e) Impairment of non-financial asset

Property, plant and equipment, transferable golf club membership and investment in a subsidiary are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(f) Inventories

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

Raw materials and packing materials consist of invoiced value of good purchase and determined on the first-in-first-out basis. The costs of finished goods include materials, labour and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

The amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs. The amount of any reversal of write-down of inventories, arising from change in circumstances affecting the net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

**Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

*Subsequent measurement*

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments); or
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments); or
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

#### *Financial assets at amortised cost*

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

#### *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including but not limited to:

- Debt instruments that are designated as at FVTPL, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Derivative instruments.

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

#### *Impairment of financial assets*

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost, receivables and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables, contract assets and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets are estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within 12 months after the reporting date. For those credit exposures for which there has been a significant

increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

#### *Derecognition of financial assets*

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### **Financial liabilities and equity instruments**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### **Financial liabilities**

All financial liabilities are subsequently measured at FVTPL or at amortised cost.

#### *Financial liabilities at amortised cost*

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability by allocating interest income/expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of a debt instrument or a financial liability, to the amortised cost of the debt instrument or the financial liability.

#### *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 payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the loss allowance determined in accordance with MFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amount of income recognised.



### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

### **Equity instrument**

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Dividends to shareholders are recognised in equity in the period which they are declared.

#### **(h) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, a provision represents the present value of estimated future cash flows.

When some or all of the cash flows required to settle a provision are expected to be recovered from a third party, an asset is recognised if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **(i) Revenue and other income recognition**

Revenue from contracts with customers comprises sales of own-produced plastic packaging products.

Revenue is recognised when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

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

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

Revenue is recognised at the point of time where control of the goods has been transferred to the customer, being when the products have been delivered to a location specified by the customer and acceptance of the goods by the

customer. Following delivery, the customer has full discretion over the manner of distribution of the goods, has the primary responsibility when using the goods and bears the risks of obsolescence and loss in relation to the goods.

Revenue is measured at the fair value of the consideration for the goods received or receivable, net of returns. No element of financing is included in the selling prices as the consideration is received or receivable within credit terms ranging from 30 to 90 days.

Under the Group's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

*Other income is recognised as follows:*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

(j) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred; and ceases when the asset is completed or during extended periods when active development is interrupted.

All other borrowing costs are recognised in profit or loss in the financial period in which they are incurred.

(k) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(ii) Post-employment benefits

The Group makes monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan. The legal or constructive obligation of the Group is limited to the amount that it agrees to contribute to the EPF. The contributions to the EPF are charged to profit or loss in the period to which they relate.

(iii) Provision for gratuity payment

Provision for gratuity payment represents amount payable to the executive directors of the Company at the end of their employment tenure. The executive directors are entitled to one month last drawn basic salary for every completed year of service in the subsidiary.

(l) Income tax

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

*Current Tax*

Current tax is the expected income tax payable on the taxable profit for the year, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

*Deferred Tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the financial period when the asset is realised or when the liability is settled.

(m) Foreign currencies

*Transactions and Balances in Foreign Currencies*

Transactions in currencies other than the functional currency ("foreign currencies") are recognised at the prevailing exchange rate on the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are translated at the prevailing exchange rate on that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at the prevailing exchange rate on the date of the transaction. Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the prevailing exchange rate on the date when the fair values were determined.

Exchange differences are recognised in profit or loss.

(n) Leases

At inception of a contract, the Group assesses whether the contract contains a lease. A contract 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.

Reassessment is only required when the terms and conditions of the contract are changed. Leases, except for short-term leases and leases of low value assets, are recognised as a right-of-use asset and corresponding lease liability at the date which the underlying asset is available for use.

Lease liability is initially measured at the present value of the lease payments discounted using the implicit rate in the lease, or the Group's incremental borrowing rate, if the implicit rate cannot be readily determined. Lease liability is remeasured, with a corresponding adjustment to the right-of-use asset, if there is a modification or change in the lease terms or intentions.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(o) Segment reporting

Segment reporting in the financial statements is presented on the same basis as that used by management internally for evaluating operating segment performance and in deciding on the allocation of resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide on the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value.

(q) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets (for identical assets or liabilities).

Level 2: Inputs (other than quoted prices included within Level 1) are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques that include unobservable inputs (not based on observable market data).

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the reporting date, and the reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

##### **Critical judgement made in applying accounting policies**

Management is of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

##### **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

##### **(i) Estimation of useful lives of property, plant and equipment**

The Group reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. Property, plant and equipment are depreciated over their useful lives. The estimated useful lives are a matter of judgement based on experience of the Group, taking into account factors such as technological progress, changes in market demand, expected usage and physical wear and tear. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variation in their carrying values.

##### **(ii) Impairment of property, plant and equipment**

Annually, the Group carried out a review of the recoverable amount of the property, plant and equipment. The recoverable amount of the property, plant and equipment is estimated based on value-in-use calculations and fair value less costs to sell. The value-in-use is determined by discounting the future cash flows generated from the continuing use of the plant and equipment and the projected cash flows were prepared based on the financial projections covering five (2019: five) years period approved by the directors. The values assigned to the key assumptions used in the calculations represent management's estimate of the future income which involve significant management's estimations based on various factors at the reporting date.

(iii) Write-down of inventories

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices.

Inventories are reviewed on a regular basis and the Group will make an impairment loss for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional impairment losses for slow-moving inventories may be required.

(iv) Determining the loss allowance for trade receivables

Management assesses the ECL for trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies simplified approach of *MFRS 9 Financial Instruments* in assessing the impairment of trade receivables.

In determining the ECL, management uses historical credit loss experience for trade receivables to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables.

The ECL on trade receivables as at current reporting date is primarily mainly based upon the historical credit loss experience.

(v) Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Freehold buildings	Freehold apartments	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Electrical installation	Container	Total
2020	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Cost</b>										
At 01.02.2019 (as restated)	24,160,000	20,028,101	1,000,000	98,522,175	2,556,724	547,910	5,593,233	1,425,693	2,700	153,836,536
Additions	-	-	-	880,096	61,620	-	-	15,297	-	957,013
Write-offs	-	-	-	-	-	(19,938)	-	(276,058)	-	(295,996)
At 31.01.2020	24,160,000	20,028,101	1,000,000	99,402,271	2,618,344	527,972	5,593,233	1,164,932	2,700	154,497,553
<b>Accumulated depreciation</b>										
At 01.02.2019 (as restated)	-	3,578,731	201,152	83,663,053	2,186,611	527,827	4,942,566	1,337,603	2,699	96,440,242
Charge for the year	-	400,562	22,222	2,947,605	95,335	5,656	323,469	16,683	-	3,811,532
Write-offs	-	-	-	-	-	(19,938)	-	(276,058)	-	(295,996)
At 31.01.2020	-	3,979,293	223,374	86,610,658	2,281,946	513,545	5,266,035	1,078,228	2,699	99,955,778
Net carrying value										
At 31.01.2020	24,160,000	16,048,808	776,626	12,791,613	336,398	14,427	327,198	86,704	1	54,541,775

Group	Freehold land	Freehold buildings	Freehold apartments	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Electrical installation	Container	Total
2019	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Cost</b>										
At 01.02.2018 (as previously stated)	24,160,000	20,007,301	1,000,000	93,272,699	2,513,084	547,910	5,593,233	1,391,743	2,700	148,488,670
Prior year adjustments (Note 33)	-	-	-	173,659	-	-	-	-	-	173,659
At 01.02.2018 (as restated)	24,160,000	20,007,301	1,000,000	93,446,358	2,513,084	547,910	5,593,233	1,391,743	2,700	148,662,329
Additions	-	20,800	-	5,075,817	43,640	-	-	33,950	-	5,174,207
At 31.01.2019 (as restated)	24,160,000	20,028,101	1,000,000	98,522,175	2,556,724	547,910	5,593,233	1,425,693	2,700	153,836,536
<b>Accumulated depreciation</b>										
At 01.02.2018 (as previously stated)	-	4,503,035	252,339	80,555,629	2,090,708	521,265	4,549,392	1,323,478	2,699	93,798,545
Prior year adjustments (Note 33)	-	(1,324,589)	(73,409)	18,813	-	-	-	-	-	(1,379,185)
At 01.02.2018 (as restated)	-	3,178,446	178,930	80,574,442	2,090,708	521,265	4,549,392	1,323,478	2,699	92,419,360
Charge for the year	-	400,285	22,222	3,088,611	95,903	6,562	393,174	14,125	-	4,020,882
At 31.01.2019 (as restated)	-	3,578,731	201,152	83,663,053	2,186,611	527,827	4,942,566	1,337,603	2,699	96,440,242
Net carrying value										
At 31.01.2019 (as restated)	24,160,000	16,449,370	798,848	14,859,122	370,113	20,083	650,667	88,090	1	57,396,294

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use, with an aggregate cost of RM79,912,079 (31.1.2019: RM74,427,130, 1.2.2018: RM69,989,412).

Prior to the adoption of MFRSs in 2013, the Group's freehold land and freehold buildings were stated at valuation less accumulated depreciation and impairment losses. Upon transition to MFRSs, the Group had decided to measure its freehold land and freehold buildings using the cost model under *MFRS 116 Property, Plant and Equipment*. Thus, at the date of transition to MFRS, the optional exemption in *MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards* was applied to regard the revalued amounts of the land and buildings as deemed cost under MFRSs.

#### *Impairment review of property, plant and equipment*

The Group assesses at each balance sheet date, whether there is any objective evidence that the Group's property, plant and equipment may be impaired. The recoverable amounts of the property, plant and equipment is the greater of its value-in-use ("VIU") and its fair value less costs to sell.

The approach to determine the recoverable amounts of the assets is categorised as follows:

- The recoverable amounts of freehold land, freehold buildings and freehold apartments have been determined by the directors based on fair value less costs to sell. The directors made comparison of the Group's freehold properties with similar properties that were listed for sale within the same locality or other comparable localities.
- The recoverable amounts of manufacturing plant and equipment have been determined based on the calculation of VIU derived from approved cash flow projection prepared by the management.

## 6. INVESTMENT IN A SUBSIDIARY

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost	47,749,184	47,749,184
Capital contribution	3,568,000	3,568,000
	51,317,184	51,317,184

The capital contribution is for the subsidiary's capital expenditures and working capital purposes, which is treated as quasi-equity. The capital contribution has no fixed term of repayment and is repayable at the discretion of the subsidiary.

The details of the subsidiary, which is incorporated in Malaysia, are as follows:

	Equity interest		Principal activities
	2020 %	2019 %	
Perusahaan Jaya Plastik (M) Sdn. Bhd.*	100	100	Manufacturing and supplying of plastic packaging products

Amount owing by a subsidiary represents unsecured advances which are interest-free repayable on demand.

\*Audited by Mazars PLT.



## 7. OTHER INVESTMENTS

	Group		
	31.01.2020 RM	31.01.2019 RM (Restated)	01.02.2018 RM (Restated)
<b>Non-current assets</b>			
Transferable golf club membership (Note a)	85,100	85,100	85,100
<b>Current assets</b>			
<i>Designated at FVTPL</i>			
Money market funds in Malaysia (Note b)	-	-	1,505,698

The movements of the money market funds are as follows:

	Group	
	31.01.2020 RM	31.01.2019 RM
At 1 February	-	1,505,698
Changes in fair value	-	10,131
Disposals	-	(1,515,829)
At 31 January	-	-

- (a) The club membership is assessed as having an indefinite useful life and tested annually for impairment.
- (b) Other investments included under current assets represents investment in a Shariah-compliant money market funds which is managed by a local financial institution. The fund's permitted investments are placement in islamic deposits, short-term islamic money market instruments and short-term sukuk.

Investment in money market funds are valued with reference to the latest unit price as at the reporting date as advised by the investment manager. The fair value of the funds is classified under Level 2 of the fair value hierarchy.

## 8. INVENTORIES

	Group	
	2020 RM	2019 RM
Raw materials	1,908,944	1,905,027
Finished goods	1,866,891	2,012,436
Packing materials	2,094,430	1,749,829
	5,870,265	5,667,292

The cost of inventories recognised as an expense during the year was RM21,847,995 (2019: RM33,102,869).

## 9. TRADE RECEIVABLES

	Group	
	2020 RM	2019 RM
Trade receivables	6,644,980	12,069,694
Less: Allowance for doubtful debts	(69,781)	(134,060)
	6,575,199	11,935,634

The credit period granted to the customers ranged between 30 to 90 (2019: 30 to 90) days.

The currency exposure profile of trade receivables is as follows:

	Group	
	2020 RM	2019 RM
RM	6,320,171	11,805,386
United States Dollar ("USD")	235,595	130,248
Singapore Dollar ("SGD")	19,433	-
	6,575,199	11,935,634

## 10. RIGHT TO RETURNED GOODS ASSET

The right to returned goods asset represents the Group's right to recover products from customers where customers exercise their right of return under the Group's return policy. Management applies historical experience to estimate the number of returns on a portfolio level using the expected value method. The average period where the returns are exercised is within 30 days.

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31.01.2020 RM	31.01.2019 RM (Restated)	01.02.2018 RM (Restated)
<b>Group</b>			
Other receivables	8,310	5,576	27,480
Deposits	138,720	92,030	1,025,128
Prepayments	54,828	73,455	70,445
Goods and Services Tax recoverable	41,176	85,534	-
	243,034	256,595	1,123,053
<b>Company</b>			
Other receivable	40	40	40

Included in deposits of the Group as at the reporting date are deposits paid in respect of the purchase of property, plant and equipment amounting to RM45,075 (31.1.2019: RMNil; 1.2.2018: RM938,697).

## 12.SHORT-TERM DEPOSITS WITH LICENSED BANKS

Short-term deposits with licensed banks of the Group represent investments in fixed income fund managed by licensed investment banks, whereby the amount deposited can be withdrawn after giving a notice period of 1 (2019: 1) day. The short-term deposits earn effective interest at 3.46% (2019: 3.31%) per annum.

## 13.SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid ordinary shares: At 1 February/31 January	100,000,000	51,504,405	100,000,000	51,504,405

## 14.DEFERRED TAX LIABILITIES

	Group	
	2020 RM	2019 RM
At 1 February	5,109,453	4,373,175
Recognised in profit or loss	153,893	80,927
Recognised in other comprehensive income	(37,301)	655,351
At 31 January	5,226,045	5,109,453

The deferred tax liabilities comprise:

	Group	
	2020 RM	2019 RM
Temporary differences arising from:		
Unabsorbed capital allowances	-	(312,586)
Difference between net carrying amount and tax written down value of property, plant and equipment	5,537,609	5,708,610
Provision	(296,356)	(295,371)
Others	(15,208)	8,800
	5,226,045	5,109,453

Included in the other comprehensive income is the related tax effects of the following:

- Deferred tax liability of RM912,477 (2019: RM949,778) relating to revaluation surplus of properties arising from revaluations carried out in prior to Group's transition to MFRS. The deferred tax liability is reversed out to other comprehensive income corresponding with the depreciation charge on the underlying revalued properties; and
- Deferred tax liability of RM1,385,305 (2019: RM1,385,305) representing the real property gain tax of 10% (2019: 10%) relating to the revaluation surplus of freehold land arising from revaluations carried out prior to the Group's transition to MFRS.

## 15. PROVISION FOR GRATUITY PAYMENT

	Group	
	31.01.2020 RM	31.01.2019 RM (Restated)
At 1 February	1,150,898	1,321,829
Provision for the year	45,310	139,908
Gratuity paid during the year	-	(337,946)
Unwinding of discount	38,608	27,107
At 31 January	1,234,816	1,150,898

	31.01.2020 RM	31.01.2019 RM (Restated)	01.02.2018 RM (Restated)
Analysed as follows:			
Current	819,356	774,046	972,084
Non-current	415,460	376,852	349,745
	1,234,816	1,150,898	1,321,829

## 16. TRADE PAYABLES

The normal credit period granted by the suppliers ranged between 60 to 120 (31.1.2019: 60 to 120, 1.2.2018: 60 to 120) days.

The currency exposure profile of trade payables is as follows:

	Group		
	31.01.2020 RM	31.01.2019 RM (Restated)	01.02.2018 RM (Restated)
RM	1,789,548	3,118,426	2,969,232
USD	989,353	2,507,248	2,823,093
	2,778,901	5,625,674	5,792,325

## 17. OTHER PAYABLES AND ACCRUALS

	2020 RM	2020 RM
<b>Group</b>		
Other payables	1,145,881	1,216,265
Accruals	836,916	703,072
	1,982,797	1,919,337
<b>Company</b>		
Accruals	77,775	82,079

## 18. REFUND LIABILITY

The refund liability relates to customers' right to return products due to manufacturing defects which are usually within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned. Management uses historical experience to estimate the number of returns on a portfolio level using the expected value method.

## 19. AMOUNT OWING TO A DIRECTOR

Amount owing to a director represents unsecured advances which are interest-free and repayable on demand.

## 20. REVENUE

	Group		Company	
	2020 RM	2019 RM (Restated)	2020 RM	2019 RM
<i>Revenue from contracts with customers recognised at a point in time</i>				
- Sale of goods	41,443,141	53,389,247	-	-
<i>Other revenue</i>				
- Dividend income from subsidiary	-	-	790,000	310,000
	41,443,141	53,389,247	790,000	310,000

## 21. EMPLOYEE BENEFIT EXPENSES (EXCLUDING DIRECTORS)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, wages, and allowances	4,090,456	4,330,170	-	-
Contributions to EPF	343,874	383,039	-	-
Social security costs	55,043	52,619	-	-
Other staff benefits	1,464,850	1,788,116	-	-
	5,954,223	6,553,944	-	-

## 22. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel of the Group and the Company are those having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. Directors are considered as the key management personnel of the Group and of the Company.

The remuneration of key management personnel is as follows:

	Group		Company	
	2020 RM	2019 RM (Restated)	2020 RM	2019 RM
Executive directors :				
- Salaries and allowances	1,167,721	1,167,721	-	-
- Provision for gratuity	45,310	139,908	-	-
- Contributions to EPF	140,136	140,136	-	-
Non-executive directors:				
- Fees	260,429	256,000	92,429	88,000
- Other emoluments	11,000	8,500	11,000	8,500
	1,624,596	1,712,265	103,429	96,500

## 23.PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2020 RM	2019 RM (Restated)	2020 RM	2019 RM
Auditors' remuneration				
- Statutory audit	86,000	113,000	32,000	47,000
- Other	4,000	3,500	4,000	3,500
Realised (gain)/loss on foreign exchange	(48,258)	76,502	-	-
Rental of low value assets	25,200	25,200	-	-
Unrealised loss on foreign exchange	20,391	71,366	-	-
Write down of inventories	402,413	239,017	-	-

## 24.TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM (Restated)	2020 RM	2019 RM
Malaysian taxation				
- current	165,000	-	-	-
- deferred	185,730	(231,659)	-	-
	350,730	(231,659)	-	-
(Over)/Underestimated in prior years				
- current	-	12,648	-	-
- deferred	(31,837)	312,586	-	-
	(31,837)	325,234	-	-
Tax expense	318,893	93,575	-	-

The difference between tax expense and the amount of tax determined by multiplying the profit/(loss) before tax to the applicable tax rate, is analysed as follows:

	Group		Company	
	2020 RM	2019 RM (Restated)	2020 RM	2019 RM
Profit/(Loss) before tax	476,985	(1,502,126)	492,950	4,140
Tax at the applicable tax rate of 24% (2019: 24%)	114,476	(360,510)	118,308	994
Tax effects of:				
- non-deductible expenses	289,587	157,104	71,307	73,406
- non-taxable income	(53,333)	(28,253)	(189,615)	(74,400)
(Over)/Underestimated in prior years	(31,837)	325,234	-	-
Tax expense	318,893	93,575	-	-

As at the reporting date, the Group has the following tax exempt income, subject to agreement by Inland Revenue Board:

	2020 RM	2019 RM
Reinvestment allowances	-	186,781
Tax exempt account	2,072,495	2,385,714
Tax-exempt dividend income	4,141,720	3,851,720

The tax-exempt dividend income is arising from tax-exempt dividend income from the subsidiary and is available for distribution to shareholders.

## 25. EARNINGS/(LOSS) PER SHARE

Earnings/(Loss) per share is calculated by dividing profit/(loss) for the year by the weighted average number of ordinary shares issued.

	Group	
	2020	2019 (Restated)
Profit/(Loss) for the year attributable to the owners of the Company (RM)	158,092	(1,595,701)
Weighted average number of ordinary shares for the purposes of basic earnings per share	100,000,000	100,000,000
Basic earnings/(loss) per share (sen)	0.16	(1.60)

The basic and diluted earnings per share are equal as there is no potential dilutive ordinary shares as at the end of the reporting periods.

## 26.DIVIDENDS

	Company	
	2020 RM	2019 RM
<i>In respect of the financial year ended 31 January 2020:</i>	500,000	-
- Interim tax exempt dividend of 0.50 sen per share		
<i>In respect of the financial year ended 31 January 2019:</i>		
- Second interim tax exempt dividend of 2.00 sen per share	-	2,000,000
	500,000	2,000,000

The directors do not recommend any further dividend in respect of the current financial year.

## 27. RELATED PARTY DISCLOSURES

- (a) In addition to the related party transactions disclosed elsewhere in the financial statements, significant related party transactions during the financial year are as follows:

	Group		Company	
	2020 RM	2019 RM (Restated)	2020 RM	2019 RM
<i>Transaction with subsidiary</i>				
Dividend received	-	-	790,000	310,000
<i>Transaction with a director of Company</i>				
Rental expenses of apartment	21,600	21,600	-	-

Outstanding balances in respect of the above transactions are disclosed in Notes 6 and 19.

- (b) Compensation of key management personnel

The key management personnel are the directors of the Company. The remuneration paid/payable to the key management personnel is disclosed in Note 22.

## 28.CAPITAL COMMITMENTS

	Group	
	2020 RM	2019 RM
Approved and contracted for:		
Purchase of property, plant and equipment	633,906	246,617



## 29.FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

Group	31.01.2020 RM	31.01.2019 RM (Restated)	01.02.2018 RM (Restated)
<b>Financial assets</b>			
<i>At amortised cost</i>			
Trade receivables	6,575,199	11,935,634	12,299,868
Other receivables and deposits	147,030	97,606	1,052,608
Short-term deposits with licensed banks	6,324,517	3,437	4,544,196
Cash and bank balances	1,109,785	2,320,228	707,880
	14,156,531	14,356,905	18,604,552
<i>At FVTPL</i>			
Other investments	-	-	1,505,698
	14,156,531	14,356,905	20,110,250
<b>Financial liabilities</b>			
<i>At amortised cost</i>			
Trade payables	2,778,901	5,625,674	5,792,325
Other payables and accruals	1,982,797	1,919,337	1,914,871
Amount owing to director	14,000	-	-
	4,775,698	7,545,011	7,707,196

Company	2020 RM	2019 RM
<b>Financial assets</b>		
<i>At amortised cost</i>		
Other receivable	40	40
Amount owing by a subsidiary	259,531	265,282
Cash and bank balances	7,169	12,772
	266,740	278,094
<b>Financial liability</b>		
<i>At amortised cost</i>		
Other payables and accruals	77,775	82,079

### (b) Fair value of financial instruments

The carrying amounts of financial instruments as at the end of the financial reporting period approximate or were at their fair values due to the relatively short-term maturity of these financial instruments.

## 30.FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including credit risk, foreign currency exchange risk, price fluctuation risk, interest rate risk and liquidity and cash flow risks arising in the normal course of the Group's businesses.

The directors monitor the Group's financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The directors review and agree on policies for managing each of these risks and they are summarised below:

(a) Credit risk

Credit risk is the risk of loss that may arise from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group has a gain position.

*Trade receivables*

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history.

As of the end of the reporting period, there was significant concentration of credit risk arising from amounts owing by 4 (2019: 4) major customers which accounted for 80% (2019: 80%) of total trade receivables. The extension of credit to and the repayments from customers are closely monitored by the management to ensure that they adhere to the agreed credit term and policies. The maximum exposure of credit risk arising from receivables is presented by the carrying amounts in the statements of financial position. The Group does not hold any collateral as security.

The risk profile of receivables and the provision matrix as at the reporting date which is trade in nature are as follows:

Group	Gross carrying amount RM	Loss allowance RM	Carrying amount RM
<b>2020</b>			
Not past due	5,424,232	(30,188)	5,394,044
Past due:			
30 days and below	892,640	(4,963)	887,677
31 to 60 days	101,823	(568)	101,255
61 to 90 days	183,513	(995)	182,518
90 to 120 days	12,901	(3,196)	9,705
120 days and above	29,871	(29,871)	-
	6,644,980	(69,781)	6,575,199
<b>2019</b>			
Not pass due	10,786,750	(53,885)	10,732,865
Past due:			
30 days and below	677,622	(3,397)	674,225
31 to 60 days	208,092	(1,043)	207,049
61 to 90 days	322,752	(1,581)	321,171
120 days and above	74,478	(74,154)	324
	12,069,694	(134,060)	11,935,634

The movements in the loss allowances for trade receivables are as follows:

	2020 RM	2019 RM
At 1 February	134,060	-
Allowance for doubtful debts	-	134,060
Allowance for doubtful debts no longer required	(64,279)	-
At 31 January	69,781	134,060

### **Receivables that are past due but not impaired**

The Group believes that no impairment allowance is necessary in respect of these receivables. They are substantially companies with good collection track record and no recent history of default.

#### *Other receivables and other financial assets*

For other receivables and other financial assets (including cash and balances, short term deposits with licensed banks, and amount owing by a subsidiary), the Group and the Company minimise credit risk by dealing exclusively with creditworthy counterparties. Other receivables and other financial assets are subject to insignificant credit loss as management does not expect any losses arising from non-performance by these 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.

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cash flows to repay the amounts subjected to the write-off.

#### *Financial guarantee*

The Company is exposed to credit risk in relation to financial guarantee given to a licensed bank in respect of credit facilities granted to the subsidiary. The maximum exposure to credit risk amounted to RM7,550,000 (2019: RM7,550,000) representing the maximum amount the Company could pay if the guarantee is called on. The Company monitors on an ongoing basis of the results of the subsidiary and repayments made in respect of amounts outstanding under these banking facilities.

The management determined the fair value of the above financial guarantee to be not significant at its initial recognition.

### **(b) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of foreign exchange rates.

The Group is exposed to foreign currency risk on overseas sales and purchases that are denominated in currencies other than the functional currency of the Group. The foreign currency giving rise to this risk is primarily USD.

The Group reviews the position of amounts outstanding from these foreign currency denominated balances periodically so as to mitigate the negative impact arising from fluctuations in exchange rates on a timely basis. Currently, the Group does not use any financial derivative instruments to hedge its foreign currency risk.

The currency exposures of each financial instrument are disclosed in the respective notes to the financial statements.

A sensitivity analysis has been performed based on the outstanding foreign currency denominated monetary items of the Group as at reporting date. If USD was to strengthen or weaken by 5% against RM with all other variables held constant, the Group profit/(loss) after tax would decrease or increase by approximately RM29,000 (2019: RM90,000).

The other foreign currency denominated monetary items as at reporting date are not material, hence the sensitivity analysis has not been presented.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to changes in interest rate relates primarily to the Group's short-term deposits with licensed banks which is subject to floating rates. The Group does not hedge its interest rate risk.

A sensitivity analysis has been performed based on the outstanding floating rate short-term deposits with licensed banks as at reporting date. If interest rate were to increase or decrease by 50 basis points with all other variables held constant, the Group's profit/(loss) after tax would increase or decrease by RM24,000 (2019: RMNil).

(d) Liquidity and cash flow risks

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. accounts receivable, inventories and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

As at the reporting date, the financial liabilities of the Group and of the Company are repayable within one year.

The table below summarised issued financial guarantee contract of the Company, which represent the credit facilities utilised by the subsidiary at the reporting date, and is allocated to the earliest period in which the guarantee could be called. However, based on circumstances at the end of the financial year, the directors do not foresee the guarantee will be called.

Company	Contractual undiscounted cash flows RM	Within 1 year RM
2020		
Financial guarantee contract	900,000	900,000
2019		
Financial guarantee contract	900,000	900,000

### 31. CAPITAL MANAGEMENT

The Group's primary objectives when managing its capital are to safeguard the Group's ability to continue as a going concern and to provide adequate returns to shareholders whilst sustaining future development of the business.

The Group actively and regularly reviews and manages its capital structure. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, secure new borrowing or sell assets to reduce debts.

No changes were made in the objectives, policies or processes during the year.

As at the balance sheet date, the Group does not have any external borrowing (2019: RMNil). Accordingly, no debt-to-equity ratio is presented.

## 32.SEGMENTAL INFORMATION

### Business Segments

The Group operates in a single industry in the business of manufacturing and supplying of plastic packaging products and principally in Malaysia. Accordingly, no segment information about Group's revenue, profit or loss, assets and liabilities are reported separately.

### Geographical Segments

The disaggregation of the Group's revenue from external customers attributed to Malaysia and other geographical area, from which the Group derived revenue is as follows:

	2020 RM	2019 RM (Restated)
Malaysia	41,017,405	52,973,269
Others	425,736	415,978
	41,443,141	53,389,247

### Major Customers

During the financial year, revenue contribution totaling RM33,005,823 (2019: RM42,820,807) out of the Group's revenue were contributed by 4 (2019: 4) major customers of the Group. Each customer represents revenue contribution equal or more than 10% of the Group's revenue.

## 33.PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS OF COMPARATIVE FIGURES

During the current financial year ended 31 January 2020, the management discovered several accounting errors that relate to prior accounting periods. Accordingly, following comparative figures were restated in below:

- (a) Understatement of plant and equipment of RM440,376 due to non- reversal of deposits made for the purchase of plant and equipment. Depreciation expense of RM47,292 were also not taken up due to the omission.
- (b) Overstatement of depreciation expenses of RM1,713,938 for freehold buildings and freehold apartments due to incorrect computation.
- (c) Adjustment of RM943,999 to the provision of gratuity payment and unwinding of discount of RM1,023,815 in view of the gratuity payment is not expected to be paid within the next 12 months at end of the reporting period.
- (d) Write-offs of unidentified refundable deposits and foreign levy expenses of RM318,787 residing in the other receivables, deposits and prepayments account balances.
- (e) Reclassification of transferable golf club membership of RM85,100 previously residing in other receivables, deposits and prepayments to other investments included under non-current assets.

Certain comparative figures have been reclassified to conform with current year's presentation.

The financial effects arising from the prior year adjustments and reclassifications are as follows:

**Impact on Consolidated Statement of Financial Position as at 1 February 2018**

	As previously stated RM	Prior year adjustments RM	As restated RM
Property, plant and equipment	54,690,125	1,552,844	56,242,969
Other investments	-	85,100	85,100
Other receivables, deposits and prepayments	1,700,599	(577,546)	1,123,053
Provision for gratuity payment	1,376,752	(54,923)	1,321,829
Retained earnings	15,735,718	1,115,321	16,851,039

**Impact on Consolidated Statement of Financial Position as at 31 January 2019**

	As previously stated RM	Prior year adjustments RM	As restated RM
Property, plant and equipment	55,289,272	2,107,022	57,396,294
Other investments	-	85,100	85,100
Other receivables, deposits and prepayments	1,100,858	(844,263)	256,595
Cash and bank balances	2,278,519	41,709	2,320,228
Trade payables	5,583,965	41,709	5,625,674
Provision for gratuity payment	1,230,714	(79,816)	1,150,898
Retained earnings	11,151,851	1,427,675	12,579,526

**Impact on Consolidated Statement of Comprehensive Income for the year ended 31 January 2019**

	As previously stated RM	Prior year adjustments RM	Re- classifications RM	As restated RM
Revenue	53,454,542	-	(65,295)	53,389,247
Other income	112,809	-	65,295	178,104
Remuneration of directors and key management personnel	(1,764,265)	52,000	-	(1,712,265)
Depreciation of property, plant and equipment	(4,308,343)	287,461	-	(4,020,882)
Unwinding of discount	-	(27,107)	-	(27,107)

#### Impact on Consolidated Statement of Cash Flows for the Year Ended 31 January 2019

	As previously reported RM	Prior year adjustments RM	As restated RM
<i>Cash flows from operating activities</i>			
Loss before tax	(1,814,480)	312,354	(1,502,126)
Depreciation of property, plant and equipment	4,308,343	(287,461)	4,020,882
Provision for gratuity payment	191,908	(52,000)	139,908
Unwinding of discount	-	27,107	27,107
Changes in payables	(261,096)	41,709	(219,387)
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment	(4,176,015)	(59,494)	(4,235,509)
Refundable deposits paid for purchase of property, plant and equipment	(59,494)	59,494	-

#### 34.EVENT OCCURRING AFTER YEAR END

On 11 March 2020, the World Health Organisation assessed the Covid-19 outbreak as a pandemic due to rapid escalation of Covid-19 cases across the globe. On 16 March 2020, the Government of Malaysia announced the implementation of a Movement Control Order ("MCO") nationwide from 18 March to 31 March 2020 and was subsequently further extended on several occasions to 9 June 2020. The Covid-19 pandemic also resulted in travel restriction and other precautionary measures implemented by the government of Malaysia.

The management assessed based on pertinent information and facts available at the balance sheet date and concluded that the spread of Covid-19 pandemic is a non-adjusting event to the financial statements of the Group. Consequently, there is no impact on the recognition and measurement of assets and liabilities of the Group as at 31 January 2020.

Notwithstanding this, management also assessed that the Group will be able to maintain sufficient liquidity to enable the Group to meet their liabilities as and when they fall due. The full effect of the pandemic is subject to uncertainty and could not be ascertained at this juncture.

#### 35.AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the board of directors on 28 May 2020.

# STATEMENT BY DIRECTORS

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

We, Chen Teck Shin and Chen Yat Lee, being two of the directors of **CYL Corporation Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 43 to 78 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2020 and financial performance and cash flows of the Group and of the Company 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.

Signed on behalf of the board of directors in accordance with a directors' resolution.

---

**CHEN TECK SHIN**

Director

---

**CHEN YAT LEE**

Director

Kuala Lumpur

28 May 2020

# STATUTORY DECLARATION

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

I, Chen Teck Shin, being the director primarily responsible for the financial management of **CYL Corporation Berhad**, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements set out on pages 43 to 78 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.

Subscribed and solemnly declared by  
the abovenamed **CHEN TECK SHIN**  
at **KUALA LUMPUR** in the Federal  
Territory this 28th day of May, 2020.

Before me,

**CHEN TECK SHIN**  
Chartered Accountant  
(MIA Membership No. 37455)

---

**COMMISSIONER FOR OATHS**



# LIST OF PROPERTIES

AS AT 31 JANUARY 2020

A summary of the information on the landed properties of CYL Group as at 31 January 2020 are as follows:

Title/ Location	Existing use/ Description of property	Area (sq. ft.)	Tenure	Approximate age of building (years)	Net book value as at 31 January 2020 RM	Date of Valuation
Held under Title No. H.S. (D) 184080 Lot No. PT 76 Mukim of Pekan Hicom District of Petaling State of Selangor (after amalgamation of land title)  8-10-12, Jalan Teluk Gadung 27/93 Section 27, 40000 Shah Alam Selangor Darul Ehsan	Industrial/ A three storey office building annexed with three single storey factory/ warehouse	226,466	Freehold	23 - 26 years	24,068,979	11 November 2010
Held under Title No. H.S. (D) 71252 Lot No. PT 23 Mukim of Damansara District of Petaling State of Selangor  Lot 23, Jalan Jaya Setia 26/3 Section 26, Hicom Industrial Estate 40000 Shah Alam Selangor Darul Ehsan	Industrial/ A double storey office building annexed with single storey factory/ warehouse	43,560	Freehold	29	4,360,971	11 November 2010
Held under Title No. H.S. (D) 63661 Lot No. PT 664 Mukim of Damansara District of Petaling State of Selangor  36, Jalan Batu Belah 27/96 Section 27, 40000 Shah Alam Selangor Darul Ehsan	Industrial/ An intermediate unit 1½ storey terraced factory	3,900	Freehold	26	517,657	11 November 2010

Title/ Location	Existing use/ Description of property	Area (sq. ft.)	Tenure	Approximate age of building (years)	Net book value as at 31 January 2020 RM	Date of Valuation
<p>Held under Master Title Nos. H.S. (D) 63617 &amp; H.S.(D) 63619 Master Lot Nos. PT 617 &amp; PT 620 respectively, both in Mukim of Damansara District of Petaling State of Selangor</p> <p>Ten Units of Medium Cost Apartment located at Taman Bunga Negara (Hicom Sector B) Section 26/27, 40400 Shah Alam Selangor Darul Ehsan</p>	Residential/ Ten units of medium cost apartment	Not applicable	Freehold	24	776,624	11 November 2010
<p>Held under Title No. H.S.(D) 63660 Lot No. PT 663 Mukim of Damansara District of Petaling State of Selangor</p> <p>34, Jalan Batu Belah 27/96 Section 27, 40000 Shah Alam Selangor Darul Ehsan</p>	A 1 ½ storey factory	3,900	Freehold	25	518,660	11 November 2010
<p>Held under Title No. H.S.(D) 63630 Lot No. PT 632 Mukim of Damansara District of Petaling State of Selangor</p> <p>4, Jalan Teluk Gadung 27/93 Section 27, 40000 Shah Alam Selangor Darul Ehsan</p>	Industrial/ A double storey office building annexed with single storey factory/ warehouse	55,565	Freehold	12	7,442,536	11 November 2010
<p>Held under Title No. H.S.(D) 63631 Lot No. PT 633 Mukim of Damansara District of Petaling State of Selangor</p> <p>2, Jalan Teluk Gadung 27/93 Section 27, 40000 Shah Alam Selangor Darul Ehsan</p>	Industrial land	55,565	Freehold	Not applicable	3,300,000	11 November 2010

# ANALYSIS OF SHAREHOLDINGS

as at 20 May 2020

No. of Issued Shares : 100,000,000 Ordinary Shares  
 Class of Shares : Ordinary Shares  
 Voting Rights : One (1) vote per Ordinary Share

## SHAREHOLDINGS DISTRIBUTION

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Capital
Less than 100	17	1.19	407	0.00
100 – 1,000	249	17.45	197,700	0.20
1,001 – 10,000	769	53.89	4,277,535	4.28
10,001 – 100,000	356	24.95	10,414,600	10.41
100,001 – < 5% of issued shares	33	2.31	19,202,500	19.20
5% and above of issued shares	3	0.21	65,907,258	65.91
Total	1,427	100.00	100,000,000	100.00

## LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS

No.	Name	No. of Shares held	% of Issued Capital
1	CHEN YAT LEE	29,814,000	29.81
2	CHEN TECK SHIN	19,793,000	19.79
3	ABU TALIB BIN OTHMAN	16,300,258	16.30
4	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEN YAT LEE (MM1133)</i>	4,987,800	4.99
5	CHEN WAI LING	3,000,000	3.00
6	AMBANK (M) BERHAD <i>PLEDGED SECURITIES ACCOUNT FOR FADZLULLAH SHUHAIMI BIN SALLEH (SMART)</i>	1,657,200	1.66
7	ADDEEN TRADING SDN BHD	1,564,600	1.56
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIEW KON SING @ LIEW KONG</i>	1,105,800	1.11
9	CHEN YIN KHEE	935,700	0.94
10	WONG CHEW HIN	530,000	0.53
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>LAU YU MOI</i>	430,100	0.43
12	NG INN JWEE	404,000	0.40
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN (E-KLC)</i>	398,600	0.40
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LAU YU MOI (E-IMO)</i>	361,100	0.36
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>CHUNG CHIT MIN</i>	302,000	0.30

## LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS

No.	Name	No. of Shares held	% of Issued Capital
16	YEO BOON LEONG	280,000	0.28
17	CHAN PICK MEI	272,000	0.27
18	HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN KIM SEONG (CCTS)</i>	260,000	0.26
19	HENG PENG HONG	246,000	0.25
20	OOI THEAN HIN	238,000	0.24
21	LEE PUI SENG	227,800	0.23
22	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LAI MENG (MM1088)</i>	190,000	0.19
23	CHIEN TAI HING	152,400	0.15
24	ONG KIAN LUM	152,100	0.15
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEONG AH KOW @ LEANG LEAN YOW (E-IMO/JSI)</i>	150,000	0.15
26	TAN LEOK KWEE	145,000	0.15
27	LEE KHIM NGIE	144,600	0.14
28	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN</i>	128,800	0.13
29	CHOONG YOKE LENG	126,500	0.13
30	LEE SENG LONG	123,400	0.12
TOTAL		84,420,758	84.42

## DIRECTORS' SHAREHOLDINGS

No.	Name	No. of Shares Held			
		Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
1	Chen Yat Lee	34,801,800	34.80	–	–
2	Chen Teck Shin	19,793,000	19.79	–	–
3	Tan Sri Abu Talib Bin Othman	16,300,258	16.30	–	–
4	Chen Wai Ling	3,000,000	3.00	–	–
5	Tang Sook Kuen	–	–	–	–

## SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of Shares Held			
		Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
1	Chen Yat Lee	34,801,800	34.80	–	–
2	Chen Teck Shin	19,793,000	19.79	–	–
3	Tan Sri Abu Talib Bin Othman	16,300,258	16.30	–	–

# ADMINISTRATIVE NOTES

## FOR THE CONDUCT OF THE TWENTIETH ANNUAL GENERAL MEETING (“AGM”)

### 1. Safety measures in light of the COVID-19 pandemic

For the conduct of the Twentieth AGM, the Company wishes to advise the shareholders that the Company will be taking precautionary measures in line with the Standard Operating Procedures (“SOP”) issued by Majlis Keselamatan Negara (“MKN”) dated 16 June 2020 and any revisions that may be made from time to time by MKN and/or the relevant authorities.

All attendees will be required to wear face mask, undergo temperature check and make a health declaration prior to entering the meeting venue. The Company and/or Eastin Hotel reserves the right to deny entry to anyone with a temperature of 37.5 degrees Celsius or higher and/or showing symptoms of respiratory illness such as coughing and sneezing.

In accordance with the SOP dated 16 June 2020, the maximum attendees allowed is 250.

Therefore, if you are unwell or do not fall in the age bracket above, you are strongly advised to appoint a proxy or the Chairman of the meeting to attend and vote on your behalf at the Twentieth AGM.

### 2. Pre-registration to attend the AGM

Pursuant to the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and revised on 24 June 2020, shareholders are required to register ahead of the Twentieth AGM to allow the Company to make the necessary arrangements in relation to the meeting i.e. infrastructure, logistics and meeting venue(s) to accommodate the meeting participants.

Please read and follow the procedures to pre-register your physical attendance at the Twentieth AGM via the TIH Online website at <https://tiah.online> :

- Login to TIH Online website with your user name (i.e. e-mail address) and password under the “e-Services”. If you have not registered as a user of TIH Online, please refer to the tutorial guide posted on the homepage for assistance to sign up.
- Select the corporate event: “(REGISTRATION) CYL 20<sup>TH</sup> AGM”.
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Select “Register for Physical Attendance at Meeting Venue”.
- Review your registration and proceed to register.
- System will send an e-mail to notify that your registration for Physical Attendance at Meeting Venue is received and will be verified.
- After verification of your registration against the General Meeting Record of Depositors, the system will send you an e-mail **after 28 July 2020** to approve or reject your registration to attend physically at the Meeting Venue.

### 3. Eligibility to attend based on the Record of Depositors

Only a shareholder whose name appears on the Record of Depositor as at **23 July 2020** shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

### 4. Registration on the day of the Twentieth AGM

Registration will start at 8.30 a.m. at the foyer of Ballroom 2, LG Level, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Original MyKad or passport is required to be presented during registration for verification.

Upon verification of your MyKad or passport and signing of attendance list, you will be given an identification wristband printed with passcode to enter the meeting room and cast your vote during the polling session. There will be no replacement of wristband in the event that it is lost or misplaced.

Please note that you will only be allowed to enter the meeting hall if you are wearing the identification wristband.

You will not be allowed to register on behalf of another person even with the original MyKad or passport of that person.

Please vacate the registration area immediately after registration to prevent congestion. If you have any enquiry, please proceed to the Help Desk counter located near the registration area.

### 5. Door gifts

There will be no distribution of door gifts at this AGM.

### 6. Refreshments

No refreshments will be served at this AGM.

### 7. Appointment of Proxy

A shareholder who is unable to attend the Twentieth AGM on 30 July 2020 may appoint proxy and indicate the voting instructions in the proxy form. Please deposit the proxy form with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

For individual shareholders, you have the option of submitting the proxy form electronically via TIH Online at <https://tiah.online>. Please refer to the Annexure to Proxy Form for details.

The last date and time for lodging the proxy form is **Tuesday, 28 July 2020 at 10.00 a.m.**

### 8. Communication Guidance

Shareholders are advised to check the Company's website at [www.cylcorporation.com](http://www.cylcorporation.com) and announcements from time to time for any changes to the administration of the Twentieth AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

### 9. Enquiry

If you have any enquiries prior to the meeting, you may contact the Share Registrar at:

#### Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3 Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

	Telephone Number
General Line	603-2783 9299
Zulhafri Bin Abdul Rahman	603-2783 9289
Ahmad Syafiq Bin Shaharuddin	603-2783 9248
Fax Number	603-2783 9222
Email	is.enquiry@my.tricorglobal.com



# CYL CORPORATION BERHAD

Registration No: 200001013537 (516143-V)  
(Incorporated in Malaysia)

## PROXY FORM

No. of Shares Held

CDS Account No.													

\*I/We \_\_\_\_\_ Tel: \_\_\_\_\_

[Full name in block and NRIC/Passport/Company No.]

of \_\_\_\_\_

being member(s) of **CYL Corporation Berhad**, hereby appoint:-

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

\*and / or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting as \*my/our proxy(ies) to attend and vote for \*me/us and on \*my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Ballroom 2, LG Level, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 30 July 2020 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

ORDINARY RESOLUTION		FOR	AGAINST
1	Re-election of Mr Chen Teck Shin		
2	Re-election of Ms Chen Wai Ling		
3	Approval of Directors' fees for the financial year ending 31 January 2021		
4	Approval of Directors' benefits for the period commencing from the date immediately after the Twentieth AGM up to the next Annual General Meeting to be held in 2021		
5	Re-appointment of Mazars PLT as Auditors		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Member^

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2020

\* Please delete whichever is inapplicable

^ Manner of execution:

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.



Fold this flap for sealing

Notes:

1. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at **23 July 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at an AGM of the Company may appoint not more than two (2) proxies to attend, speak and vote instead of the member at the AGM.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (iii) By electronic means  
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiah.online> (applicable to individual shareholders only). Kindly refer to the Annexure to the Proxy Form on the procedures for electronic lodgement of proxy form via TIIH Online.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time

Then fold here

AFFIX STAMP

The Share Registrar  
**CYL CORPORATION BERHAD**

Registration No.: 200001013537 (516143-V)

Level 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi, 59200 Kuala Lumpur

1st fold here

appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is **Tuesday, 28 July 2020 at 10.00 a.m.**
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
  - (i) Identity card (NRIC) (Malaysian), or
  - (ii) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
  - (iii) Passport (Foreigner).
13. For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the **ORIGINAL** certificate

of appointment of authorised representative if it has not been deposited with the Share Registrar.

The certificate of appointment of authorised representative should be executed in the following manner:

- (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
  - (a) at least two (2) authorised officers, of whom one shall be a director; or
  - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
14. **It is important that you read the Administrative Notes for the conduct of the Twentieth AGM.**
15. Shareholders are advised to check the Company's website at [www.cylcorporation.com](http://www.cylcorporation.com) and announcements from time to time for any changes to the administration of the Twentieth AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

# ELECTRONIC SUBMISSION

## OF PROXY FORM VIA TIH ONLINE

Dear shareholders,

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

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

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

### 1. Sign up as user of TIH Online

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

**Notes:** (i) *If you are already a user of TIH Online, you are not required to sign up again*

(ii) *An email address is allowed to be used once to register as a new user account, and the same email cannot be used to register another user account*

(iii) *At this juncture, only individual security holders are offered to register as user and participate in e-Proxy*

### 2. Proceed with submission of e-Proxy

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

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

#### Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A, Vertical Business Suite,  
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia

Telephone No: 03-27839299

Fax No: 03-27839222

E-mail: [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)







**CYL CORPORATION BERHAD**

REGISTRATION NO.: 200001013537 (516143-V)

No. 12, Jalan Teluk Gadung 27/93,  
Section 27, 40000 Shah Alam,  
Selangor Darul Ehsan, Malaysia

TEL | +603 5191 3888 (Hunting Line)  
FAX | +603 5191 2888 / 5192 5051

[www.cylcorporation.com](http://www.cylcorporation.com)