FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year from continuing operations	(94,231,659)	(67,486,939)
Loss attributable to:		
Equity holders of the Company	(94,391,811)	(67,486,939)
Non-controlling interests	160,152	–
	(94,231,659)	(67,486,939)

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

DIVIDEND

There were no dividends proposed, paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the financial year ended 31 December 2021.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had exercise share consolidation and issued new ordinary shares as per following:

(a) the issued and paid up ordinary shares of the Company was decreased from 2,004,734,063 units of ordinary shares to 200,471,911 units of ordinary shares pursuant to the exercise of the consolidation of every 10 existing shares into 1 share ("Consolidated Share").

(b) 1,202,623,503 units ordinary shares were issued pursuant to the renounceable rights issue ("Rights Shares") together with 601,311,751 free detachable warrants ("Warrants F") on the basis of 6 rights shares together with 3 free warrants for every 1 existing share held in the Company ("Rights Issue with Warrants") at an issued price of RM0.08 per share.

(c) 145 units ordinary shares were issued at an exercise price of RM0.25 per share pursuant to the conversion of Warrant E.

ISSUE OF SHARES AND DEBENTURES (CONT'D)

With the exercise of share consolidation and issuance of the new ordinary shares, the Company's issued and paid up ordinary shares have decreased from 2,004,734,063 shares to 1,403,095,559 shares. All new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares.

There were no debentures issued during the financial year.

DIRECTORS

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

Dato' Sri Dr. Pang Chow Huat
Dato' Abd Halim Bin Abd Hamid
Ong Tee Kein
Datin Erdawaty Binti Mohamed

The names of Directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:

Datin Sri Chen Choon Lee
Robert Garretson
Mohamad Ridhwan Bin Rasman
Shahrol Azizie Bin Azmi (Resigned on 15 November 2021)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of Directors in office at the end of the financial year in shares of the Company or its related corporations during the financial year are as follows:

	Number of ordinary shares				
	At 1.1.2021	**Bought**	**Sold**	**Share consolidation**	**At 31.12.2021**
Dato' Sri Dr Pang Chow Huat					
- direct interest	127,446,167	–	–	(114,701,550)	12,744,617
- deemed interest	3,867,718	500,000	–	(3,480,947)	886,771

By virtue of his interests in shares of the Company, Dato' Sri Dr. Pang Chow Huat has also deemed interest in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares and options over shares of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits disclosed as Directors' remuneration in Note 10(a) to the financial statements) by reason of a contract made by the Company with any 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, did there subsist any arrangement to which the Company was a party whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

There was no indemnity given to or insurance effected for any Director, officer or auditor of the Group and the Company during the financial year.

OTHER STATUTORY INFORMATION

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

   (i) to ascertain that action had been taken in relation to writing off of bad debts and the making of allowance for expected credit losses and had satisfied themselves that there are no known bad debts to write off and adequate allowance had been made for expected credit losses; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

   (i) it necessary to write off any bad debts or the amounts of the allowance for expected credit losses made in the financial statements of the Group and the Company inadequate to any substantial extent;

   (ii) the values attributed to the current assets in the financial statements of the Group and the Company misleading.

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

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

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the Directors:

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

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

AUDITORS' REMUNERATION

The details of the auditors' remuneration is disclosed in Note 7 to the financial statements.

AUDITORS

The auditors, Al Jafree Salihin Kuzaimi PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated on 15 April 2022.

DATO' SRI DR. PANG CHOW HUAT
Director

ONG TEE KEIN
Director

STATEMENT BY DIRECTORS

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

We, **DATO' SRI DR. PANG CHOW HUAT** and **ONG TEE KEIN**, being two of the Directors of **SANICHI TECHNOLOGY BERHAD**., do hereby state that, in the opinion of the Directors, the accompanying financial statements of the Group and the Company are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated on 15 April 2022.

DATO' SRI DR. PANG CHOW HUAT
Director

ONG TEE KEIN
Director

STATUTORY DECLARATION

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

I, **DATO' SRI DR. PANG CHOW HUAT**, being the Director primarily responsible for the financial management of **SANICHI TECHNOLOGY BERHAD**, do solemnly and sincerely declare that the accompanying financial statements of the Group and the Company are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed ***Dato' Sri Dr. Pang***)
Chow Huat at ***Setapak, Wilayah***)
Persekutuan Kuala Lumpur)
on 15 April 2022)

DATO' SRI DR. PANG CHOW HUAT
Director

Before me,

SYAHZUL RAHMAN JULADI (W 863)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of Sanichi Technology Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sanichi Technology Berhad, which comprise the statements of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matters
1) Revenue and costs recognition - property development activities Revenue and costs recognised by the Group from the property development activities amounted to RM7.5 million (2020: RM15.8 million) and RM6.3 million (2020: RM15.6 million) respectively. The revenue and costs were recognised using the stage of completion method. The method is measured using the output method, which is based on the percentage of completion of the development phase of the project as certified by professional consultants. The recognised revenue and costs on the property development activities have an inherent risk as it involves judgement and estimates. We focused on this area because there are key judgements involved in determining the following: • Stage of completion; • Estimated total property development costs; and • Extent of property development costs incurred to date. Refer to Note 2.22 (b) and Note 4 to the financial statements for notes on Revenue recognition accounting policies and Revenue.	Our procedures included, amongst others: • Agreeing to the contract price in the output method calculation to the latest contract and variation orders; • Evaluating the appropriateness of the basis of the approved budget used by the management and discussed and challenged the significant assumptions applied in their budget; • Selecting samples based on materiality to vouch for the actual costs incurred during the year to ensure accuracy, existence and completeness of actual costs incurred; • Agreeing the revenue recognised during the year by recomputing the percentage of completion certified by the professional valuer to ensure the accuracy of the revenue recognised during the year; • Performing a walk-through on the process of, and testing the Groups' internal controls on, the revenue recognition and testing the operating effectiveness of the controls; and • Performing physical sightings on the property development site to ensure the existence on the degree of completion of the property development project.

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 Annual Report, but does not include the financial statements of the Group and the Company and our auditors' report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and 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 and 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 the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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 and 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 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 and 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 the Company, including the disclosures, and whether the financial statements of the Group and 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements (continued)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

Other matters

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

AL JAFREE SALIHIN KUZAIMI PLT
201506002872 (LLP0006652-LCA) & AF 1522
CHARTERED ACCOUNTANTS

AIZUL IZUAN BIN ABDUL HAMID
No. 03509/07/2022 J
CHARTERED ACCOUNTANT

Dated: 15 April 2022

Selangor, Malaysia

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	4	17,708,226	23,691,774	–	–
Cost of sales		(16,958,561)	(24,808,518)	–	–
Gross profit/(loss)		749,665	(1,116,744)	–	–
Other operating income	5	3,863,524	12,674,801	1,482,931	10,710,837
General and administrative expenses		(95,295,613)	(16,530,880)	(68,407,708)	(1,271,214)
Finance costs	6	(2,301,559)	(2,752,577)	–	–
(Loss)/Profit before tax	7	(92,983,983)	(7,725,400)	(66,924,777)	9,439,623
Taxation	8	(1,247,676)	27,461	(562,162)	(12,206)
Net (loss)/profit after tax		(94,231,659)	(7,697,939)	(67,486,939)	9,427,417
Items that may be reclassified subsequently to profit or loss					
Loss on currency translation		(267,816)	(612,798)	–	–
Total other comprehensive loss for the financial year		(267,816)	(612,798)	–	–
Total comprehensive (loss)/ income for the financial year		(94,499,475)	(8,310,737)	(67,486,939)	9,427,417
(Loss)/income net of tax attributable to:					
Equity holders of the Company		(94,391,811)	(7,704,742)	(67,486,939)	9,427,417
Non-controlling interests		160,152	6,803	–	–
		(94,231,659)	(7,697,939)	(67,486,939)	9,427,417
Total comprehensive (loss)/ income attributable to:					
Equity holders of the Company		(94,659,578)	(8,317,540)	(67,486,939)	9,427,417
Non-controlling interests		160,103	6,803	–	–
		(94,499,475)	(8,310,737)	(67,486,939)	9,427,417
Loss per share attributable to equity holders of the Company (sen per share):					
Basic	9	(10.27)	(0.38)		
Diluted	9	(5.96)	(0.32)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Assets					
Non-current assets					
Property, plant and equipment	11	40,896,138	44,530,177	–	–
Right-of-use assets	12	94,163	43,687	–	–
Investment properties	13	35,129,930	38,675,375	–	–
Investment in subsidiaries	14	–	–	20,012,559	20,012,559
Goodwill	15	–	493,952	–	–
Other investments	16	20,389,366	23,144,508	18,941,116	21,696,258
		96,509,597	106,887,699	38,953,675	41,708,817
Current assets					
Inventories	17	59,605,798	60,099,807	–	–
Trade and other receivables	18	48,191,012	43,367,058	166,290,121	151,550,348
Contract assets	19	5,224,300	7,548,885	–	–
Current tax assets		207,595	54,735	–	–
Cash and cash equivalents	20	154,229,937	137,129,867	122,098,025	109,111,925
		267,458,642	248,200,352	288,388,146	260,662,273
Total assets		363,968,239	355,088,051	327,341,821	302,371,090
Equity and liabilities					
Equity					
Share capital	21	332,885,896	236,675,979	332,885,896	236,675,979
(Accumulated losses)/ retained profits		(55,947,779)	38,444,032	(23,991,614)	43,495,325
Other reserves	22	9,204,417	9,472,184	9,233,231	9,233,231
Shareholders' equity		286,142,534	284,592,195	318,127,513	289,404,535
Non-controlling interests	25	9,156,281	8,996,178	–	–
Total equity		295,298,815	293,588,373	318,127,513	289,404,535
Non-current liabilities					
Borrowings	26	33,846,302	36,185,931	–	–
Deferred tax liabilities	27	–	–	–	–
		33,846,302	36,185,931	–	–
Current liabilities					
Borrowings	26	6,699,309	1,956,007	–	–
Finance lease payables	28	28,123	9,607	–	–
Trade and other payables	29	24,197,292	22,448,210	9,092,467	12,926,723
Current tax liabilities		822,610	131,639	121,841	39,832
Provision	30	3,075,788	768,284	–	–
		34,823,122	25,313,747	9,214,308	12,966,555
Total liabilities		68,669,424	61,499,678	9,214,308	12,966,555
Total equity and liabilities		363,968,239	355,088,051	327,341,821	302,371,090

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	← Attributable to owners of the Company →					
	← Non-distributable →			Distributable		
Group	Share capital RM	Foreign currency translation reserve RM	Warrant reserve RM	Retained profits/ (Accumulated losses) RM	Non-controlling interests RM	Total RM
2021						
At 1 January 2021	236,675,979	238,953	9,233,231	38,444,032	8,996,178	293,588,373
Comprehensive loss						
Net loss for the financial year	–	–	–	(94,391,811)	160,152	(94,231,659)
Other comprehensive loss						
- Foreign currency translation	–	(267,767)	–	–	(49)	(267,816)
Total comprehensive loss for the financial year	–	(267,767)	–	(94,391,811)	160,103	(94,499,475)
Transactions with owners						
Issuance of Right Issue Shares	96,209,881	–	–	–	–	96,209,881
Excercised of Warrant E	36	–	–	–	–	36
Total transactions with owners	96,209,917	–	–	–	–	96,209,917
At 31 December 2021	332,885,896	(28,814)	9,233,231	(55,947,779)	9,156,281	295,298,815

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statements of Changes in Equity

(Cont'd)

Group	Share capital RM	Foreign currency translation reserve RM	Warrant reserve RM	Retained profits/ RM	Non-controlling interests RM	Total RM
	Attributable to owners of the Company					
	Non-distributable			Distributable		
2020						
At 1 January 2020	184,200,378	(878,422)	9,233,231	46,148,774	1,265,503	239,969,464
Comprehensive loss						
Net loss for the financial year	–	–	–	(7,704,742)	6,803	(7,697,939)
Other comprehensive loss						
- Foreign currency translation	–	(612,798)	–	–	–	(612,798)
Total comprehensive loss for the financial year	–	(612,798)	–	(7,704,742)	6,803	(8,310,737)
Transactions with owners						
Exercised employees' stock options scheme (ESOS)	29,258,800	–	–	–	–	29,258,800
Private placement	23,216,801	–	–	–	–	23,216,801
Incorporation of a subsidiary	–	–	–	–	9,000,000	9,000,000
Accretion of interest in subsidiary	–	1,730,173	–	–	(1,276,128)	454,045
Total transactions with owners	52,475,601	1,730,173	–	–	7,723,872	61,929,646
At 31 December 2020	236,675,979	238,953	9,233,231	38,444,032	8,996,178	293,588,373

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Attributable to owners of the Company			
	← Non-distributable →		Distributable	
	Share capital RM	Warrant reserve RM	Retained profits/ (Accumulated losses) RM	Total RM
Company				
2021				
At 1 January 2021	236,675,979	9,233,231	43,495,325	289,404,535
Comprehensive loss				
Net loss for the financial year	–	–	(67,486,939)	(67,486,939)
Total comprehensive income for the financial year	–	–	(67,486,939)	(67,486,939)
Transactions with owners				
Issuance of Right Issue Shares	96,209,881	–	–	96,209,881
Excercised of Warrant E	36	–	–	36
Total transactions with owners	96,209,917	–	–	96,209,917
At 31 December 2021	332,885,896	9,233,231	(23,991,614)	318,127,513
2020				
At 1 January 2020	184,200,378	9,233,231	34,067,908	227,501,517
Comprehensive income				
Net income for the financial year	–	–	9,427,417	9,427,417
Total comprehensive income for the financial year	–	–	9,427,417	9,427,417
Transactions with owners				
Exercised employees' stock options scheme (ESOS)	29,258,800	–	–	29,258,800
Private placement	23,216,801	–	–	23,216,801
Total transactions with owners	52,475,601	–	–	52,475,601
At 31 December 2020	236,675,979	9,233,231	43,495,325	289,404,535

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flow from operating activities				
(Loss)/Profit before tax	(92,983,983)	(7,725,400)	(66,924,777)	9,439,623
Adjustments for:				
- Depreciation of property, plant and equipment	4,319,630	4,165,006	–	–
- Depreciation of investment properties	735,408	760,233	–	–
- Depreciation on right of use assets	49,358	18,828	–	–
- Loss/(gain) on investment in quoted share (unrealised)	66,165,204	(6,479,510)	66,165,204	(6,479,510)
- Impairment loss on amount due from subsidiaries	–	–	66,260	–
- Impairment loss on goodwill	493,952	–	–	–
- Impairment loss on trade receivables	417,028	591,793	–	–
- Impairment loss on other receivables	9,843,041	–	–	–
- Impairment loss on property plant and equipment	2,596,485	–	–	–
- Interest expenses	2,301,559	2,752,577	–	–
- Interest income	(1,588,937)	(2,710,250)	(1,149,048)	(2,681,827)
- Gain on disposal of property, plant and equipment	(33,000)	(8,305)	–	–
- Investment property written off	1,100			
- Reversal of impairment loss on trade receivables	(1,032,420)	(695,823)	–	–
- Reversal of impairment loss on other receivables	–	(568,325)	–	–
- Net unrealised gain on foreign exchange	(17,260)	(104,583)	–	–
Operating (loss)/profit before working capital changes	(8,732,835)	(10,003,759)	(1,842,361)	278,286
Changes in:				
- Inventories	494,009	3,013,209	–	–
- Trade and other receivables	6,747,187	21,147,540	(17,744,222)	(17,699,966)
- Contract assets	2,324,585	(7,548,885)	–	–
- Trade and other payables	8,373,874	(37,509,189)	(4,168,139)	1,098,405
Cash generated from/(used in) operations	9,206,820	(30,901,084)	(23,754,722)	(16,323,275)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash generated from/(used in) operations	9,206,820	(30,901,084)	(23,754,722)	(16,323,275)
- Interest received	1,588,937	2,710,250	1,482,931	–
- Interest paid	(2,301,559)	(2,752,577)	–	2,681,827
- Tax refund	–	482,912	–	410,912
- Tax paid	(672,846)	(579,080)	(541,964)	(544,000)
Net cash generated from/ (used in) operating activities	7,821,352	(31,039,579)	(22,813,755)	(13,774,536)
Cash flow from investing activities				
Accretion of interest in a subsidiary	–	(1,500,000)	–	(18,500,000)
Proceeds from issuance of share capital	96,209,917	52,475,601	96,209,917	52,475,605
Proceeds from disposal of property, plant and equipment	33,000	34,500	–	–
Proceed from incorporation of a subsidiary	1	9,000,000	–	–
Purchase of property, plant and equipment	(218,458)	(3,072,845)	–	–
Purchase of investment properties	–	(389,852)	–	–
Payment on renovation of building	(282,679)	–	–	–
Addition of fixed deposit	(62,574,905)	(1,445,000)	(59,574,905)	(1,445,000)
Purchase of other investments	(71,524,646)	(11,361,748)	(77,219,414)	(11,361,748)
Uplift of fixed deposits with maturity more than 3 months	8,457,371	43,295,684	12,314,663	43,295,684
Net cash generated (used in)/ from investing activities	(29,900,399)	87,036,340	(28,269,739)	64,464,541
Cash flow from financing activities				
Additional financing liability	1,501,662	–	–	–
Additional lease liability	28,123	–	–	–
Repayment of borrowings	(3,543,054)	(2,227,191)	–	–
Repayment of finance lease payables	(109,441)	(25,977)	–	–
Net cash used in financing activities	(2,122,710)	(2,253,168)	–	–

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

(Cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net (decrease)/increase in cash and cash equivalents	(24,201,757)	53,743,593	(51,083,494)	50,690,005
Effect of exchange rate changes	(267,767)	612,798	–	–
Cash and cash equivalents at beginning of the financial year	56,860,303	2,503,912	51,342,361	652,356
Cash and cash equivalents at end of the financial year	32,390,779	56,860,303	258,867	51,342,361
Cash and cash equivalents comprised of:				
Cash and bank balances	29,390,779	56,554,052	258,867	51,036,110
Fixed deposit with licensed bank	3,000,000	306,251	–	306,251
Fixed deposit with a cooperative	121,839,158	80,269,564	121,839,158	57,769,564
Less: Fixed deposit with a maturity period more than 3 months	(121,839,158)	(80,269,564)	(121,839,158)	(57,769,564)
	32,390,779	56,860,303	258,867	51,342,361

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

1. GENERAL INFORMATION

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

The registered office of the Company is located at Unit 27.2, Menara 1MK, Kompleks 1 Mont Kiara, No. 1, Jalan Kiara, Mont Kiara, 50480, Kuala Lumpur and the principal place of business of the Company is located at PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 April 2022.

The financial statements of the Company are expressed in Ringgit Malaysia (“RM”).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia. The financial statements have been prepared under the historical cost convention except otherwise stated in Note 2 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires directors to exercise their judgment in the process of applying the Group and Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(a) Standards, amendments to published standards and interpretations that are effective and adopted during the financial year

- Amendments to MFRS 9 Financial Instruments (Interest Rate Benchmark Reform - Phase 2)
- Amendments to MFRS 139 Financial Instruments - Recognition and Measurement
- Amendments to MFRS 7 Financial Instruments - Disclosures (Interest Rate Benchmark Reform - Phase 2)
- Amendment to MFRS 4 Insurance Contract (Interest Rate Benchmark Reform - Phase 2)
- Amendment to MFRS 16 Leases (Interest Rate Benchmark Reform - Phase 2)
- Amendments to MFRS 101 and MFRS 108 ‘’Definition of Material”

The adoption of the above standards and interpretation did not have any material effect on the financial statements of the Group and of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(b) Standards and amendments that have been issued but not yet effective

Effective for financial year beginning on or after 1 January 2022

- Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)
- Amendments to MFRS 9 Financial Instruments - Annual improvements to MFRS 2018-2020
- Amendment to MFRS 116 Property, Plant and Equipment (Property, Plant and Equipment - Proceeds before Intended Use)
- Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)

Effective for financial year beginning on or after 1 January 2023

- Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- Amendments to MFRS 108 Accounting Policies, Change in Accounting Estimates and Errors (Definition of Accounting Estimates)

Effective date to be confirmed

- Amendments to MFRS 10 to MFRS 128 Sale or Contribution of Assets between an investor and its Associate or Joint Venture, ''Classification of Liabilities as Current or Non-Current"

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncement become effective. The initial application of the abovementioned pronouncement is not expected to have any material impacts to the financial statements of the Group and of the Company.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Investments in subsidiaries, joint ventures and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amount due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

2.4 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 2.17 on borrowing costs).

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalent aged assets and depreciation rates are adjusted accordingly on a prospective basis. For the current financial year ended 31 December 2021, the estimated residual value for aircraft excluding service potential is 10% of their cost (2020: 10% of their cost).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Aircraft	10 years
Buildings	5 to 50 years
Furniture, fittings and office equipment	5 to 7 years
Leasehold land	60 years
Motor vehicles	5 years
Plant and machinery	5 to 20 years

Depreciation on assets under construction commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. The revision was accounted for as a change in accounting estimate.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.6 on impairment of non-financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investment properties

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including professional fees for legal services, property transfer taxes, other transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Investment property is depreciated on the straight-line basis to allocate the cost to their residual values over their estimated useful lives.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortised cost

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial assets (Cont'd)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

(ii) Fair value through other comprehensive income ('FVOCI')

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) in foreign exchange difference and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

(iii) Fair value through profit or loss ('FVTPL')

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) on change in fair value in the period which it arises.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial assets (Cont'd)

(c) Measurement (Cont'd)

Debt instruments (Cont'd)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income.

(d) Subsequent measurement - Impairment

Impairment for debt instruments and financial guarantee contracts

The Group assesses on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) Simplified approach for trade receivables, contract assets and lease receivables

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial assets (Cont'd)

(d) Subsequent measurement - Impairment (Cont'd)

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

<u>Quantitative criteria:</u>
The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

<u>Qualitative criteria:</u>
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganization
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial assets (Cont'd)

(d) Subsequent measurement - Impairment (Cont'd)

Write-off

(i) Trade receivables and contract assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 360 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2.9 Leases

(a) Accounting by lessee

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (Cont'd)

(a) Accounting by lessee (Cont'd)

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

While the Group revalues land and building (presented as part of property, plant and equipment) that it owns, it has chosen not to revalue the ROU building held by the Group.

The Group applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment property owned by the Group. Refer to accounting policy Note 2.5 on investment properties.

The Group presents ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (Cont'd)

(a) Accounting by lessee (Cont'd)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income or statement of profit or loss and other comprehensive income.

Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (Cont'd)

(b) Accounting by lessor

Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 2.7 on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 2.7 on impairment of financial assets.

Loan to subsidiaries

Loans to subsidiaries are recognised initially at fair value. If there are any difference between cash disbursed and fair value on initial recognition, the difference would be accounted as additional investment in the subsidiary as it reflects the substance of the transaction.

Loans to subsidiaries are subsequently measured at amortised cost using the effective interest method, less loss allowance.

2.11 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:

(a) Raw materials comprise purchase costs accounted for on a first in first out basis.
(b) Work in progress comprise cost of direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on weighted average on cost.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Inventories (Cont'd)

Properties development cost

Land held for development is carried at cost less any accumulated impairment losses and is classified as a non-current asset where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle.

The Group's property development segment undertakes development of housing and commercial units for sales to customers "build and sell" model. Costs of property development which include land cost and development cost are accumulated in a work in progress account on a project-by-project basis. When the revenue of units sold is recognised in profit or loss, a rateable portion of the accumulated cost is recognised as cost as sales in profit or loss. Completed property units not sold at the end of the reporting period are transferred to inventories.

Management uses its judgement to decide on when control and significant risks and rewards of the units are transferred to a customer. Control is transferred over time when the customer can obtain benefits from the sold units in progress or when the Group has no a substantive alternative use to the unit sold other than to complete the development and the Group has enforceable right to payment. If control is transferred over time to customers, revenue and costs of development units sold are recognised in profit or loss over time using output method, which is based on the stage of completion of the physical proportion of contract work to-date, certified by professional consultant.

When the outcome of a property development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that it is probable will be recoverable, and the associated property development costs on the development units sold are recognised as expense in the period in which they are incurred.

Any expected loss on a specific property development activity is recognised as an expense immediately (including any further costs expected to be incurred over the defects liability period).

Property development revenue and expenses recognised are immediately written back as soon as a rescission or revocation of sale occurs.

2.12 Contract asset/contract liability

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and concession arrangement, contract asset is the excess of cumulative revenue earned over the billings to date, for which the billing to-date are based on progress milestone set out in the contract or agreement with the customers. Contract asset is stated at cost less accumulated impairment losses.

Contract liability is the obligation to transfer goods or services to customer for which the Group have received the consideration or has billed the customer. In the case of property development and concession arrangement, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include the membership fees, down payments received from customers and other deferred income where the Group have billed or collected the payment before the goods are delivered or services are provided to the customers.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Contract cost

(a) Incremental cost of obtaining contract

The Group recognises incremental costs of obtaining contract when the Group expects to recover these costs.

(b) Cost to fulfill a contract

The Group recognises a contract costs that relate directly to a contract or to an anticipated contract as an asset when the costs generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected costs that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that carrying amount of the contract costs does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2.14 Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows. In the statement of financial position, banks overdrafts are shown within borrowings in current liabilities.

2.15 Share capital

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual arrangement of the particular instrument.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(c) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Share capital (Cont'd)

(d) Purchase of own shares

Where any company within the Group purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

(e) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.16 Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade payables are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Borrowings and borrowing costs

(a) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised as finance cost in profit or loss.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(b) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated, except where the timing of the reversal of the temporary difference is controlled by the other party and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the other party is unable to control the reversal of the temporary difference for the other party. Only where there is an agreement in place that gives the investor, joint venturer or joint operator the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Employee benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Post-employment pension benefits

The Group has various post-employment pension benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefits plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined contribution plans

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in profit or loss in employee benefit expense, except where included in the cost of an asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Employee benefits (Cont'd)

(b) Post-employment pension benefits (Cont'd)

Defined benefit plans (Cont'd)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income in the period in which they arise.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(c) Other post-employment obligations

Some companies in the Group provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(d) Other long term employee benefits

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Employee benefits (Cont'd)

(f) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(a) Warranties

The Group recognises the estimated liability to repair or replace products when the underlying products or services are sold. This provision is calculated based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(b) Onerous contracts

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

The present value of future payments for surplus leased properties under non-cancellable operating leases, net of estimated sub-leasing revenue, is recognised as a liability (or, if lower, the costs of exiting from the contract) for the leased property that is no longer part of a cash generating unit.

(c) Restructuring

Restructuring provisions mainly comprise lease termination penalties and employee termination payments and are recognised in the period in which the Group becomes legally or constructively committed to payment. Future operating costs are not provided for.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.22 Revenue

(a) Sales of Goods

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 expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, return, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(b) Revenue from Property Development

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of asset.

Revenue of property development is recognised over time using output method, which is based on the stage of completion of the physical proportion of contract work to-date, certified by professional consultant.

The Group transfer control of a good or service at a point in time unless one of the following over time criteria is met:

(i) the customers simultaneously receives and consumes the benefits provided as the Group perform;

(ii) the Group's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) the Group's performance do not create an asset with an alternative use and the Group have an enforceable right to payment for performance completed to date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss. All other foreign exchange gains and losses are presented in profit or loss on a net basis.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments classified as at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as at fair value through other comprehensive income, are included in other comprehensive income.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment manager report directly to the management of the Group and the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Related party

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and to the Company if that person:

(i) has control or joint control over the Company; or
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group.
(ii) one entity is an associate or joint venture of the other entity.
(iii) both entities are joint ventures of the same third party.
(iv) one entity is a joint venture of the same entity and the other entity is an associate of the third entity.
(v) the entity is a post-employment benefit plan for the benefits of employees of either the Company or an entity related to the Company.
(vi) the entity is controlled or joint-controlled by a person identified in (a) above.
(vii) a person identified in (a)(i) above has significant influence over the Company or is a member of the key management personnel of the Company (or a parent of the Company).
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

2.26 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Fair value measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determines whether transfers have occurred between levels in the hierarchy by re-accessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by Directors for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by Directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The directors decide, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group and the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristic and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.27 Share based payment

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model. Details regarding the determination of the fair value of equity-settled share-based payments are set out in Note 37 to the financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group and the Company revise its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Share based payment (Cont'd)

Equity-settled share-based payments with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgement made in applying accounting policies

In the selection of accounting policies for the Group and the Company, the areas that require significant judgements and assumptions are (a) in the identification of related party and (b) measurement of property development revenue and costs.

(a) Identification of Related Party

The Group and the Company had placed significant deposits in a cooperative which the chief executive officer is a director of the Company's subsidiary. In the opinion of the directors and management, there is no related party relationship in these transactions as the decision to place deposits in a cooperative, a non-bank institution is based by commercial decision as the cooperative offers better interest rate. No control and significant influence over the Group and the cooperative over the decision to place deposits in the cooperative although there is a common key management personnel.

The Group has also cooperated with a third party, one of the investing agent of the cooperative in developing financial solution and report platform to support the remittance platform. In the opinion of the Directors and management, there is no related party relationship in these transactions as the decision to cooperate with the third party are commercial decision. The third party has the approval from Bank Negara to operate and offer financial related products and services under few segments. No control and influence over the Group to cooperate with the third party.

Four of the Group's employees are part of the top 30 shareholders of the Group. In the opinion of the Directors and management, there is no related party relationship in these transactions as the employees do not hold position of directors and they are not involved in strategic or key decision process.

(b) Measurement of property development revenue and costs

Revenue of property development is recognised over time using output method, which is based on the stage of completion of the physical proportion of contract work to-date, certified by a professional consultant.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs (including allocated common cost), as well as the recoverability of the property development costs. In making these judgements, the Group evaluates based on past experience of the management team and by relying on a professional valuer on valuing the stage of completion on the work of main contractors and consultants.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.2 Key sources of estimation uncertainty

The measurement of some assets and liabilities requires Directors to use estimates on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Group and of the Company are in measuring: (a) depreciation of property, plant and equipment, (b) measurement of income taxes, (c) measurement of expected credit loss ("ECL") and (d) measurement of provision of late delivery.

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 60 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Measurement of income taxes

Significant judgement is required in determining the Group's and the Company's provision for current and deferred taxes because the ultimate tax liability for the Group and the Company are uncertain. When the final outcome of the taxes payable is determined with the tax authorities, the amount might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the financial period when such determination is made. The Group and the Company will adjust for the differences as over- or under- provision of current or deferred taxes in the current financial period in which those differences arise.

(c) Measurement of Expected Credit Loss ("ECL")

Significant judgement is required in determining ECL. Directors need to identify and categorise financial assets into relevant segment by similar characteristic and credit risk. The Directors need to apply suitable measurement method to measure ECL on the relevant segments.

(d) Measurement of Provision of Late Delivery

The Group has estimated that the handover of possession of the property is at the end of the first quarter of 2020. The Group has estimated the amount for late delivery. Any delay on the construction will directly affect the provision.

4. REVENUE

	2021 RM	2020 RM
Revenue from contract with customers:		
Sale of plastic mould	9,184,055	6,561,156
Property development	8,524,171	17,130,618
	17,708,226	23,691,774

4. REVENUE (CONT'D)

	Property development		Plastic Mould		Total	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Group						
Revenue from contracts with customers in primary geographical markets						
Germany	–	–	621,501	1,474,266	621,501	1,474,266
Malaysia	8,524,171	17,130,618	6,301,962	658,300	14,826,133	17,788,918
Mexico	–	–	378,510	1,776,304	378,510	1,776,304
Poland	–	–	–	33,662	–	33,662
United States of America	–	–	1,882,082	2,618,624	1,882,082	2,618,624
	8,524,171	17,130,618	9,184,055	6,561,156	17,708,226	23,691,774
Timing of recognition						
At a point in time	1,057,256	1,344,464	–	–	1,057,256	1,344,464
Over time	7,466,915	15,786,154	9,184,055	6,561,156	16,650,970	22,347,310
	8,524,171	17,130,618	9,184,055	6,561,156	17,708,226	23,691,774

4. REVENUE (CONT'D)

There is no revenue generated for the Company throughout the financial year.

The following information reflects the typical transaction of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refund	Warranty
Plastic mould	Revenue is recognised when the goods are delivered and accepted by the customers.	Credit period of 30 to 60 days from invoice date	Not applicable	Not applicable	Not applicable
Property	Property development Recognise the revenue over time using output method, which is based on the stage of completion of the physical proportion of contract work to-date, certified by a professional consultant.	Credit period of 14 days from the invoice date	Not applicable	Not applicable	Defect liability of 24 months is given to customers upon date of delivery of vacant possession.
	Investment properties Revenue from the rental income derived from investment properties are recognised on a straight-line basis over the lease term.	Same day of the first payment date of each succeeding month	Not applicable	Not applicable	Not applicable

5. OTHER OPERATING INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income	1,588,937	2,710,250	1,149,048	2,681,827
Reversal of impairment loss of trade receivables	1,032,420	695,823	–	–
Reversal of impairment loss of other receivables	–	568,325	–	–
Gain on investment in quoted share (unrealised)	–	6,479,510	–	6,479,510
Gain on investment in quoted share (realised)	342,787	49,500	333,883	49,500
Unrealised gain on foreign exchange	17,260	104,925	–	–
Realised gain on foreign exchange	–	86,003	–	–
Gain on disposal of property, plant and equipment	33,000	8,305	–	–
Rental income	425,000	360,000	–	–
Other income	424,120	1,612,160	–	1,500,000
	3,863,524	12,674,801	1,482,931	10,710,837

6. FINANCE COSTS

	Group	
	2021 RM	2020 RM
Interest expenses on financial liabilities that are not at fair value through profit or loss:		
- Finance lease interest	5,693	–
- Bank overdraft interest	187,010	308,613
- Term loan interest	2,108,856	2,443,964
	2,301,559	2,752,577

7. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
(Loss)/Profit before tax is arrived at after charging:				
Auditors' remuneration:				
Audit fee	170,000	185,000	60,000	60,000
Non-audit fees	84,000	24,000	84,000	24,000
Depreciation of property, plant and equipment (Note 11)	4,319,630	4,165,006	–	–
Depreciation of investment properties (Note 13)	735,408	760,233	–	–
Depreciation of right-of-use assets (Note 12)	49,358	18,828	–	–
Employee benefits expenses (Note 10)	3,012,289	4,788,575	201,000	199,000
Loss on investment in quoted share (unrealised)	66,165,204	–	66,165,204	–
Impairment loss on trade receivables	417,028	591,793	–	–
Impairment loss on amount due from subsidiaries	–	–	66,260	–
Impairment loss on goodwill	493,952	–	–	–
Impairment loss on other receivables	9,843,041	–	–	–
Impairment loss on property, plant and equipment	2,596,485	–	–	–
Investment property written off	1,100	–	–	–
Unrealised loss on foreign exchange	–	342	–	–
Legal and professional fees	1,440,551	–	1,142,011	–
Realised loss on foreign exchange	37,639	4,695	–	4,695

8. TAXATION

Major Components of Tax Expenses

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Current financial year	1,270,436	631,195	592,008	544,000
Over provision prior year	(22,760)	(466,625)	(29,846)	(531,794)
	1,247,676	164,570	562,162	12,206
Deferred tax (Note 27)	–	(192,031)	–	–
	1,247,676	(27,461)	562,162	12,206

8. TAXATION (CONT'D)

Reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(Loss)/Profit before tax	(92,983,983)	(7,725,400)	(66,924,777)	9,439,623
Income tax calculated at tax rate 24%	(22,316,156)	(1,854,096)	(16,061,946)	2,265,510
Income not subject to tax	(5,678,998)	(1,915,082)	(1,482,931)	(1,915,083)
Tax effects of expenses not deductible	29,265,590	3,980,373	18,136,885	193,573
Overprovision of deferred tax in prior year	–	(192,031)	–	–
Over provision of income tax in prior financial year	(22,760)	(46,625)	(29,846)	(531,794)
	1,247,676	(27,461)	562,162	12,206

9. LOSS PER SHARE

	Group	
	2021 RM	2020 RM
Loss after tax attributable to equity holders of the Company	(94,391,811)	(7,704,742)
Weighted average number of ordinary shares during the financial year	918,751,161	2,004,734,063
Basic loss per share (sen)	(10.27)	(0.38)
Diluted loss per share (sen)	(5.96)	(0.32)

9. LOSS PER SHARE (CONT'D)

The basic earnings per share of the Group is calculated by dividing the Group's loss after tax attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2021 RM	**2020 RM**
Loss after tax attributable to equity holders of the Company	(94,391,811)	(7,704,742)
Diluted loss per share (sen)	(5.96)	(0.32)

The diluted earnings per share of the Group is calculated by dividing the Group's loss after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of the dilutive potential ordinary shares.

There is no dilution effect to the earnings per share in the previous financial period as the exercise prices of warrants and ICULS were higher than the average market price of the ordinary shares during the previous financial year.

10. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Short term employee benefits	2,557,489	4,017,454	–	–
Other benefits	19,800	25,871	–	–
Directors' remuneration [Note a]	651,000	745,250	201,000	199,000
	3,228,289	4,788,575	201,000	199,000

(a) Directors' Remuneration

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Directors in the Group/ Company:				
Fee - current financial year	636,000	632,250	186,000	186,000
Other remuneration	15,000	113,000	15,000	13,000
	651,000	745,250	201,000	199,000

Notes to the Financial Statements

(Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT

Group	Aircraft RM	Building under construction RM	Buildings RM	Furniture, fittings and office equipment RM	Leasehold land RM	Motor vehicles RM	Plant and machinery RM	Total RM
	At valuation			At cost				
Cost or valuation:								
At 1 January 2021	9,830,000	–	22,931,716	6,291,516	1,370,001	6,107,505	22,454,664	68,985,402
Addition	–	–	282,679	72,458	–	146,000	–	501,137
Disposal	–	–	–	–	–	(234,466)	–	(234,466)
Written off	–	–	–	(9,560)	–	–	–	(9,560)
Impairment	–	–	–	–	–	–	(7,408,443)	(7,408,443)
Reclassification from investment properties	–	–	2,875,436	–	–	–	–	2,875,436
At 31 December 2021	9,830,000	–	26,089,831	6,354,414	1,370,001	6,019,039	15,046,221	64,709,506
Accumulated depreciation								
At 1 January 2021	2,734,960	–	1,064,956	4,821,490	247,117	3,648,156	11,966,544	24,483,223
Charge for the year	983,000	–	516,886	502,132	25,849	907,485	1,384,278	4,319,630
Disposal	–	–	–	–	–	(234,466)	–	(234,466)
Written off	–	–	–	(9,560)	–	–	–	(9,560)
Impairment	–	–	–	–	–	–	(4,811,958)	(4,811,958)
Reclassification from investment properties	–	–	66,499	–	–	–	–	66,499
At 31 December 2021	3,717,960	–	1,648,341	5,314,062	272,966	4,321,175	8,538,864	23,813,368
Net carrying amount	6,112,040	–	24,441,490	1,040,352	1,097,035	1,697,864	6,507,357	40,896,138

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Aircraft RM	Building under construction RM	Buildings RM	Furniture, fittings and office equipment RM	Leasehold land RM	Motor vehicles RM	Plant and machinery RM	Total RM
	At valuation			At cost				
Cost or valuation:								
At 1 January 2020	9,830,000	8,753,817	50,895,969	6,274,340	2,616,917	4,584,155	22,503,664	105,458,862
Addition	–	984,277	378,339	107,079	–	1,603,150	–	3,072,845
Disposal	–	–	–	–	–	(79,800)	(49,000)	(128,800)
Written off	–	–	–	(61,905)	–	–	–	(61,905)
Reclassification to investment properties	–	(8,308,586)	(29,772,100)	–	(1,246,916)	–	–	(39,327,602)
Reclassification from building	–	(1,429,508)	1,429,508	–	–	–	–	–
At 31 December 2020	9,830,000	–	22,931,716	6,319,514	1,370,001	6,107,505	22,454,664	69,013,400
Accumulated depreciation								
At 1 January 2020	1,751,960	–	739,050	4,305,315	403,875	3,017,019	10,547,354	20,764,573
Charge for the year	983,000	–	425,146	578,080	25,848	710,937	1,441,995	4,165,006
Disposal	–	–	–	–	–	(79,800)	(22,805)	(102,605)
Written off	–	–	–	(61,905)	–	–	–	(61,905)
Reclassification to investment properties	–	–	(99,240)	–	(182,606)	–	–	(281,846)
At 31 December 2020	2,734,960	–	1,064,956	4,821,490	247,117	3,648,156	11,966,544	24,483,223
Net carrying amount	7,095,040	–	21,866,760	1,498,024	1,122,884	2,459,349	10,488,120	44,530,177

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	**Office equipment RM**
Cost	
At 1 January 2020, 31 December 2020 and 31 December 2021	1,325
Less: Accumulated depreciation	
At 1 January 2020, 31 December 2020 and 31 December 2021	1,325
Net carrying amount	–

(a) The net carrying amount of the property, plant and equipment registered under the names of a Director and third parties and held in trust on behalf of the Group are as follows:

	Group	
	2021 RM	**2020 RM**
Motor vehicles	261,570	305,287

12. RIGHT-OF-USE ASSETS

The Group has lease contracts for buildings with contract terms of 2 years and the lease contracts do not contain variable lease payments.

The carrying amount and the movement of right-of-use assets for the financial year ended 31 December 2021 is as follows:

	Group	
2021	**Buildings RM**	**Total RM**
Cost		
At 1 January 2021	98,574	98,574
Addition	99,834	99,834
Disposal	(98,574)	(98,574)
At 31 December 2021	99,834	99,834
Accumulated depreciation		
At 1 January 2021	54,887	54,887
Depreciation charge for the year	49,358	49,358
Disposal	(98,574)	(98,574)
At 31 December 2021	5,671	5,671
Net carrying amount		
At 31 December 2021	94,163	94,163

12. RIGHT-OF-USE ASSETS

The carrying amount and the movement of right-of-use assets for the financial year ended 31 December 2021 is as follows:

	Group	
2020	**Buildings RM**	**Total RM**
Cost		
At 1 January 2020	69,627	69,627
Addition	28,947	28,947
At 31 December 2020	98,574	98,574
Accumulated depreciation		
At 1 January 2020	36,059	36,059
Depreciation charge for the year	18,828	18,828
At 31 December 2020	54,887	54,887
Net carrying amount		
At 31 December 2020	43,687	43,687

13. INVESTMENT PROPERTIES

2021	**Leasehold land RM**	**Building RM**	**Total RM**
Group			
Cost or valuation:			
At 1 January 2021	1,246,916	38,470,538	39,717,454
Reclassification to property, plant and equipment	–	(2,875,436)	(2,875,436)
Written off	–	(1,100)	(1,100)
At 31 December 2021	1,246,916	35,594,002	36,840,918
Accumulated depreciation			
At 1 January 2021	206,133	835,946	1,042,079
Reclassification to property, plant and equipment	–	(66,499)	(66,499)
Charge for the year	23,528	711,880	735,408
At 31 December 2021	229,661	1,481,327	1,710,988
Net carrying amount	1,017,255	34,112,675	35,129,930

13. INVESTMENT PROPERTIES (CONT'D)

2020	Leasehold land RM	Building RM	Total RM
Cost or valuation:			
At 1 January 2020	–	–	–
Reclassification from property, plant and equipment	1,246,916	38,080,686	39,327,602
Addition	-	389,852	389,852
At 31 December 2020	1,246,916	38,470,538	39,717,454
Accumulated depreciation			
At 1 January 2020	–	–	–
Reclassification from property, plant and equipment	182,606	99,240	281,846
Charge for the year	23,527	736,706	760,233
At 31 December 2020	206,133	835,946	1,042,079
Net carrying amount	1,040,783	37,634,592	38,675,375

14. INVESTMENTS IN SUBSIDIARIES

	Company 2021 RM	2020 RM
Unquoted shares, at cost		
At 1 January	67,297,996	48,797,648
Additions	–	18,500,348
	67,297,996	67,297,996
Less: Impairment loss	(47,285,437)	(47,285,437)
At 31 December	20,012,559	20,012,559

During the financial year ended 31 December 2021, the Company has no new addition of investment in subsidiaries (2020: RM18,500,348 via capital injections).

Movements in accumulated impairment losses are as follows:

	Company 2021 RM	2020 RM
At 1 January / At 31 December	47,285,437	47,285,437

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Effective equity interest (%)	
Name	**Principle activities**	**2021**	**2020**
Sanichi Precision Mould Sdn. Bhd. (Malaysia) (''SPM")	Design and fabrication of precision moulds and tooling.	100	100
Asia Pinnacle Sdn. Bhd. (Malaysia) (''APSB")	Design and fabrication of precision moulds and tooling.	100	100
Sanichi Mould (Thailand) Co,Ltd ** (Thailand) (''SMT")	Design and fabrication of precision moulds and tooling.	100	100
Sanichi Property Sdn. Bhd. (Malaysia) (''SPSB")	Property investment and development.	100	100
Sanichi Protev Sdn. Bhd. *** (Malaysia) (''SPVSB")	Dormant	–	51
Sanichi Capital Sdn. Bhd. (Malaysia) (''SCSB")	Investment holding company	100	100
Asia Glare Pte Ltd ** (Singapore) (''AGPL")	Dormant	100	100
Majestic International Limited**** (United Arab Emirates) ("MIL")	Dormant	–	100
Persada Ternama Sdn. Bhd. (Malaysia) (''PTSB")	Property development company	60	60
Bina Bicara Sdn. Bhd. (Malaysia) (''BBSB")	Remittance services	100	100
Selama Ehsan Sdn. Bhd. (Malaysia) (''SESB") ***	Investment holding company	–	100
Sanichi Pictures Sdn. Bhd. (Malaysia) (''SPCSB") ***	Movie production company	–	100
EC Victory Sdn. Bhd. * (Malaysia) (''ECVSB")	Dormant	60	60
Sanichi Glove Sdn. Bhd. (Malaysia) (''SGSB")	Dormant	100	100

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name	Principle activities	Effective equity interest (%) 2021	Effective equity interest (%) 2020
Sanichi Medicare Sdn. Bhd. (Malaysia) ("SMSB")	Dormant	100	100
Air King Inc. ** (State of Wyoming, United States of America) (''AKI")	Dormant	100	100

* Subsidiaries not audited by Al Jafree Salihin Kuzaimi PLT (AF 1522).

** These companies are not audited. For consolidation purposes, these companies are consolidated based on management financial statements as at 31 December 2021 which were reviewed by Al Jafree Salihin Kuzaimi PLT (AF 1522).

*** These companies were struck off under Section 550 of the Companies Act 2016 on 15 November 2021.

**** Liquidation process for this company began 20 March 2019

15. GOODWILL

	Group 2021 RM	Group 2020 RM
Cost		
At 1 January	493,952	–
Addition	–	493,952
Less: Impairment loss	(493,952)	–
At 31 December	–	493,952

The goodwill in the Group's consolidated statements of financial position arose from the acquisition of a subsidiary in the previous financial year, Bina Bicara Sdn. Bhd., represents a cash generating units ("CGU") involved in money remittance.

The recoverable amounts of the CGU are determined based on value-in-use ("VIU").

The Directors believe that the impairment on the goodwill on consolidation is required as the recoverable amount of this CGU subceeded its carrying amount.

16. OTHER INVESTMENTS

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Fair value through profit or loss:				
Quoted shares in Malaysia	20,389,366	23,144,508	18,941,116	21,696,258

17. INVENTORIES

	Group 2021 RM	Group 2020 RM
At cost:		
Property development costs	57,240,401	57,534,602
Raw materials	708,787	763,240
Work-in-progress	1,656,610	1,801,965
	59,605,798	60,099,807

During the financial year, the Group recognised inventories cost of RM16,958,561 (financial year ended 31 December 2020: RM24,808,518), as cost of sales.

Property development costs consist of:

	Group 2021 RM	Group 2020 RM
At beginning of financial year		
- Freehold land	7,934,027	7,934,027
- Development costs	82,918,276	70,107,055
	90,852,303	78,041,082
Add: Development costs during the financial year	5,389,637	12,811,221
At end of financial year	96,241,940	90,852,303
Less: Costs recognised to profit or loss		
Recognised in previous financial year	(33,317,701)	(17,766,780)
Recognised during the financial year	(5,683,838)	(15,550,921)
Total property development costs	(39,001,539)	(33,317,701)
	57,240,401	57,534,602
Summarised as:		
Freehold land	7,934,027	7,934,027
Development costs	49,306,374	49,600,575
	57,240,401	57,534,602

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
Trade receivables				
Third parties	9,663,667	2,761,483	–	–
Less: Allowance for expected credit losses [Note (d)]	(1,051,667)	(1,667,059)	–	–
Trade receivables, net	8,612,000	1,094,424	–	–
Other receivables				
Other receivables	26,312,636	24,668,877	231,521	10,718,609
Deposits	13,218,467	17,555,167	13,130,201	–
Prepayments	47,909	48,590	–	–
Amount due from subsidiaries [Note (c)]	–	–	152,928,399	140,831,739
	39,579,012	42,272,634	166,290,121	151,550,348
	48,191,012	43,367,058	166,290,121	151,550,348

(a) *Trade receivables*

The Group's normal trade credit term ranges from 14 to 60 days (2020: 14 to 60 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

(b) *Other receivables*

Other receivables are unsecured and interest-free:

(i) The details of other receivables are as follows:

	Group	
	2021 RM	2020 RM
At cost	36,155,677	24,100,552
Less: Accumulated impairment [Note 34(d)]	(9,843,041)	–
Reversal of impairment	–	568,325
Net carrying amount	26,312,636	24,668,877

(c) *Amount due from subsidiaries*

These amounts are non-trade in nature, unsecured, interest free and recoverable on demand.

18. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) *Movements in accumulated impairment losses*

(i) Movements in accumulated impairment losses on trade receivables are as follows:

	Group	
	2021 RM	**2020 RM**
At 1 January	1,667,059	1,771,089
Impairment losses on:		
- Trade receivables	417,028	591,793
Reversal of impairment	(1,032,420)	(695,823)
At 31 December	1,051,667	1,667,059

19. CONTRACT ASSETS

	Group	
	2021 RM	**2020 RM**
Contract assets:		
Construction contract cost incurred to date	39,001,539	33,317,701
Attributable profit	13,742,678	12,451,434
	52,744,217	45,769,135
Less: Progress billings to date	(47,519,917)	(38,220,250)
Contract assets	5,224,300	7,548,885

The contract assets primarily relate to the Group's right to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 14 days.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash and bank balances	29,390,779	56,554,052	258,867	51,036,110
Fixed deposits with licensed banks	3,000,000	306,251	–	306,251
Fixed deposits with a cooperative	121,839,158	80,269,564	121,839,158	57,769,564
Total cash and cash equivalents	154,229,937	137,129,867	122,098,025	109,111,925
Less: Fixed deposits with a maturity period more than 3 months	(121,839,158)	(80,269,564)	(121,839,158)	(57,769,564)
Cash and cash equivalents as presented in statements of cash flows	32,390,779	56,860,303	258,867	51,342,361

20. CASH AND CASH EQUIVALENTS (CONT'D)

The cash and bank balances amounting to RM2,627,636 (2020: RM2,922,044) are held under the Housing Development Account. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development Regulations 1991.

Fixed deposits with licensed banks earn interest at rates ranging from 1.50% to 1.85% (2020: 2.95% to 3.30%) per annum and have maturity period of 3 to 12 months (2020: 3 to 12 months).

Fixed deposits with a cooperative earns interest at rates ranging from 1.90% to 4.10% (2020: 1.90% to 4.10%) and have maturity period of 3 to 12 months (2020: 3 to 12 months).

21. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2021 Units	2020 Units	2021 RM	2020 RM
Issued and fully paid up: ordinary shares				
At beginning of financial year	2,004,734,063	1,108,795,463	236,675,979	184,200,378
Issued during the financial year:				
- ESOS exercised	–	482,000,000	–	29,258,800
- Private placement	–	413,938,600	–	23,216,801
- Right issue	1,202,623,503	–	96,209,881	–
- Consolidation of shares	(1,804,262,152)	–	–	–
- Warrants exercised	145	–	36	–
At end of financial year	1,403,095,559	2,004,734,063	332,885,896	236,675,979

During the financial year,

(a) the issued and paid up share capital of the Company was decreased from 2,004,734,063 units of ordinary shares to 200,471,911 units of ordinary shares pursuant to the exercise of the consolidation of every 10 existing shares into 1 share ("Consolidated Share").

(b) 1,202,623,503 units ordinary shares were issued pursuant at the renounceable rights issue ("Rights Shares") together with 601,311,751 free detachable warrants ("Warrants F") on the basis of 6 rights shares together with 3 free warrants for every 1 existing share held in the Company ("Rights Issue with Warrants") at an issued price of RM0.08 per Rights Share.

(c) 145 units ordinary shares at an exercise price of RM0.25 pursuant to the conversion of Warrant E.

The new ordinary shares issued ranked pari passu in all respect with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

22. OTHER RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-distributable				
Other reserve:				
Foreign currency translation reserve	(28,814)	238,953	–	–
Warrant reserve	9,233,231	9,233,231	9,233,231	9,233,231
	9,204,417	9,472,184	9,233,231	9,233,231

(a) Foreign currency translation reserve

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Warrant reserve

The warrant reserve is transferred to the share capital account upon the exercise of warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to share capital. The salient features of the warrants are disclosed in Note 23 to the financial statements.

23. WARRANTS

Warrant E was constituted under the Deed Poll dated 2 November 2018.

Salient features of the above warrants are as follows:

(a) Warrant E are quoted on the ACE Market of Bursa Malaysia Securities Berhad on 20 December 2018. Each warrant entitles its holder the right to subscribe for one ordinary share each in the Company at any time up to the expiry date of 13 December 2021 at an exercise price of RM0.10 payable in cash.

(b) adjustment to the number of outstanding Warrant E was decreased from 369,329,241 units to 36,932,924 units pursuant to the consolidation of every 10 existing shares into 1 share ("Consolidated Share") in the Company.

(c) 145 units ordinary shares at an exercise price of RM0.25 pursuant to the conversion of Warrant E.

The number of unexercised Warrants as at the end of the reporting period are as follows:

	Group	
	2021 RM	2020 RM
At 1 January	369,329,241	369,329,241
Consolidation	(332,396,317)	–
Exercised during the year	(145)	–
Warrant E	36,932,779	369,329,241

The fair value of warrant E is measured using the market price of the listing date which is RM0.25.

24. EMPLOYEE SHARE OPTION RESERVE

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services rendered from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The main features of the ESOS are as follows:

(a) Eligible persons are employees and/or Directors of the Group who have been confirmed in the employment of the Group and have served for at least 1 year before the date of the offer.

(b) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 30% of the total number of issued share capital of the Company at any point in time when an offer is made throughout the duration of the scheme.

(c) The option price shall be determined by the ESOS Committee based on the 5-day volume weighted average market price of each ordinary share as quoted on Bursa Securities, immediately preceding the date of offer of the ESOS option, with a discount of not more than 10%.

(d) The option may be exercised by the option holders by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.

(e) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

25. NON-CONTROLLING INTERESTS

In the opinion of the Directors, the subsidiaries of the Group that have non-controlling interests which are material to the Group as at 31 December 2021 are as follows :

Name of subsidiaries	Place of business
Sanichi Protev Sdn. Bhd. ("SPVSB")	Malaysia
Persada Ternama Sdn. Bhd. ("PTSB")	Malaysia
EC Victory Sdn Bhd ("ECVSB")	Malaysia

The profit, comprehensive income and net assets attributable to owners of non-controlling interests are as follows :

	2021 RM	2020 RM
Profit for the financial year	160,152	6,803
Other comprehensive loss for the financial year	(49)	–
Total comprehensive income for the financial year	160,103	6,803
Net assets	9,156,281	8,996,178

25. NON-CONTROLLING INTERESTS (CONT'D)

Summarised financial information

i. The summarised consolidated statements of comprehensive income of each subsidiary that has non-controlling interests that are material to the Group are as follows :

	SPVSB RM	PTSB RM	ECVSB RM	Total RM
Financial year ended 31.12.2021				
Revenue	–	–	–	–
Net (loss)/profit for the year	(9,937)	(7,982)	420,534	402,615
Attributable to non-controlling interests :				
- (loss)/profit for the financial year	(4,869)	(3,193)	168,166	160,103
- total comprehensive (loss)/income	(4,869)	(3,193)	168,166	160,103

ii. The summarised consolidated statements of financial position of each subsidiary that has non-controlling interests that are material to the Group are as follows:

	SPVSB RM	PTSB RM	ECVSB RM	Total RM
Financial year ended 31.12.2021				
Current assets	3,377	22,206	22,963,077	22,988,660
Current liabilities	39,663	44,009	6,000	89,672
Net (liabilities)/assets	(36,286)	(21,803)	22,957,077	22,898,988
Proportion of equity held by non-controlling interests (%)	49%	40%	40%	
Non-controlling interests	(17,780)	(8,721)	9,182,783	9,156,281

25. NON-CONTROLLING INTERESTS (CONT'D)

Summarised financial information (Cont'd)

iii. The summarised consolidated statements of cash flows of each subsidiary that has non-controlling interest that are material to the Group are as follows :

	SPVSB RM	PTSB RM	ECVSB RM	Total RM
Financial year ended 31.12.2021				
Cash (used in)/ generated from operations	(9,937)	(7,982)	420,534	402,615
Interest income	–	–	(460,077)	(460,077)
Other receivables	(1)	(1,364)	1	(1,364)
Other payables and accruals	11,930	9,346	3,000	24,276
Tax paid	(1,992)	(1,992)	–	(3,984)
Net cash generated used in operating activities	–	(1,992)	(36,542)	(38,534)
Net cash generated from financing activities	–	–	460,077	460,077
Net increase in cash and cash equivalents	–	(1,992)	423,535	421,543
Cash and cash equivalents at the beginning of the financial year	49	–	22,539,542	22,539,591
Exchange differences	–	–	–	–
Cash and cash equivalents at the end of the financial year	49	(1,992)	22,963,077	22,961,134

The information above represents amounts after Group adjustments.

i. The summarised consolidated statements of comprehensive income of each subsidiary that has non-controlling interests that are material to the Group are as follows :

	SPVSB RM	PTSB RM	ECVSB RM	Total RM
Financial year ended 31.12.2020				
Revenue	–	–	–	–
Net (loss)/profit for the year	(6,160)	(11,988)	36,542	18,394
Attributable to non-controlling interests :				
- (loss)/profit for the financial year	(3,018)	(4,795)	14,617	6,804
- total comprehensive (loss)/income	(3,018)	(4,795)	14,617	6,804

25. NON-CONTROLLING INTERESTS (CONT'D)

Summarised financial information (Cont'd)

ii. The summarised consolidated statements of financial position of each subsidiary that has non-controlling interests that are material to the Group are as follows:

	SPVSB RM	PTSB RM	ECVSB RM	Total RM
Financial year ended 31.12.2020				
Current assets	3,378	20,215	22,539,542	22,563,135
Current liabilities	29,727	34,036	3,000	66,763
Net (liabilities)/assets	(26,349)	(13,821)	22,536,542	22,496,372
Proportion of equity held by non-controlling interests (%)	49%	40%	40%	
Non-controlling interests	(12,911)	(5,528)	9,014,617	8,996,178

iii. The summarised consolidated statements of cash flows of each subsidiary that has non-controlling interest that are material to the Group are as follows :

	SPVSB RM	PTSB RM	ECVSB RM	Total RM
Financial year ended 31.12.2020				
Cash used in operations	(6,160)	(11,988)	–	(18,148)
Other receivables	–	–	36,542	36,542
Other payables and accruals	5,663	13,316	3,000	21,979
Tax paid	497	(1,328)	–	(831)
Net cash generated from operating activities	–	–	39,542	39,542
Net cash generated from financing activities	–	–	22,500,000	22,500,000
Net increase in cash and cash equivalents	–	–	22,539,542	22,539,542
Cash and cash equivalents at the beginning of the financial year	49	–	–	49
Exchange differences	–	–	–	–
Cash and cash equivalents at the end of the financial year	49	–	22,539,542	22,539,591

The information above represents amounts after Group adjustments.

26. BORROWINGS

	Group 2021 RM	Group 2020 RM
Maturity structure of loans and borrowings		
Not later than 1 year	6,699,309	1,956,007
Later than 1 year and not later than 5 years	33,846,302	36,185,931
	40,545,611	38,141,938

Details of security and rates of interest:

(a) On the office building in Tower, 11, Avenue 5, Bangsar South, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
(b) Joint and several guarantee by all the Company's Directors.
(c) The effective interest is charged at 2.10%.

<u>Term loan 1</u>

(a) First legal charge over the property of the Company. (Note 9 and Note 10)
(b) Legal charge over the rental collection account ('RCA') and debt service reserve account ('DSRA') opened or to be opened and maintained with the bank.
(c) Corporate guarantee by the Holding Company.
(d) Personal guarantee by a Director.
(e) Repayable by 144 monthly installment of RM328,799
(f) Effective interest is charged at 7.20% per annum

Term loan 2

(a) Refinance free from encumbrances for working capital.
(b) Joint and several guarantee by all the Company's Directors.
(c) The effective interest is charged at 2.10% below the bank's base lending rate.
(d) Repayable by 240 monthly instalments of RM28,173 each.

27. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after apporiate offsetting, are shown in the statement of financial position.

Presented after appropriate off/setting as follows:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Deferred tax laibilities	–	–	–	–

27. DEFERRED TAX LIABILITIES (CONT'D)

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows :

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	–	(192,031)	–	–
Recognised in profit or loss (Note 8)	–	192,031	–	–
At 31 January	–	–	–	–

The deferred tax (liabilities)/asset are in respect of:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax liabilities				
Property, plant and equipment	–	(1,039,560)	–	–
Deferred tax assets				
Unabsorbed capital allowances	–	93,859	–	–
Unabsorbed tax losses	–	753,670	–	–
Deductible temporary differences	–	192,031	–	–
As at 31 December	–	–	–	–

The Directors are of the view that there is sufficient taxable profit available which allow the deferred tax assets to be utilised in the future.

Unrecognised deferred tax assets

The amount of unused tax losses can only be carried forward for a maximum period of 7 consecutive years of assessment. No deferred tax assets are recognised in the statement of financial position by certain subsidiaries as the directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised is as follows :

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised tax losses	2,446,811	19,785,725	1,006,297	–

28. FINANCE LEASE PAYABLES

	Group	
	2021 **RM**	**2020** **RM**
Future minimum lease payments		
Not later than 1 year	–	11,095
Later than 1 year but not later than 5 years	36,846	–
	36,846	11,095
Less: Future finance charges	(8,723)	(1,488)
	28,123	9,607
Present value of liabilities		
Not later than 1 year	28,123	9,607
Analysed as:		
Due within 12 months	28,123	9,607

The finance lease payables bear effective interest at rate ranging from 4.10% to 6.70% (2020: 4.84% to 6.00%) per annum.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 **RM**	**2020** **RM**	**2021** **RM**	**2020** **RM**
Trade payables				
- Third parties	9,781,912	1,981,292	–	–
Other payables				
Other payables	14,201,980	17,802,107	9,092,467	9,577,887
Deposit received	213,400	300,000	–	–
Amount due to a Director	–	2,364,811	–	3,348,836
	14,415,380	20,466,918	9,092,467	12,926,723
	24,197,292	22,448,210	9,092,467	12,926,723

(a) *Trade payables*

Trade payables are unsecured and interest free. The Group's normal trade credit terms granted to the Group ranges from 30 to 60 days (2020: 30 to 60 days).

(b) *Other Payables*

Other payables are unsecured and interest free.

(c) *Change to Amount due to a Director*

This amount is non-trade in nature, unsecured, interest free and repayable on demand.

30. PROVISION

	Group 2021 RM	Group 2020 RM
At 1 January	768,284	768,284
Addition in current year	2,307,504	–
At 31 December	3,075,788	768,284

The provision is in respect of provision of Liquidated Ascertained Damages (LAD) for late delivery of vacant possession to the buyers.

31. RELATED PARTIES DISCLOSURES

(a) *Key Management Personnel Compensation*

The remuneration of key management personnel comprising solely executive Directors is disclosed in Note 10(a) to the financial statements.

(b) *Related Party Transactions*

	Amount of transaction RM	Balance outstanding at year end RM	Terms of settlement
Year ended 31 December 2021			
Advances to:			
Sanichi Property Sdn. Bhd.	6,345,000	79,534,028	
Sanichi Precision Mould Sdn. Bhd.	2,589,203	27,296,995	
Sanichi Protev Sdn. Bhd.	8,677	36,308	
Sanichi Capital Sdn. Bhd.	5,200,000	47,441,652	
Persada Ternama Sdn. Bhd.	8,793	30,017	
Bina Bicara Sdn. Bhd.	(91,199)	424,078	Unsecured,
Selama Ehsan Sdn. Bhd.	3,622	13,781	interest-free
Sanichi Pictures Sdn. Bhd.	7,756	16,171	and repayable
Sanichi Medicare Sdn. Bhd.	4,838	4,838	on demand
Sanichi Glove Sdn. Bhd.	1,952	1,952	
Asia Glare PTE LTD	108,063	218,625	
Advances from:			
Asia Pinnacle Sdn. Bhd.	(1,305,183)	2,043,653	

31. RELATED PARTIES DISCLOSURES (CONT'D)

(b) Related Party Transactions (Cont'd)

	Amount of transaction RM	Balance outstanding at year end RM	Terms of settlement
Year ended 31 December 2020			
Advances to:			
Sanichi Property Sdn. Bhd.	(3,295,739)	73,189,028	
Asia Pinnacle Sdn. Bhd.	2,223,836	–	
Sanichi Precision Mould Sdn. Bhd.	(659,000)	24,707,792	
Sanichi Protev Sdn. Bhd.	6,187	27,631	
Sanichi Capital Sdn. Bhd.	15,392,000	42,241,652	Unsecured,
Asia Glare PTE LTD	25,456	110,562	interest-free
Persada Ternama Sdn. Bhd.	13,414	21,224	and repayable
Bina Bicara Sdn. Bhd.	12,815	515,277	on demand
Selama Ehsan Sdn. Bhd.	6,655	10,159	
Sanichi Pictures Sdn. Bhd.	5,511	8,415	
Advances from:			
Asia Pinnacle Sdn. Bhd.	3,348,836	3,348,836	

32. SEGMENT INFORMATION

The Group is organised into business units based on its products and services, and has three reportable operating segments as follow:

Plastic Mould	Designing and fabrication of precision moulds and tooling for use in automobile.
Property development	Property development activities
Others	Investment holding and provision for management services

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of profit or loss and other comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

32. SEGMENT INFORMATION (CONT'D)

a. Segment results

2021	Plastic Mould RM	Property RM	Adjustment RM	Consolidated RM
Revenue				
External revenue	9,184,055	8,524,171	–	17,708,226
Cost of sales	(10,530,607)	(6,427,954)	–	(16,958,561)
Gross (loss)/profit	(1,346,552)	2,096,217	–	749,665
Other operating income	1,829,056	2,233,405	(198,937)	3,863,524
Administrative and other expenses	(7,558,932)	(21,819,909)	(65,916,772)	(95,295,613)
(Loss)/Profit from operation	(7,076,428)	(17,490,287)	(66,115,709)	(90,682,424)
Finance costs	(266,417)	(2,035,142)	–	(2,301,559)
(Loss)/Profit before interest and taxation	(7,342,845)	(19,525,429)	(66,115,709)	(92,983,983)
Taxation	(72,691)	(1,174,985)	–	(1,247,676)
(Loss)/Profit for the financial year	(7,415,536)	(20,700,414)	(66,115,709)	(94,231,659)
Included in segment result are:				
Depreciation and amortisation	(676,745)	(4,427,651)	–	(5,104,396)
Impairment losses on trade and other receivables	(417,028)	(9,843,041)	–	(10,260,069)
Impairment loss on property, plant and equipment	–	–	(2,596,485)	(2,596,485)
Allowance of diminuition of value of investment	–	–	(66,165,204)	(66,165,204)
Reversal of impairment of expected credit loss:				
- Trade receivables	1,032,420	–	–	1,032,420
- Other receivables	–	–	–	–
Included in other gain are:				
Gain on disposal of property, plant and equipment	33,000	–	–	33,000

32. SEGMENT INFORMATION (CONT'D)

a. Segment results (Cont'd)

2020	Plastic Mould RM	Property RM	Adjustment RM	Consolidated RM
Revenue				
External revenue	6,561,156	17,163,183	(32,565)	23,691,774
Cost of sales	(9,160,836)	(15,647,682)	–	(24,808,518)
Gross (loss)/profit	(2,599,680)	1,515,501	(32,565)	(1,116,744)
Other operating income	492,201	12,182,600	–	12,674,801
Administrative and other expenses	(3,269,268)	(11,386,079)	(1,875,533)	(16,530,880)
(Loss)/Profit from operation	(5,376,747)	2,312,022	(1,908,098)	(4,972,823)
Finance costs	(268,671)	(2,483,906)	–	(2,752,577)
(Loss)/Profit before interest and taxation	(5,645,418)	(171,884)	(1,908,098)	(7,725,400)
Taxation	44,796	(17,335)	–	27,461
(Loss)/Profit for the financial year	(5,600,622)	(189,219)	(1,908,098)	(7,697,939)
Included in segment result are:				
Depreciation and amortisation	(2,340,088)	(2,603,979)	–	(4,944,067)
Impairment losses on trade and other receivables	(591,734)	–	–	(591,734)
Reversal of impairment of expected credit loss:				
- Trade receivables	79,212	616,611	–	695,823
- Other receivables	–	568,325	–	568,325
Included in other gain are:				
Gain on disposal of property, plant and equipment	8,305	–	–	8,305

32. SEGMENT INFORMATION (CONT'D)

b. Segment assets and liabilities and additions to non-current assets

	Plastic Mould RM	Property RM	Adjustment RM	Consolidated RM
2021				
Segment assets				
Operating assets	60,195,677	509,063,871	(205,291,309)	363,968,239
Segment liabilities				
Liabilities	54,518,133	199,547,531	(185,396,240)	68,669,424
Additions to non-current assets are as follows:				
- capital expenditure	161,199	439,772	–	600,971
Capital expenditure consists of the following:				
Property, plant and equipment	161,199	339,938	–	501,137
Right-of-use assets	–	99,834	–	99,834
2020				
Segment assets				
Operating assets	60,915,280	493,227,048	(199,054,277)	355,088,051
Segment liabilities				
Liabilities	47,902,800	193,134,295	(179,537,417)	61,499,678
Additions to non-current assets are as follows:				
- capital expenditure	29,532	3,462,112	–	3,491,644
Capital expenditure consists of the following:				
Property, plant and equipment	585	3,072,260	–	3,072,845
Investment properties	–	389,852	–	389,852
Right-of-use assets	28,947	–	–	28,947

32. SEGMENT INFORMATION (CONT'D)

Segment by geography

Revenue by location of customers and the Group's operations are analysed as follows:

	2021 RM	2020 RM
Germany	621,501	1,474,266
Malaysia	14,826,133	17,788,918
Mexico	378,510	1,776,304
Poland	–	33,662
United States of America	1,882,082	2,618,624
	17,708,226	23,691,774

33. CATEGORIES OF FINANCIAL INSTRUMENTS

The financial instruments of the Group and the Company as at reporting date are categorised into the following classes:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through profit or loss
- Financial liabilities measured at amortised cost

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial assets				
Amortised cost				
Trade and other receivables	48,191,012	43,367,058	166,290,121	151,550,348
Cash and cash equivalents	154,229,937	137,129,867	122,098,025	109,111,925
	202,420,949	180,496,925	288,388,146	260,662,273
Fair value through profit or loss:				
Other investments	20,389,366	23,144,508	18,941,116	21,696,258
Financial liabilities				
Amortised cost				
Trade and other payables	24,197,292	22,448,210	9,092,467	12,926,723
Borrowings	40,545,611	38,141,938	–	–
	64,742,903	60,590,148	9,092,467	12,926,723

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risks, price risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for management of these risks, which are executed by the management.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivative shall be undertaken for hedging and speculative purposes. The Group and the Company do not apply hedge accounting.

The following sections provide the details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for management of these risks.

(a) Foreign Currency Risk

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

The Group is exposed to transactional currency exposure primarily through sales that are denominated in a currency other than the functional currency of the operations to which they relate. The significant foreign currencies in which these transactions are denominated are United States Dollar ("USD"), Euro ("EUR") and Singapore Dollar ("SGD"), Arab Emirates Dirham ("AED") and Thailand Baht ("THB"), Myanmar Kyats ("MMK") and Australian Dollar ("AUD"). There is no formal hedging policy with respect to foreign exchange exposure. Exposure to foreign currency is monitored on an on-going basis and the Group endeavours to keep the net exposures to an acceptable level. The Group and the Company are not exposed to transactional currency exposure.

The Group's exposure to significant foreign currency risk, based on the carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Denominated in USD				
Trade and other receivables	–	71,347	–	–
Cash and cash equivalents	39,272	47,565	–	–
	39,272	118,912	–	–
Denominated in EUR				
Trade and other receivables	63,938	96,396	–	–
Cash and cash equivalents	4,747	4,043	–	–
Trade and other payables	–	76,463	–	–
	68,685	176,902	–	–
Denominated in SGD				
Cash and cash equivalents	131,400	129,190	–	–
Trade and other payables	252,359	247,281	–	–
	383,759	376,471	–	–

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Foreign Currency Risk (Cont'd)

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Denominated in THB				
Trade and other receivables	159,896	143,999	–	–
Cash and cash equivalents	11,317	10,520	–	–
	171,213	154,519	–	–
Denominated in AUD				
Cash and cash equivalents	7,395	7,395	–	–
Denominated in AED				
Cash and cash equivalents	–	3,642	–	–
Denominated in CNY				
Cash and cash equivalents	1,550	1,015	–	–
Trade and other payables	–	683,912	–	–
	1,550	684,927	–	–
Denominated in MXN				
Trade and other receivables	–	281,460	–	–
Cash and cash equivalents	1,073	1,073	–	–
	1,073	282,533	–	–

Sensitivity Analysis of Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD/RM, EUR/RM, SGD/RM, AED/RM, THB/RM, AUD/RM, CNY/RM and MXN/RM exchange rates against the respective functional currencies, with all other variables held constant.

	Group Increase/(Decrease)	
	2021 RM	**2020 RM**
USD/RM		
- strengthening of USD by 5% (2020: 5%)	1,964	5,869
- weakening of USD by 5% (2020: 5%)	(1,964)	(5,869)
EUR/RM		
- strengthening of EUR by 5% (2020: 5%)	3,434	8,845
- weakening of EUR by 5% (2020: 5%)	(3,434)	(8,845)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Foreign Currency Risk (Cont'd)*

Sensitivity Analysis of Foreign Currency Risk (Cont'd)

	Group Increase/(Decrease) 2021 RM	2020 RM
SGD/RM		
- strengthening of SGD by 5% (2020: 5%)	19,188	18,824
- weakening of SGD by 5% (2020: 5%)	(19,188)	(18,824)
THB/RM		
- strengthening of THB by 5% (2020: 5%)	8,561	526
- weakening of THB by 5% (2020: 5%)	(8,561)	(526)
AUD/RM		
- strengthening of AUD by 5% (2020: 5%)	370	370
- weakening of AUD by 5% (2020: 5%)	(370)	(370)
AED/RM		
- strengthening of AUD by 5% (2020: 5%)	–	182
- weakening of AUD by 5% (2020: 5%)	–	(182)
CNY/RM		
- strengthening of CNY by 5% (2020: 5%)	78	34,246
- weakening of CNY by 5% (2020: 5%)	(78)	(34,246)
MXN/RM		
- strengthening of MXN by 5% (2020: 5%)	54	14,127
- weakening of MXN by 5% (2020: 5%)	(54)	(14,127)

(b) *Equity price risk*

Equity price risk arises from the Group's investment in quoted equity shares listed on Bursa Malaysia. At the reporting date, the exposure to the security carried at fair value was RM10,878,344 (2020: RM16,768,510).

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Equity price risk (Cont'd)

The following table demonstrates the indicative effects on the Group's and the Corporation's investment in quoted equity shares applying reasonably foreseeable market movements in the following index rates:

	Carrying value RM	Group Weighted average change in index rate %	Effect on profit before taxation increase/ (decrease) RM
2021			
Malaysian quoted equity shares	10,878,344	10	1,087,834
Malaysian quoted equity shares	10,878,344	-10	(1,087,834)
2020			
Malaysian quoted equity shares	16,768,510	10	1,676,851
Malaysian quoted equity shares	16,768,510	-10	(1,676,851)

This analysis assumes all other variables remain constant and that the price of the Group's quoted equity investment is perfectly correlated to the market index.

(c) Interest risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk whereas those issued at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings, and entering into interest rate swaps.

Sensitivity analysis for interest rate risk

At the reporting date, a change of 50 basis points (“”bp””) in interest rates would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group 2021 RM	2020 RM
Interest rate:		
50 bp increase in interest rates	202,728	190,710
50 bp decrease in interest rates	(202,728)	(190,710)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income ("”FVOCI"") and at fair value through profit or loss ("”FVTPL""), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures primarily from outstanding trade and other receivables.

The Group and the Company adopt the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including payments in advance, security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group seeks to invest cash assets safely and profitability and buys insurance to protect itself against insurable risk in this regard, counterparties are assessed for credit limits that are set to minimise any potential losses. The Group has no significant concentration of credit risk and it is not the Group's policy to hedge its credit risk. The Group has in place, for significant operating subsidiaries, policies to ensure that sales of products and services are made to customers with an appropriate credit history and sets limits on the amount of credit exposure to any one customer. For significant subsidiaries, there were no instances of credit limits being materially exceeded during the reporting periods and management does not expect any material losses from non-performance by counterparties.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2021 RM	**2020 RM**
Germany	–	96,396
Malaysia	8,345,111	645,221
United States of America	266,889	71,347
Mexico	–	281,460
	8,612,000	1,094,424

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (Cont'd)

Recognition and Measurement of Impairment Loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate (actions including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 365 days. The Group's debt recovery is as follows:

(a) Above 90 days past due after credit term, the Group will start to initiate a debt recovery process which is monitored by the sales management team; and

(b) Above 365 days past due, the management will take necessary action including collection arrangement.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments except for property development segment. Consistent with the debt recovery process, invoice which are past due 365 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive states of delinquency to 365 days past due.

Loss rates are based on actual credit loss experience over the past two years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the trade receivable.

For property development, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2021 and as at 31 December 2020 which are grouped together as they are expected to have similar risk nature.

Group 2021	**Gross carrying amount RM**	**Loss allowances RM**	**Net balance RM**
Current (not past due)	1,179,343	–	1,179,343
1 - 30 days past due	31,540	–	31,540
31 - 60 days past due	31,000	–	31,000
61 - 90 days past due	–	–	–
More than 90 days past due	8,421,784	(1,051,667)	7,370,117
	9,663,667	(1,051,667)	8,612,000
Credit impaired			
Individually impaired	–	–	–
	–	–	–
Net trade receivables	9,663,667	(1,051,667)	8,612,000

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (Cont'd)

Group 2020	**Gross carrying amount RM**	**Loss allowances RM**	**Net balance RM**
Current (not past due)	105,790	–	105,790
1 - 30 days past due	235,329	–	235,329
31 - 60 days past due	131,906	–	131,906
61 - 90 days past due	4,676	–	4,676
More than 90 days past due	616,723	–	616,723
	1,094,424	–	1,094,424
Credit impaired			
Individually impaired	1,667,059	(1,667,059)	–
	1,667,059	(1,667,059)	–
Net trade receivables	2,761,483	(1,667,059)	1,094,424

Cash and cash equivalents

The cash and cash equivalents are held with banks and a cooperative. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks have low credit risks. In addition, some of the bank balances and fixed deposits with licensed bank are insured by Perbadanan Insurans Deposit Malaysia ("PIDM"). Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

The Group and the Company placed RM121,839,158 (2020: RM80,269,564) as fixed deposits in a cooperative. The Directors and the management consider such placement as low credit risk and able to recover due to there is no history of default and no obstacles placed by the cooperative during uplift of deposits. The decision to place the deposit in the cooperative is because the cooperative offers better interest rate. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (Cont'd)

Other receivables

The Group has placed a RM2,490,102 (2020: RM2,490,102) as a collaboration deposit to a third party that acts as an investment agent of the cooperative. In the opinion of the Directors and management, there is no related party relationship in these transactions as there is no control and influence over the Group and the particular third party. Besides that, the Group has placed a refundable deposit amounting to RM400,000 (2020: RM518,887) to a Director of a subsidiary to obtain outbound money remittance services. The Group and the Company manage the credit risk by following up the collection and project status regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The movement of the allowance for impairment losses of other receivables are as follows [Note 18(b)]:

	Group	
	2021 **RM**	**2020** **RM**
At 1 January 2021	–	568,325
Impairment loss	9,843,041	–
Reversal of impairment loss	–	(568,325)
At 31 December 2021	9,843,041	–

Inter-Company Loans and Advances

Risk Management Objectives, Policies and Processes for Managing the Risk

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to Credit Risk, Credit Quality and Collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (Cont'd)

Other receivables (Cont'd)

Recognition and Measurement of Impairment Loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The following table provides information about the exposure to credit risk and ECLs for related companies' loans and advances as at 31 December 2021.

2021	**Gross carrying amount RM**	**Loss allowances RM**	**Net balance RM**
Low credit risk	152,928,399	–	152,928,399
2020			
Low credit risk	140,831,739	–	140,831,739

(e) Liquidity Risk

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's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Liquidity risk (Cont'd)

Analysis of Financial Liabilities by Remaining Contractual Mutuality Obligations

The table below summarises the mutuality profile of the Group's and the Company's liabilities at the statement of financial position based on contractual undiscounted repayment obligations.

	Within 1 year or less RM	After 1 year but not more than 5 years RM	Total RM
Group			
2021			
Trade and other payables	24,197,292	–	24,197,292
Borrowings	6,699,309	33,846,302	40,545,611
	30,896,601	33,846,302	64,742,903
2020			
Trade and other payables	22,448,210	–	22,448,210
Borrowings	1,956,007	36,185,931	38,141,938
	24,404,217	36,185,931	60,590,148
Company			
2021			
Trade and other payables	9,092,467	–	9,092,467
2020			
Trade and other payables	12,926,723	–	12,926,723

35. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain a capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholder, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as the equity attributable to equity holders of the Company plus net debt.

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Trade and other payables	24,197,292	22,448,210	9,092,467	12,926,723
Borrowings	40,545,611	38,141,938	–	–
	64,742,903	60,590,148	9,092,467	12,926,723
Less: Cash and cash equivalents	(32,390,779)	(56,860,303)	(258,867)	(51,342,361)
Net debt	32,352,124	3,729,845	8,833,600	(38,415,638)
Shareholders' equity	286,142,534	284,592,195	318,127,513	289,404,535
Gearing ratio	11%	1%	3%	(13%)

36. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value of financial instruments that are carried at fair value (level 1).*

The Group and the Company have other investments of RM20,389,365 (2020: RM23,144,508) and RM18,941,116 (2020: RM21,696,258) at Level 1 of fair value measurement.

(b) *Fair value of financial instruments by classes that are not carried at fair values and whose carrying amounts are not reasonable approximation of fair values (Level 3).*

The fair value of the financial assets and financial liabilities by classes that are not carried at fair values and whose carrying amounts are not reasonable approximation of fair values are as follows:

	2021		2020	
Group	**Carrying amount RM**	**Fair values RM**	**Carrying amount RM**	**Fair values RM**
Finance lease payables	28,123	93,556	9,607	35,584
Borrowing	40,545,611	40,337,553	38,141,938	37,898,567
	40,573,734	40,431,109	38,151,545	37,934,151

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.*

The carrying amount of these financial assets and liabilities (trade and other receivables, cash and bank balances, trade and other payables) are reasonable approximation of fair value, either due to their short term nature or that they are floating rate instruments that are re-priced at market interest.

37. EQUITY-SETTLED SHARED-BASED PAYMENTS

The fair value services received in return for share options granted is based on the market price of the grant date with value of RM0.10, RM0.105 and RM0.13. Grant date is the date that the Company and its employees agree to a shared-based payment arrangement, being when the entity and the Company and its employees have a shared understanding of the terms and conditions of the agreement.

38. SIGNIFICANT EVENT

The emergence and spread of coronavirus (COVID-19) in early 2020 has affected business and economic activities in Malaysia and beyond. The Company considers this outbreak to be a non-adjusting event. The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group and the Company.

Given the dynamic nature of these circumstances, the related impact on the Company's results of operations, cash flows and financial condition could not be reasonably estimated at this stage.