EURO™

EURO Holdings Berhad

[200401008055 (646559-T)]

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Lt Gen (R) Dato' Sri Sabri bin Adam
Independent Non-Executive Chairman

Dato' Sri Lim Teck Boon
Group Managing Director

Datuk Lim Sze Way
Group Deputy Managing Director

Tan Poh Ling
Independent Non-Executive Director

Chan Yok Peng
Independent Non-Executive Director

Ng Chee Kam
Executive Director

AUDIT COMMITTEE

Tan Poh Ling
Chairperson

Chan Yok Peng
Member

Lt Gen (R) Dato' Sri Sabri bin Adam
Member

REMUNERATION COMMITTEE

Chan Yok Peng
Chairman

Tan Poh Ling
Member

Lt Gen (R) Dato' Sri Sabri bin Adam
Member

NOMINATION COMMITTEE

Tan Poh Ling
Chairperson

Chan Yok Peng
Member

Lt Gen (R) Dato' Sri Sabri bin Adam
Member

COMPANY SECRETARY

Tan Tong Lang
(MAICSA 7045482/SSM PC NO. 202208000250)

REGISTERED OFFICE

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Dataran PHB, Saujana Resort
Section U2
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Selangor Darul Ehsan
Tel : (603) 7890 0638
Fax : (603) 7890 1032
Email: boardroom@boardroom.com.my

HEAD OFFICE

Wisma Euro
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Tel : (603) 6092 6666
Fax : (603) 6092 5000
Email: corporate@eurochairs.com
Website: www.euroholdings.com.my

AUDITORS

Moore Stephens Associates PLT
(LLP0000963-LCA & AF002096)
Unit 3.3A, 3rd Floor, Surian Tower
No. 1 Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7728 1800
Fax : (603) 7728 9800

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : (603) 2783 9299
Fax : (603) 2783 9222

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : EURO
Stock Code : 7208

CORPORATE STRUCTURE

EHB

EURO Holdings Berhad
200401008055 (646559-T)

Shareholding	Company
100%	**ECM** Euro Chairs Manufacturer (M) Sdn Bhd [198701006250 (164921-X)]
100%	**ESI** Euro Space Industries (M) Sdn Bhd [198301010110 (105420-W)]
100%	**ECS** Euro Chairs System Sdn Bhd [198401009392 (121935-M)]
100%	**ESS** Euro Space System Sdn Bhd [199601005874 (378220-D)]
100%	**ECSB** Euro Chairs (M) Sdn Bhd [199001012928 (204498-V)]
100%	**ESL** Eurosteel Line Sdn Bhd [201001005669 (890287-M)]
75.76%	**ES** Eurosteel System Sdn Bhd [201001000954 (885526-M)]
100%	**Euroland** Euroland & Development Sdn Bhd [201101008390 (936529-K)]

DIRECTORS' PROFILES

Lt Gen (R) Dato' Sri Sabri bin Adam

Independent Non-Executive Chairman
Malaysian, Male, Aged 64
Member of Audit Committee, Nomination and Remuneration Committee

Lt Gen (R) Dato' Sri Sabri bin Adam ("DSSA") joined the Board of Directors on 25 February 2022 and was appointed as the Independent Non-Executive Chairman of EURO. DSSA is also a member of the Audit Committee, Nomination and Remuneration Committee.

DSSA is a graduate of Defence and Strategic Studies from the Chinese People's Liberation Army National Defence University. He also holds a Master of Art Degree in Defence Studies from the National University of Malaysia. In recognition for his outstanding service to the country, DSSA was conferred the Sri Sultan Ahmad Shah Pahang (SSAP) which carries the title Dato' Sri as well as a few other Awards from His Royal Highness the King of Malaysia.

DSSA joined the Malaysian Armed Forces as an Officer Cadet on 27 May 1975 and was commissioned into the Royal Malaysian Air Force as a Second Lieutenant on 11 November 1975.

Throughout his service career, DSSA has held various appointments at units, Formation HQ, Air Force HQ as well as the Armed Forces HQ. DSSA had served as Flight Commander at the operational flying squadron, Flying Instructor at Helicopter Flying Training School, RMAF Base Kluang, and Chief Instructor at Flying Instructor Training Centre, RMAF Base Alor Setar. DSSA had also served as Assistant Defence attached in Ankara, Turkey, Commandant of the RMAF Officers Training Centre, Commander of No 1 Air Division, Commander of No 2 Air Division, Director General of Support and Readiness at RMAF Air Operation HQ, Assistant Chief of Staff Operations (J3) at the Malaysian Armed Forces Joint Force Headquarters, Assistant Chief of Staff Defence Planning (J5) at the Malaysian Armed Forces Headquarters and as RMAF's Air Support Commander prior to assuming last appointment before retirement in 2017 as Chief of Staff Malaysian Armed Forces at the Ministry of Defence Kuala Lumpur.

DSSA is the Chairman of Takamaya Pte. Ltd. and was the Chief Executive Officer EN Projects that organised Langkawi International Maritime and Aerospace 2019 (LIMA 19). EN Projects is the official Co-Organiser appointed by Government of Malaysia in collaboration with the Ministry of Defence and Ministry of Transport to organise LIMA 19 in Langkawi. LIMA 19 was described by His Excellency the Prime Minister of Malaysia as "the best ever LIMA held since 1991".

DSSA does not have any other directorships in any public companies.

Dato' Sri Lim Teck Boon

Group Managing Director
Malaysian, Male, Aged 39

Dato' Sri Lim Teck Boon ("Dato' Sri Lim") is currently the Group Managing Director of EURO and is the major shareholder of the Company. Dato' Sri Lim was appointed to the Board on 27 May 2020.

Dato' Sri Lim has more than 22 years of experience in the manufacturing and supplying of steel related products, mainly to the automotive and construction industries. He is currently the shareholder and director of several private limited companies which are principally involved in the manufacturing and supplying of automotive parts including but not limited to exhaust systems, mufflers, and safety bars. Dato' Sri Lim has established an extensive network of clientele in Malaysia for the trading of steel related products.

Dato' Sri Lim has also in recent years ventured into business relating to property development and has successfully completed the development of, inter alia, industrial factories as well as commercial shop lots and a hotel. Dato' Sri Lim has been actively involved in the management and operations of such private limited companies and steered the growth of these companies.

Dato' Sri Lim does not have any other directorships in any public companies. Dato' Sri Lim is the brother of Datuk Lim Sze Way who is the Group Deputy Managing Director of EURO.

Datuk Lim Sze Way

Group Deputy Managing Director
Malaysian, Female, Aged 41

Datuk Lim Sze Way ("Datuk Lim") was appointed as the Group Deputy Managing Director of EURO on 27 May 2020.

Datuk Lim started her banking career in 2003 with Malayan Banking Berhad Melaka where she was responsible for business development with customers to drive growth and maintaining customer relationships.

In 2008, Datuk Lim joined Bank of China, Kuala Lumpur as Relationship Manager where her business development portfolio was extended to cover large local and China-based corporate customers.

Datuk Lim is also Personal Assistant to Managing Director of a group of private limited companies principally involved in manufacture and trading of automotive parts, lubricants and property development.

Datuk Lim does not have any other directorships in any public companies. Datuk Lim is the sister of Dato' Sri Lim Teck Boon who is the Group Managing Director and major shareholder of EURO.

Ng Chee Kam

Executive Director
Malaysian, Male, Aged 43

Ng Chee Kam ("Mr. Ng") was appointed as the Executive Director of EURO on 25 February 2022.

Mr. Ng obtained his professional qualification in accounting from Association of Chartered Certified Accountants, United Kingdom.

Mr. Ng has more than twenty (20) years of experience in the financial and banking industry. He started his career as an auditor in the year 1999 with a medium-sized audit firm prior to joining Citibank in 2001 as the Account Relationship Manager, Business Banking under the risk management department where he manages and drafts the end-financing policies and procedures for property developers.

Mr. Ng subsequently joined Standard Chartered Bank in 2005, where he managed a portfolio of Multinational Corporations, Large Corporations and Financial Institutions covering the full spectrum of banking services including treasury, trade and cash management. In 2015, Mr. Ng was transferred to Standard Chartered Bank New York as a Director, Financial Institutions covering a portfolio of banking and non-banking financial institutions based in the Americas. His most recent role within the Bank was as the Head of Correspondent Banking, where he manages correspondence with banking relationships, including cross-border trade and cash management solutions.

Mr. Ng does not have any other directorships in any public companies.

Directors' Profiles
(cont'd)

Tan Poh Ling

Independent Non-Executive Director
Malaysian, Female, Aged 51
Chairperson of Audit Committee and Nomination Committee
Member of Remuneration Committee

Madam Tan Poh Ling ("Madam Tan") was appointed as an Independent Non-Executive Director of EURO on 21 January 2009. She is the Chairperson of Nomination Committee and Audit Committee and a member of Remuneration Committee of EURO.

Madam Tan obtained her professional qualification from Malaysian Association of Certified Public Accountant while she was working with an international accounting firm, PriceWaterhouseCoopers Malaysia, from 1990 to 1995. She is registered as a Chartered Accountant with the Malaysian Institute of Accountants and Certified Public Accountant with Malaysian Institute of Certified Public Accountants. She is also a Financial Planner with the Financial Planning Association of Malaysia and an associate member of the Chartered Tax Institute of Malaysia.

Madam Tan has more than 30 years of experience in auditing, accounting, taxation and corporations, and has worked with listed companies and multinational companies. She is currently the Managing Partner of Total International Associates, an auditing and business advisory firm which she established in 2004. She does not have any other directorships in any public companies.

Chan Yok Peng

Independent Non-Executive Director
Malaysian, Male, Aged 69
Chairman of Remuneration Committee
Member of Audit Committee and Nomination Committee

Mr. Chan Yok Peng ("James Chan") was appointed as a Non-Independent Non-Executive Director of EURO on 15 October 2018. He was subsequently re-designated Independent Non-Executive Director on 27 May 2020. He is the Chairman of Remuneration Committee and a member of Audit Committee and Nomination Committee.

James Chan graduated as a Mechanical Engineer from the University of Malaya in 1977. He also holds a Certified Diploma in Accounting and Finance from ACCA, United Kingdom. He is a Fellow Member of the Institution of Engineers Malaysia and is a Registered Professional Engineer with the Board of Engineers Malaysia.

In 1977, James Chan joined Jurong Engineering Pte Ltd as a Project Engineer and was involved in the construction and maintenance work for Mamut Copper Mine (Ranau, Sabah) and Baturaja Cement Plant (Indonesia). In 1979, James Chan joined FELDA as an Assistant Mill Manager for Air Tawar Palm Oil Mill (Johore). In 1980 James Chan joined Esso Production Malaysia Inc. Offshore Division as a Project Supervisor and was assigned as the Company Representative for the Tapis offshore submarine pipeline and the Terengganu Crude Oil Terminal (Kerteh) Project. In 1984, James Chan joined Tenaga Waja Sdn Bhd (a subsidiary of Singapore Wah Chang Group of Companies) as its General Manager to oversee its engineering and construction business for Petronas, Shell and other oil companies in Malaysia. In 1985, James Chan founded Sumatec Corporation Sdn Bhd (Sumatec) which is a Licensed Contractor for upstream and downstream engineering and construction works for Petronas and other oil and gas companies. Sumatec was listed on the Bursa Malaysia in 2003 as Sumatec Resources Berhad with business ranging from Turnkey Construction, Mining and shipping. James Chan was the Group Managing Director of Sumatec Resources Berhad from 2003 to 2013 and 2015 to 2016.

James Chan is also an Executive Director of Aldrich Resources Berhad.

NOTES:
Save as disclosed above, none of the Directors have:
- any family relationship with any Director and/or major shareholders of the Company;
- any conflict of interest with the Company and its subsidiaries.
- any conviction for offences within the past five (5) years other than traffic offences, if any;
- any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL DESCRIPTION OF THE GROUP'S BUSINESS

The Group is principally involved in manufacturing and trading of office furniture as well as property development. The Manufacturing Division started in 1976 and has grown over the 40 years to be one of the leading office furniture manufacturers in Malaysia, providing workspace solutions to customers nationwide and internationally. The Manufacturing Division owns and operates three manufacturing plants in Rawang, Selangor. The Group diversified into property development business in 2011 to broaden its revenue base.

REVENUE

The Group's revenue for the year ended 31 December 2021 (FY2021) was RM79.4 million, an increase of RM15.1 million or 23% as compared to RM64.3 million (restated) of the previous year. The higher Group revenue was attributable to higher revenue of Trading or Manufacturing and Trading Division due to pent-up demand by RM54.4 million. However, revenue recognised by the Property Division has mitigated the increase due to further recognition of Liquidated Ascertained Damages ("LAD") of RM11.3 million.

COST AND EXPENSES

Total cost and expenses before finance cost for FY2021 amounted to RM101.2 million, an increase of RM34.5 million as compared to RM66.7 million (restated) of the previous year. The increase was mainly attributable to the following items:

(a) Cost of sales increased by RM39.3 million to RM91.0 million as compared to RM51.7 million (restated) reported in the previous year, the higher cost was mainly due to surge in cost of raw material which has resulted in a gross loss of 15% as compared to a gross profit of 20% of the previous year.

(b) Administrative expenses decreased by RM1.0 million to RM6.5 million as compared to RM7.6 million (restated) reported in the previous year. The decrease was mainly due reduction in employees related costs.

(c) Selling and distribution expenses decreased by RM3.7 million to RM3.7 million as compared to RM7.4 million (restated) reported in the previous year, mainly due to reduction in export sales related activities due to closing of borders.

OTHER INCOME

Other income for FY2021 was RM1.8 million, a decrease of RM6.2 million as compared to RM8.0 million reported in the previous year mainly attributable to gain on disposal of plant and equipment of RM6.9 million in previous year.

FINANCE COST

Interest expense and other finance costs for FY2021 was RM2.0 million as compared to RM2.9 million (restated) as reported in the previous year, a reduction of RM0.9 million due to lower borrowing cost.

TAXATION

The Group's tax (credit)/expense for FY2021 was RM0.2 million as compared to RM0.9 million (restated) reported in the previous year. The taxation was lower mainly due to reversal of deferred tax and lower tax expense due to loss making position. RM0.2 million is a tax credit.

PROFIT / (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company for FY2021 was RM21.7 million as compared to a profit of RM1.8 million (restated) of the previous year. The loss being mainly attributable to the increase in raw material prices.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalent of the Group increased by RM0.9 million, from negative RM10.5 million as at 31 December 2020 to negative RM9.6 million as at 31 December 2021. The increase was mainly attributable to net cash from financing activities of RM8.2 million mainly advances from a Director and mitigated cash used in operating activities of RM7.2 million.

Management Discussion And Analysis
(cont'd)

GEARING

The gearing ratio of the Group as at 31 December 2021 was 44% as compared to 34% (restated) as at 31 December 2020, the increase was mainly due to advances from a Director. The gearing ratio is calculated as net debt divided by total equity. Net debt, which is calculated as total borrowings and lease liabilities less fixed deposits and cah and bank balances.

ASSETS

Total assets of the Group as at 31 December 2021 was RM109.4 million as compared to RM124.8 million (restated) as at end of previous year. The decrease of RM15.4 million was mainly attributable to the movement in contract assets which decreased by RM10.1 million due to increase in provision for LAD.

LIABILITIES

Total liabilities of the Group as at 31 December 2021 was RM65.9 million as compared to RM59.4 million (restated) as at end of pervious year. The increase of RM6.5 million was mainly due to advances from a Director of RM10.0 million and reduction trade payables of RM3.4 million.

OPERATING REVIEW

The Group's loss before interest and tax for FY2021 was RM20.0 million as compared to a profit of RM5.6 million (restated) of the previous year.

MANUFACTURING AND TRADING DIVISION

Manufacturing and Trading Division's loss before tax of FY2021 was RM16.4 million, a decrease of RM21.3 million as compared to a profit before tax of RM4.9 million (restated) mainly due to the increase in raw material price.

PROPERTY DIVISION

Property Division recorded a loss before tax of RM12.6 million as compared to RM0.6 million (restated) of the previous year. The increase in losses was mainly attributable to further recognisation of LAD.

LOOKING FORWARD

The Group's prospects for the financial year ending 31 December 2022 is expected to be challenging but manageable despite the numerious challenges posed by the COVID-19 pandemic which not only adversely impacted on the demand of the Group's products but also how it affected the manufacturing and property division. The Group will manage these challenges by constantly reviewing its financial performance and exercising prudence in its decisions in order to respond to any evolving circumstances. Management will continue to implement strategies to increase revenue and adapt cost saving initiatives to sustain growth in the Group's business.

Euro will continue to leverage on its strong base of export clintele and explore new countries to diversify its markte base as a growth strategy and manage its business risk. Its extensive range of high quality products will ensure the long-term sustainability growth of the business.

Management is also working on the use of E-commerce and other digital platforms to market Euro's products so as to provide alternative sources of revenue to mitigate the impact of COVID-19 on Group's business activities.

Euro will continue to strengthen its role as Original Design Manufacturer or Original Equipment Manufacturer programme with its existing and new customers. This business has been a consistent contributor to the Group's revenue that is expected to continue in 2022.

Rising raw material cost and higher fixed overheads continue to put pressure on production cost of the Manufacturing Division as there is a global shortage of raw materials. The Division is therefore mindful of the challenges of these costs and shall continue to improve productivity and optimise operational efficiencies.

In regards to Property Division, Damai Vista Condominium Project is striving to achieve the Certificate of Completion and Compliance ("CCC") in May 2022. The Division will adopt suitable marketing strategies for the sale of unsold completed units.

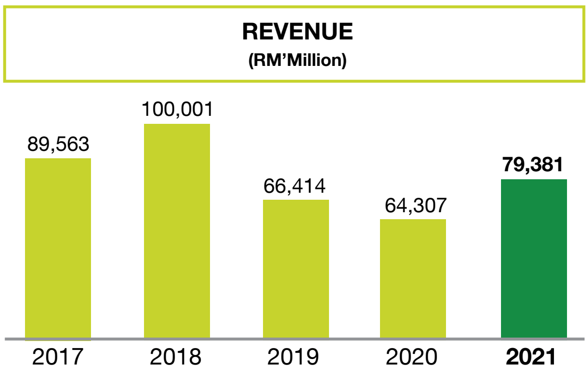
GROUP FINANCIAL HIGHLIGHTS

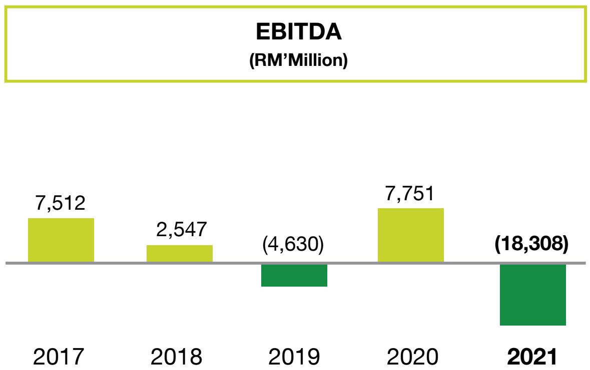
			Financial Year Ended		
	2021	Restated 2020	Restated 2019	Restated 2018	2017
Operating Results (RM'000)					
Revenue	79,381	64,307	66,414	100,001	89,563
EBITDA	(18,308)	7,751	(4,630)	2,547	7,512
(Loss)/Profit before taxation	(21,986)	2,665	(9,635)	(3,188)	1,801
(Loss)/Profit after taxation	(21,821)	1,792	(10,507)	(4,246)	(882)
Net (loss)/Profit attributable to equity holders	(21,736)	1,764	(10,508)	(4,271)	(959)
Key Data of Statement on Financial Position (RM'000)					
Total assets	109,389	124,766	145,683	148,836	159,388
Net borrowings	19,312	22,216	45,965	35,162	39,318
Shareholders' equity	44,328	64,473	65,691	76,199	78,968
Share Information & Key Financial Ratios					
Return on equity (%)	(49.23)	2.78	(15.99)	(5.57)	(1.12)
Return on total assets (%)	(19.95)	1.44	(7.21)	(2.85)	(0.55)
Gearing ratio (times)	0.44	0.34	0.70	0.46	0.50
Interest cover (times)	10.13	1.92	3.38	(0.52)	2.26
Number of Ordinary Share In Issue ('000)^	801,900	801,900	801,900	801,900	801,900
PE ratio (times)	(17.89)	1,318.32	(12.59)	(24.41)	(133.79)
(Loss)/earnings per share attributable to equity holders (sen)#	(2.71)	0.22	(1.31)	(0.53)	(0.12)
Net asset per share (sen)	5.53	8.04	8.19	9.50	9.85
Share price as at financial year end (sen)	48.5	290	16.5	13.0	16.0

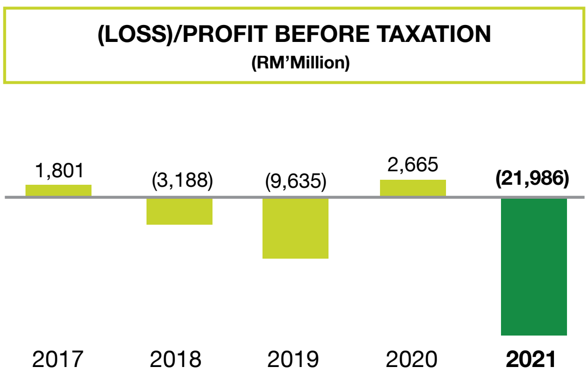
NOTES

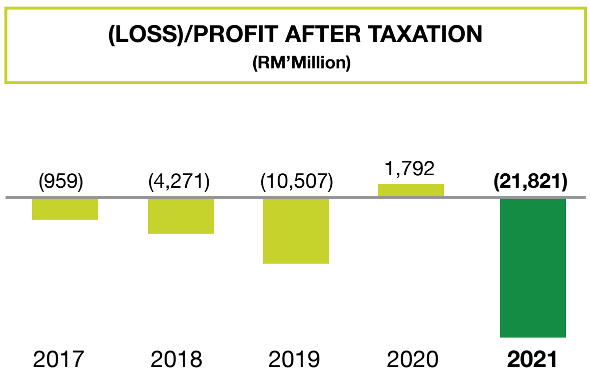
\# The (Loss)/Earnings Per Share is arrived at by dividing the Group's (loss)/profit attributable to equity holders by the number of ordinary shares in issue during the year.

^ Restated for FYE 2017 to 2019 to reflect the retrospective adjustment arising from the bonus issue completed in FYE 2020.









SUSTAINABILITY STATEMENT

Introduction

The Board of Directors (“Board”) of Euro Holdings Berhad (“Euro” or the “Company”) views sustainability as an integral part of business in creating long term value for the stakeholders of Euro and its subsidiaries (the “Group”).

Despite the restriction on and challenges to our operations arising from the COVID-19 pandemic which not only have impacted our business but our stakeholders too, hence it is imperative for our business to carry out our activities responsibly.

In line with the sustainability disclosure requirements of Bursa Malaysia Securities Berhad (“Bursa”), the Board of Euro presents this detailed Sustainability Statement (“Statement”) which discusses the Group’s sustainability risks and opportunities in the thematic categories of economic, environmental and social (“EES”).

This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa and has considered the Sustainability Reporting Guide – 2nd Edition, and its accompanying Toolkits, issued by Bursa, as well as international sustainability reporting better practices.

The scope of this Statement focuses on the Group’s key business division, namely the Manufacturing Segment.

Governance Structure

In embedding sustainability considerations in the Group’s business, we leveraged on the enterprise risk management governance process and enhanced the roles of the Board, the Audit Committee, Executive Director, Chief Financial Officer and Senior Management, including Heads of Department, to account for, lead and monitor sustainability strategies and considerations in the Group’s businesses.

The Board brings leadership by setting the corporate strategy for the Company and adopting a strategic plan which supports long-term value creation, including strategies on EES considerations underpinning sustainability. The Board is assisted by the Audit Committee in the review of Group’s sustainability strategies and material sustainability matters, including monitoring the management of the matters identified on an annual basis.

At the Senior Management level, the Chief Financial Officer ensures a sustainability process is in place to identify, assess, prioritise, manage and report on the Group’s material sustainability matters. The Chief Financial Officer oversees the implementation of the Group’s material sustainability matters, including ensuring policies, measures and indicators guiding the management of these matters are in place and reviewing the performance of these matters

Materiality Process

The Group has undertaken a stakeholder review process to systematically identify and assess the Group’s stakeholder groups. These stakeholder groups include, but not limited to, the following, in no particular order:

- government agencies, regulators and authorities;
- shareholders and investors;
- customers;
- suppliers;
- employees;
- communities;
- distributors and agents; and
- financial institutions and lenders.

The Group’s Senior Management performed a materiality assessment on the Group’s EES matters to identify, assess and prioritise sustainability matters material to the Group. The assessment considers:

(i) matters which reflect the Group’s significant EES impact; and
(ii) matters which substantively influence the assessments and decisions of stakeholders.

The Group’s Material Sustainability Matters are discussed in detail in the following section.

Material Sustainability Matters

Product Safety, Quality and Design

The Group distinguishes itself in the market with the safety and quality of its products. In a market where consumers are increasingly concerned about the potential health effects of products, the Group aims to provide quality products meeting industry standards on safety level for volatile organic compound ("VOC") emission levels.

In the furniture manufacturing business, the use of adhesives commonly poses a health risk due to possible emission of VOC. In this regard, the Group is careful in the selection of adhesive used in its manufacturing process.

The Group's products have obtained GREENGUARD Certification which serves as a third-party verification for healthier and more sustainable products. In the process of obtaining certification, Euro's products undergo product chemical emission testing which uses dynamic environmental chamber technology to detect chemical emission levels.

In addition, the Group's products have also obtained Business + Institutional Furniture Manufacturers Association ("BIFMA") Certification which provides credibility for the comfort, safety and durability of products. BIFMA Certified products promote a healthy work environment which can increase productivity and decrease work related injuries.

Euro Group adopts international standards, i.e. ISO 9001:2015 – Quality Management Systems, in its processes to ensure systematic procedures are in place to produce quality goods. For the financial year under review, the Group has successfully renewed its ISO 9001:2015 certification.

To ensure its products and services are keeping up with market and industry trend, Euro Group also has a team of professional designers providing design solutions to customers and develop new products for the Group from time to time. The Group also conducts market research and participates in business matching through Malaysian Furniture Council ("MFC") to keep abreast of latest trend and technology in the industry.

Business Practices and Ethics

In an ever-increasingly competitive business environment, it is important that ethical business practices must not be compromised in the pursuit of performance. The Group believes in conducting business in an honest and fair business environment, where integrity is the Group's long-term asset.

Euro is committed to a high standard of integrity, openness and accountability in the conduct of businesses and operations in an ethical, responsible and transparent manner. It does not condone the conduct of unethical business practices for obtaining unfair business advantage.

As such, the Group has made clear provisions guiding ethical business behaviours by employees in the Group's Code of Ethics for employees, which is required to be signed and acknowledged by all onboarding employees.

Directors are governed by a separate set of Code of Conduct which requires Directors to act with integrity, professionalism and in good faith, in addition to restrictions on improper use of information and power for personal gain. Directors are also required to declare any conflict of interest situations to ensure such situations are made known to the Board and managed properly in the business decision-making process.

The Group's employees, as well as its Directors, work with an open and transparent business environment, where reasonable questioning and reasoning is encouraged so as to instil a culture of personal accountability and professional integrity.

The Group has established a whistle-blowing mechanism accessible to the Group's employees as well as the general public to raise any genuine concerns pertaining to unethical business practices of the Group or its employees, amongst other concerns. In order to ensure the independence of the process, the mechanism also provides alternative channels to independent parties including the Audit Committee Chairman and external corporate secretarial service provider. The Group's whistle-blowing mechanism also provides for confidentiality and protection of the whistle-blower to encourage concerns being raised without the fear of retaliation.

For the financial year under review, there were no whistle-blowing cases recorded as far as unethical business practices is concerned.

Sustainability Statement
(cont'd)

Wastewater Management

As the manufacturing of Euro's products involves surface treatment of metal sheets, the wastewater generated from the washing of processed metal sheets will have metal content that is hazardous if disposed directly to the watercourse. Substances such as zinc, manganese, iron and sulphide, even at a low concentration, are toxic to aquatic life and if present in watercourse may render the watercourse unsuitable as a source for public water supply.

The Group is uncompromising in ensuring these hazardous contents do not affect the public water system and has built an industrial effluent treatment system ("IETS") for its metal sheet surface treatment process. The IETS is designed to treat such wastewater and ensure the water discharged after treatment is maintained at a safe level, which also complies with the discharge standards set by the Department of Environment ("DoE").

To ensure the performance of IETS, the Group engages with qualified contractor to perform periodic maintenance and servicing of the IETS system. In addition, the Group also conducts periodic laboratory testing of its discharged water to monitor the water quality, considering, amongst others, acidity, temperature, chemical oxygen demand ("COD"), biological oxygen demand ("BOD"), total suspended solid, as well as concentration levels of zinc, manganese, iron and sulphide.

Furthermore, the Group has adopted, and obtained certification for, ISO 14001:2015 – Environmental Management Systems, which was successfully renewed during the financial year under review

For the financial year under review, the Group did not receive any fines from the authorities, i.e. DoE.

Occupational Safety and Health

In the Group's manufacturing segment, employees may be required to perform work which may carry certain safety and health concerns. For example, exposure to fumes the welding process may lead to nausea, dizziness, eye, nose and throat irritation, and even cancer if under prolonged exposure. Another example is employees working with machinery, equipment or sharp tools are exposed to greater risk of physical injury such as cuts or crush injury.

The Group views employees' safety and health as a significant business concern and has put in place tight processes and controls to manage this risk. The Group's aims to not have any serious injury or fatality, as an objective of the management of its occupational safety and health risk.

Guided by international standards of the ISO 45001:2018 – Occupational Health and Safety Management Systems, the Group conducts and periodically reviews its Hazard Identification and Risk Assessment to identify high risk areas pertaining to health and safety in its operations. Accordingly, controls are put in place, or enhanced where required, and embedded in the Standard Operating Procedures ("SOP") by which employees are guided when performing their work.

For employees exposed to health and safety hazards, such as welders and employees working with machinery, equipment and sharp tools, personal protection equipment ("PPE") such as respirator, face shield, safety shoes, safety gloves, is provided at the cost of the Group, etc. In addition, PPE trainings are also provided to employees to ensure proper usage.

Working zones for machinery are fenced off by safety fencing and the Group ensures safety stoppers and emergency stop buttons are well functioning in case of any emergency. All new employees receive trainings, including safety trainings, before performing the job and on the job training. Employees are also trained to use fire extinguishers to cater for any emergency fire situations.

The Group's injury and fatality records for the financial year under review is summarised below:

	FY 2021	FY 2020
Number of lost time accidents	0	0
Fatality	0	0

Human Capital Management and Development

The Group views human capital management development as an important aspect of its business. Proper management and development of human capital does not only optimise input of resources in the business value chain, but also helps generate positive value for the society.

While the Group employs a mixture of domestic and foreign employees, it accords equal treatment and respect to all employees without discrimination, regardless of their individual background, race, religion, orientation, etc.

Basic human rights for all employees is respected and accorded in the Group's labour practices. The Group complies with the provisions of Labour law and good labour practices such a forty-eight hour working week and any extra hours worked are paid overtime commensurate with their basic salaries. In addition, the Group ensures that necessary amenities, such as hostels, canteen, clinics, etc., are provided for its foreign workers.

A training plan is developed for the Group's employees each financial year and the implementation of the training plan is monitored to ensure the planned trainings are provided to the Group's employees. The Group has set a target to achieve 90% implementation rate of its training plan.

For the FY2021, the Group has achieved a 90% implementation rate for its training plan.

In addition to the trainings mentioned in other Sections of this Statement, trainings provided for the financial year under review includes, but not limited to, the following subject matters:
- Safety Health and Environment Induction/Awareness;
- Sanitizing & Disinfection Process training;
- Forklift training;
- Working During and Post Movement Control Order training; and
- SOP training in response to COVID-19

All new employee who joined the Group are scheduled to be provided with induction trainings to facilitate better orientation and enhanced contribution in their respective job positions.

Conclusion

COVID-19 pandemic has resulted in unprecedented challenges which has resulted in the Group to continue adopting practical measures and initiatives in order to address business sustainability. At EURO, we are proud of our team being resilience and ability to adopt to the "new normal" arising from the COVID-19 pandemic. Despite disruptions, restrictions and various challenges being imposed, we will continue to make various changes on our sustainability journey.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Euro Holdings Berhad ("EURO" or the "Company") believes that good corporate governance is fundamental to ensure long term sustainability and good business performance of the organisation. Therefore, the Board is committed to ensuring the highest standards of corporate governance are practised throughout EURO and its subsidiary companies (the "Group"), as a fundamental part of discharging the Board responsibilities to create and enhance economic value for shareholders as well as other stakeholders.

The Board is pleased to report on the application of the recommended practices of the Malaysian Code on Corporate Governance ("MCCG") as required under the MCCG and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year under review.

The application of each Practice set out in the MCCG during the financial year under review is disclosed in the Company's Corporate Governance Report which is available on the Company's website at www.euroholdings.com.my as well as via an announcement on the website of Bursa Securities.

SECTION 1: THE BOARD OF DIRECTORS

The Board is collectively responsible for promoting the success of the Group by directing and supervising its affairs. The key responsibilities include the primary responsibilities prescribed under the MCCG. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

Duties and Responsibilities of the Board

The Board retains full and effective control over the affairs of the Group and the Company. This includes responsibility for determining the Group's and the Company's development and overall strategies direction which are as follows:

- reviewing and providing guidance on the Company's and Group's corporate strategy and adopting a strategic plan for the Company through the development of risk policy, annual budgets and long-term business plans, reviewing major capital expenditures, acquisitions and disposals;
- monitoring corporate performance and the conduct of the Group's business and to ensure compliances to best practices and principles of corporate governance;
- identifying and implementing appropriate system to manage principal risks. The Board undertakes this responsibility through the Audit Committee;
- ensuring and reviewing the adequacy and soundness of the Group's financial system, internal control systems and management information system are in compliance with the applicable standards, laws and regulations;
- ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the calibre of the Non-Executive Directors bring an independent judgment in the decision making process;
- ensuring a proper succession plan is in place;
- monitoring material litigations (if any);
- approving all financial reports to be published and related stock exchange announcements;
- monitoring other material reporting and external communications by the Group;
- approving the dividend policy and payment of dividends;
- appointing external auditors (subject to shareholder's approval); and
- evaluating and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group in this regard.

SECTION 1: THE BOARD OF DIRECTORS (CONT'D)

Board Charter

The Company has formalised a Board Charter which sets out a list of specific roles and functions which are reserved to the Board and other matters that are important for good corporate governance. The Board Charter also stated that the Board shall observe the Directors' Code of Best Practice.

The Board Charter will be periodically reviewed and updated to take into consideration of the needs of the Company as well as development in rules and regulations that may have an impact on the Board's responsibilities. The Board Charter is accessible through the Company's website at www.euroholdings.com.my.

Composition and Balance

The current Board consists of an Independent Non-Executive Chairman, a Group Managing Director, a Group Deputy Managing Director, an Executive Director, and two (2) Independent Non-Executive Directors. The Company complies with the criteria of the MMLR of Bursa Securities, of having at least one-third or two of the Board members as Independent Non-Executive Directors. The profile of each Director is presented on page 4 to 6 of this Annual Report.

The Board believes that the current composition and size is adequate to discharge its duties and responsibilities effectively and competently. The Board members have diverse professional and entrepreneurial background, varied skills and experiences. The Independent Non-Executive Directors provide the necessary checks and balances in the Board's exercise of its functions and independent evaluation of the Board's decision-making process.

The Board recognises the importance of a clear division of roles and responsibilities at the head of the Group to ensure a balance of power and authority. The Independent Non-Executive Chairman is primarily responsible for orderly conduct and effective running of the Board, whilst the Executive Directors are responsible for the business direction and development of the operating units, organisational effectiveness and implementation of the Board's policies and decisions with the management team oversees the Group's day-to-day operations.

Board Meetings

At least four (4) Board meetings are held annually, each meeting being scheduled to be held within two (2) months after each quarter to consider the quarterly financial results and to review operational performance. Additional meetings are convened as and when necessary. During the financial year under review, the Board met a total of five (5) times. The attendance of the Directors who held office during the financial year is set out below:

Name of Directors	Attendance at meeting	Percentage of Attendance
Lt Gen (R) Dato' Sri Sabri bin Adam (1)	-	-
Dato' Sri Lim Teck Boon	5/5	100%
Datuk Lim Sze Way	5/5	100%
Ng Chee Kam (1)	-	-
Madam Tan Poh Ling	5/5	100%
Mr Chan Yok Peng	5/5	100%
Mr Lim Kam Choy (2)	5/5	100%

Note:
(1) Appointed w.e.f. 25 February 2022
(2) Resigned w.e.f. 31 January 2022

Corporate Governance Overview Statement
(cont'd)

SECTION 1: THE BOARD OF DIRECTORS (CONT'D)

Supply of Information

All Directors are given complete and timely information before each Board Meeting to be convened together with an agenda and a set of Board papers, including information on financial, operational and corporate matters. Board papers are circulated within sufficient time to enable Directors to obtain further explanation, if necessary, in order to be properly briefed before each meeting.

All Directors, whether as a full Board or in their individual capacity, have access to the advice of the Company Secretaries and management staff. Where considered necessary, the Board may also engage the services of Independent Professional Advisors on specialized issues in furtherance of their duties.

Appointment of Directors

The Nomination Committee is responsible for recommending to the Board suitable candidate(s) for appointment as new Director. In making these recommendations, factors such as mix of skills, experience, expertise and contribution to the Company will be considered before the recommendation for appointment of the proposed Director is put forward to the Board for consideration and approval.

During the financial year under review, there was no new recruitment of new Director recommended by the Nomination Committee save for, the recommendation on the appointment of Lt Gen (R) Dato' Sri Sabri bin Adam as Independent Non-Executive Chairman of the Company and Ng Chee Kam as an Executive Director of the Company on 25 February 2022.

Re–Election

In accordance with the Constitution and in compliance with the MMLR, all Directors are required to retire from office once at least in each three (3) years and shall be eligible for re-election. The Constitution also require that at least one third (1/3) of the Board of Directors shall retire at each Annual General Meeting and may offer themselves for re-election.

Tenure of Independent Director

As recommended by the MCCG and provided for in the Board Charter, the tenure of an Independent Non-Executive Director should not exceed a cumulative or consecutive term of nine (9) years. Upon completion of the nine (9) years, the Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director. The Board will justify and seek shareholders' approval through a two-tier voting process at the Annual General Meeting in the event that the Board retains such Director as an Independent Non-Executive Director.

The Independent Non-Executive Directors do not participate in daily management of the Group. During meetings, the Independent Non-Executive Directors participate fully in all deliberations and fulfil crucial role in corporate accountability by providing independent, impartial, unbiased and objective views, opinions, advice and judgement in the evaluation of various issues on strategies, performance and resource.

The Board shall assess the independency of the Independent Non-Executive Directors prior to their appointment and annually thereafter or when any new interest of a relationship develops in light of interests disclosed to the Board.

During the financial year under review, the Board through its Nomination Committee assessed the independence of its independent Non-Executive Directors based on criteria set out in the MMLR of Bursa Securities.

Presently, Madam Tan Poh Ling, is the Independent Non-Executive who has served the Board for more than twelve (12) years since she was appointed as Independent Non-Executive Director on 21 January 2009.

SECTION 1: THE BOARD OF DIRECTORS (CONT'D)

Tenure of Independent Director (cont'd)

In order to adhere with the MCCG, the Nomination Committee has recommended for the Board to seek shareholders' approval through a two-tier voting process for Madam Tan Poh Ling to be retained as an Independent Non-Executive Director of the Company at the forthcoming 18th AGM based on the following justifications: -

a) She has confirmed and declared that she is an Independent Non-Executive Director as defined in the MMLR of Bursa Securities;

b) She does not have any conflict of interest with the Company and has not entered/is not expected to enter into contract especially material contract with the Company and/or its subsidiary companies;

c) She has thorough understandings of the businesses of the Company and could provide the Board valuable and insightful advice;

d) She has actively participated in Board's deliberations and decision making in an objective manner; and

e) She has performed her duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment proposals from management.

Remuneration

The Company's remuneration practice for Director is formulated to attract and retain individuals of the necessary calibre relevant to the achievement of the Company's strategic achievements. The remuneration is structured to link experience, expertise and level of responsibility undertakings by the Directors.

The Remuneration Committee is entrusted with the responsibilities to make recommendations to the Board, the remuneration package for the Executive Directors. However, it is the ultimate responsibility of the entire Board to approve the remuneration of these Directors.

Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

The detailed remuneration of Directors of the Company and the Group comprising remuneration received/receivable from the Company and the Group during the financial year ended 31 December 2021 are disclosed in Note 9 to the financial statements on page 76 of this Annual Report.

Details of the remuneration of the top Senior Management (including salary, bonus, benefits in-kind and other emoluments) in each successive bands of RM50,000 during the financial year ended 31 December 2021, are as follows:

Range of Remuneration RM	Name of Top Senior Management
100,000 – 150,000	Gan Chong Wei - Chief Financial Officer
150,001 – 200,000	Poo Shea Choon - Chief Financial Officer [1]

Note:
[1] Resigned w.e.f 1 February 2021

Directors' Training and Education

All Directors appointed to the Board had attended the Mandatory Accreditation Programme accredited by Bursa Securities. The Board evaluated the Directors' training needs and attended relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group.

Corporate Governance Overview Statement
(cont'd)

SECTION 1: THE BOARD OF DIRECTORS (CONT'D)

Directors' Training and Education (Cont'd)

During the year, the Directors have pursued relevant courses and seminars to keep abreast with industry, regulatory and compliance issues, trends and best practices. Conferences, seminars and training programmes attended by the Directors in 2021 are as follows:

Director	Training Attended
Dato' Sri Lim Teck Boon	• Awareness Training on Enterprise Risk Management & Sec 17A MACC Act 2018 • Transfer Pricing (TP) Documentation Do-It-Yourself (DIY) Course
Datuk Lim Sze Way	• Awareness Training on Enterprise Risk Management & Sec 17A MACC Act 2018 • Transfer Pricing (TP) Documentation Do-It-Yourself (DIY) Course
Tan Poh Ling	• Case Study – Based MFRS Webinar: Key Learning Points from Review of MIA's Illustrative MPERS • MIA Webinar Series: Audit Quality Enhancement Programmer for SMPs • MIA Webinar Series: Modifier Auditor's Report • National Tax Conference 2021 (Virtual Participation) • MIA Annual General Meeting (AGM) • ISQC 1 Versus ISQM 1 • Key Areas of MPERS & Discussion on Practical Issues in Applying MPERS • A New Approach to Risk Assessment ISA 315 (Revised 2019)

Save as disclosed above, during the financial year ended 31 December 2021, Mr Chan Yok Peng were unable to attend any training during the financial year due to his busy work schedule. However, he has constantly been updated with relevant reading materials and technical updates, which will enhance his knowledge and equip him with the necessary skills to effectively discharge his duties as Directors of the Company.

While for Lt Gen (R) Dato' Sri Sabri bin Adam and Mr Ng Chee Kam, they did not attend any training during the financial year end due to their newly appointed in the Company. They are aware of the duties and responsibilities and will continue to undergo other relevant training programmes to keep abreast with the new regulatory developments and requirements in compliance with the Listing Requirements on continuing education.

SECTION 2: COMMITTEES OF THE BOARD

The Board delegates certain responsibilities and duties to Board Committees which operate within clearly defined terms of reference. This is to allow the members of the Board Committees to deliberate and examine issues in greater details and subsequently recommend and report to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The Board Committees for the financial year under review are as follows:

Audit Committee

The Audit Committee ("AC") was established on 3 October 2004. The responsibilities and detailed terms of reference of the AC are accessible through the Company's website at www.euroholdings.com.my. The members of the AC and activities of the AC during the financial year are set out in the AC Report on page 22 of this Annual Report.

Nomination Committee

The Nomination Committee ("NC") was established in February 2005. The NC shall be responsible of nominating the appropriate Board balance and size as well as ensuring that the Board possesses the required mix of responsibilities, skills and experience. The appointment of any additional Director is made when necessary and upon the recommendation of the NC. In the process of nominating and appointing new Director, due consideration is given to the appointee's industry's experience and mix of expertise for an effective Board and diversity of the Board. In case of the independence of the candidates for Independent Director, the NC will assess whether the candidate could bring independent and objective judgments for Board's deliberations. The NC will annually evaluate the effectiveness of the Board, its committees and the performance of the Directors.

The NC and the Board acknowledged the boardroom gender diversity as published in the MCCG and endeavour to comply as they recognise business benefits of having a balanced board. Hence, the appointment of new board members will be guided by skill, competencies, knowledge, commitment, integrity and gender of the candidate.

SECTION 2: COMMITTEES OF THE BOARD (CONT'D)

Nomination Committee (cont'd)

The Company Secretaries will ensure that all the appointments are properly carried out in compliance with legal and regulatory requirements.

The NC met once during the financial year. The members of the NC who had served during the financial year are:

- Madam Tan Poh Ling, Chairperson, Independent Non-Executive Director
- Mr Chan Yok Peng, Member, Independent Non-Executive Director
- Lt Gen (R) Dato' Sri Sabri bin Adam, Member, Independent Non-Executive Chairman *(appointed on 25 February 2022)*
- Mr Lim Kam Choy, Member, Independent Non-Executive Director *(resigned on 31 January 2022)*

Terms of reference of NC are accessible through the Company's website at www.euroholdings.com.my.

Remuneration Committee

The Board has set up the Remuneration Committee ("RC") in February 2005 to assist the Board in determining the Director's and Senior Management's remuneration. The RC meets at least once a year. The policy on Directors' remuneration practiced by the Company is to provide the remuneration packages necessary to attract, retain and motivate Directors and Senior Management of the quality required to manage the business of the Company and the Group. The remuneration package of the Executive Director is structured to commensurate with the experience, knowledge and professional skills of the Executive Director and is also structured so as to link rewards with corporate and individual performance in the case of the Executive Director. The Company takes into consideration information by independent consultants (where applicable) and survey results on the remuneration practices of comparable companies, including its financial performance in determining the remuneration packages of its Directors.

The RC recommends to the Board the remuneration framework and the remuneration packages for the Executive Director. None of the Executive Director participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors, with individual Directors abstaining from making decisions in respect of their individual remuneration. The Directors' fees are approved by the shareholders at the Annual General Meeting of the Company. The Company reimburses reasonable expenses incurred by the Directors in the course of their duties as Directors.

The members of the RC who had served during the financial year are:

- **Mr Chan Yok Peng**
  Chairman, Independent Non-Executive Director

- **Madam Tan Poh Ling**
  Member, Independent Non-Executive Director

- **Lt Gen (R) Dato' Sri Sabri bin Adam**
  Member, Independent Non-Executive Chairman
  (appointed on 25 February 2022)

- **Mr Lim Kam Choy**
  Member, Independent Non-Executive Director
  (resigned on 31 January 2022)

Terms of reference of RC are accessible through the Company's website at www.euroholdings.com.my.

Corporate Governance Overview Statement
(cont'd)

SECTION 2: COMMITTEES OF THE BOARD (CONT'D)

REMUNERATION POLICY

The RC is authorised by the Board to establish a formal and transparent procedure for developing policy on remuneration and for fixing the remuneration packages of individual Directors and senior management. The Remuneration Policy is accessible through the Company's website at www.euroholdings.com.my.

SECTION 3: SHAREHOLDERS

Investor Relations and Shareholders Communication

Recognising the importance of transparency and the need for timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that the shareholders and other stakeholders are well informed of all important issues and major developments of the Company and the information is communicated to them through the following documents:

- Annual Report;
- The various disclosures and announcements made to Bursa Securities and published in the Company's website including the Quarterly Reports and Annual Financial Statements. Shareholders may obtain the Company's latest announcements via the Bursa Securities' website at www.bursamalaysia.com and the Company's website at www.euroholdings.com.my; and
- Circulars to Shareholders.

Annual General Meeting ("AGM")

Notice of AGM which is contained in the Annual Report is sent out at least 21 days prior to the date of the meeting. At each AGM, a platform is available to shareholders to participate in the question and answer session. All Directors attended the 17th AGM held in 2021. The Chair of the Board Committees as well as Senior Management attended the AGM and were available to provide responses to shareholders. Extraordinary General Meeting is held when required.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible to ensure that financial statements prepared are drawn up in accordance with the provision of the Companies Act, 2016 and applicable accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies and applied them consistently, supported by reasonable judgements and estimates.

The quarterly results were reviewed by the Audit Committee and approved by the Board before being released to Bursa Securities. By presenting the quarterly results and financial statements, the Board is mindful of the necessity to present a balanced assessment of the Group's financial position. The details of the Group's and the Company's financial statements for the financial year ended 31 December 2021 can be found on page 31 to 132 of this Annual Report.

Risk Management and Internal Control

Information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control on page 25 to 27 of this Annual Report.

SECTION 4: ACCOUNTABILITY AND AUDIT (CONT'D)

Whistle-Blowing Policy

EURO is committed to a high standard of integrity, openness and accountability in the conduct of the businesses and operations in an ethical, responsible and transparent manner. In line with this commitment, the Board has formalised a Whistle-Blowing Policy in which employees and members of the public are provided with an avenue to raise genuine concerns and disclose any improper conduct in an appropriate manner. The Whistle-Blowing Policy is accessible through the Company's website at www.euroholdings.com.my.

Relationship with the Auditors

The Board via the Audit Committee maintains an appropriate and transparent relationship with the Group's external auditors. The Audit Committee meets with the external auditors twice a year to review audit plans, audit findings and to facilitate exchange of views on issues requiring attention. The Audit Committee also meets the external auditors twice a year without the presence of the Executive Director and Management. The role of Audit Committee in relation to the auditors is described in the Audit Committee Report set out on page 18 to 20 of this Annual Report.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement, and considers that the Statement provides the information necessary to enables shareholders to evaluate how the MCCG has been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCCG, the MMLR and all applicable laws and regulations throughout the financial year ended 31 December 2021.

This Statement is made in accordance with a resolution of the Board of Directors dated 26 April 2022.

AUDIT COMMITTEE REPORT

The Board of Directors of EURO Holdings Berhad is pleased to present the Audit Committee ("AC") Report of the Company for the financial year ended 31 December 2021 ("FY2021").

COMPOSITION

Chairperson - Madam Tan Poh Ling, Independent Non-Executive Director

Member - Mr Chan Yok Peng, Independent Non-Executive Director

Member - Lt Gen (R) Dato' Sri Sabri bin Adam, Independent Non-Executive Chairman *(Appointed on 25 February 2022)*

Past AC member: Mr Lim Kam Choy, Member, Independent Non-Executive Director *(Resigned on 31 January 2022)*

Madam Tan Poh Ling is a member of the Malaysian Institute of Accountants ("MIA"), Madam Tan meets the requirement of Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") in that she is a member of MIA.

MEETINGS AND ATTENDANCE

During the FY2021, five (5) AC Meetings were held and the details of each member at the meetings were as follows: -

Name of AC Members	Attendance	Percentage of attendance
Tan Poh Ling	5/5	100%
Chan Yok Peng	5/5	100%
Lt Gen (R) Dato' Sri Sabri bin Adam *(*appointed on 25 February 2022)	-	-
Lim Kam Choy (resigned on 31 January 2022)	5/5	100%

Independence of the Audit Committee

The Company recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company are former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

Financial Literacy of the Audit Committee Members

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Directors' Profiles on pages 4 to 6 of this Annual Report. During the financial year ended 31 December 2021, members of the Audit Committee had undertaken the relevant training programs to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to effectively discharge their duties.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms of reference of the AC, the following activities were carried out by the AC during the FY2021 in the discharge of their duties:

i. Reviewed the quarterly financial results announcements for each quarter of the Group to ensure the Company's compliance with the MMLR, applicable approved accounting standards and other legal and regulatory requirements, prior to recommending them for the Board of Director's consideration and approval;

ii. Reviewed the external auditors' fees, scope of work and audit strategy and plans for the financial year prior to the commencement of audit and evaluated the performance of the external auditors and recommending the appointment at the Annual General Meeting;

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

In line with the terms of reference of the AC, the following activities were carried out by the AC during the FY2021 in the discharge of their duties: (cont'd)

iii. Reviewed and discussed the annual audited financial statements of the Group and the Company with the external auditors and management prior to submission to the Board of Directors for their approval;

iv. Discussed with the external auditors on new adoption and new issuance (if any) of the Financial Reporting Standards in Malaysia and its impact to the Group's and Company's financial statements;

v. Discussed significant audit findings in respect of the financial statements and accounting principles and standards that were applied and their judgments of the items that may affect the financial statements of the Group with the external auditors;

vi. Reviewed with the external auditors, their audit report and management's response;

vii. Reviewed the internal audit scope, programmes and plans to ensure adequate scope and comprehensive coverage of the activities of the Group and to determine the internal auditors' fees for the financial year under review;

viii. Reviewed the effectiveness of the audit process for the year and assessed the performance of the internal audit functions;

ix. Reviewed the internal auditor's reports which were tabled during the year, on the state of the internal control of the Group, the audit recommendations made and management's response to these recommendations. Where appropriate, the AC has directed management to rectify and improve control and workflow procedures based on the internal auditors' recommendations and suggestions for improvement;

x. Reviewed the Statement on Risk Management and Internal Control;

xi. Reviewed related party transactions entered into by the Company and the Group for compliance with the MMLR; and

xii. Reviewed risk management process and updates from the management on the existence of mitigating controls and action plans identified to mitigate the business risks identified.

INTERNAL AUDIT FUNCTION

The AC, on behalf of the Board, assumes the responsibility to review and monitor the effectiveness as well as the adequacy of the Group's internal control system. The Group's internal audit function is carried out by an outsourced internal audit firm, namely YYC Advisors Sdn Bhd, which is independent of the activities it audits. The Head of the Internal Auditors, Christine Looi Pek San, is a Professional member of The Institute of Internal Auditors Malaysia and is competent to conduct the internal audit according to the standards and code of ethics set by the body. The Internal Auditors report directly to the AC and provide the Committee with independent and objective evaluation on the state of risk management and internal controls of the Group, and the extent of compliance of the divisions with the Group's established policies and procedures as well as relevant statutory requirements, so that remedial actions can be taken in relation to any weaknesses noted in the systems and controls of the respective divisions.

During the FY2021, the internal auditors had carried out the following activities:

- Prepared the annual audit plan for review and approval by the AC.

- Performed risk-based audit based on the annual audit plan.

- Issued internal audit report to the AC on risk management, internal control and governance issues identified from the risk-based audit together with recommendations for improvements for these processes.

- Performed follow-up reviews on the implementation of recommendations made by the internal auditors to ensure that appropriate corrective actions are taken on a timely basis.

Audit Committee Report
(cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

For FY2021, the following areas of the Group have been successfully audited in accordance with the Risk-based Audit Plan adopted:

Name of Audited Company	Audited Area/Function
Euro Chairs Manufacturer (M) Sdn. Bhd.	Domestic and Export Sales Processing
Euro Space Industries (M) Sdn. Bhd.	Sales- credit Control & Collection
Euro Chairs System Sdn. Bhd.	
Euro Space System Sdn. Bhd.	
Euro Chairs (M) Sdn. Bhd.	

The total cost incurred for the outsourced internal audit function of the Group for the FY2021 is amounted to RM27,500 (2020:RM34,000)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Euro Holdings Berhad ("the Group") acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its on-going efforts to practice good corporate governance. The Board is committed to practicing good standards of corporate governance and observing best practices, and will continue to improve on current practices.

The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2021.

RESPONSIBILITY OF THE BOARD

The Board is ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations and risk management in order to safeguard shareholders' investments and the Group's assets.

The Board recognises that the Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and that it can only provide reasonable and not absolute assurance against misstatement or loss. The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

CONTROL ENVIRONMENT

The Board and Senior Management consistently endeavour to maintain an adequate system of internal controls designed to manage risks rather than to eliminate them. The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Group. As such, it is recognised that the system of internal controls can only provide reasonable assurance and not absolute assurance against the occurrence of any material misstatement or loss.

The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Group, assessment of financial and operational risks and an effective monitoring mechanism.

ASSURANCE FROM THE MANAGEMENT

The Board has also received reasonable assurance from the Group Managing Director, Executives Directors and the Chief Financial Officer, that the Group's risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management model adopted by the Group. To further supplement Management assurance, the Key Management Staff and the respective Head of Department ("HOD") sign off a statement on the condition of Risk Management mitigation and Internal Controls implemented in their respective function and department.

INTERNAL AUDIT

The Group's internal audit function was performed by an outsourced professional firm of consultants, that is independent of the activities it audits. The outsourced internal auditors had reviewed the Group's system of internal controls to identify and address related internal control weaknesses. The internal audit team independently reviewed the risk identification procedures and control processes implemented by the Management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. Internal audit also tested the effectiveness of the internal control on the basis of an internal audit strategy and a detailed annual internal audit plan was presented to the Audit Committee for approval. All the subsidiaries were audited based on critical risk areas. It should be annotated that the internal audit was performed based on samples selection and did not engage any strategy to detect fraud during the performance of the audit.

Statement on Risk Management and Internal Control
(cont'd)

INTERNAL AUDIT (CONT'D)

The internal audit also reports on the activities performed and key strategic and control issues observed to the Audit Committee in order to preserve its independence. The Audit Committee reviews and approves the internal audit's annual budget and audit plan. Internal audit adopts the International Standards for The Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA), the definition of Internal Auditing and Code of Ethics, Practices and Framework in order to ensure standardisation and consistency in providing assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance. Internal audit continues to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core/ priority areas. Input from various sources, inclusive of the Enterprise Risk Management Framework, past audit issues, external auditors, Management and Board are gathered, assessed and prioritised to derive the annual audit plan.

In 2021, reviews on various areas involving operations of Manufacturing Division of the Group were conducted. Key coverage was process review of domestic and export sales processing and sales-credit control & collection of five (5) entities.

Report from the internal audit review carried out was submitted and presented to the Audit Committee with the feedback and agreed corrective actions to be undertaken by the Management. Subsequently, the progress of these corrective actions will be monitored and verified by the internal audit and reported to the Audit Committee.

Quality Assurance

The internal audit develops and maintains a quality assurance and improvement programme that covers all aspects of internal audit activities. The quality assurance programme assesses the effectiveness of the internal audit processes and identifies opportunities for improvement via internal assessment. It has its own peer reviewer mechanism to ensure consistently good quality output of every audit engagement. The team leader is experienced to manage the internal audit assignments.

The cost incurred for the internal audit during the year was RM27,500.

INFORMATION, COMMUNICATION AND MONITORING

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to request for information and clarification from the Management as well as to seek inputs from the Audit Committee, external and internal auditors and other experts at the expense of the Group.

The Board reviews the effectiveness of the risk management and internal control systems through the following monitoring and assessment mechanisms:

- On a quarterly basis, Management updates the Board on the Group's actual financial performance. Specific transactions, projects opportunities are also discussed with the Board as and when required. This allows the Board to raise potential new risks that could arise and request Management to mitigate them accordingly.

- The Key Management Staff and HOD are delegated with the responsibility of identifying and managing risks related to their functions and departments. At the periodic Management meetings, such risk identified and related internal controls are communicated to the Senior Management. In addition, significant risks identified are cascaded to the Board at their scheduled meetings.

RISK MANAGEMENT

The Audit Committee oversees the development and annual review of the Group's risk management policy and plan, as well as the effectiveness of the risk management organisation structure, responsibilities and accountabilities. It also ensures that the risk management framework is implemented to increase the possibility of anticipating unpredictable risks.

An Executive Director and Chief Financial Officer attended the risk profiling meetings and Audit Committee meetings. Key Management Staff, HOD and external consultant were invited to attend all or part of meetings as and when appropriate to facilitate risk management review.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control and have reported to the Board that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes adopted by the Board.

This statement is based on the consideration of the audit work performed by both the external auditors and the internal auditors on financial and non-financial matters.

CONCLUSION

On the whole, the Board is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance to that effect. It is the Group's positive attitude towards striving for better that drives its desire to ensure that the system of internal control will be enhanced on regular basis as the Group progresses to the next level. The Board and the Management will seek regular assurance on the effectiveness and soundness of the internal control system through appraisals by the internal as well as external auditors.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2021.

2. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2021, the amount of audit and non-audit fees paid and payable to the external auditors by the Group and the Company respectively were as follows:

		Company (RM)	Group (RM)
Audit Services Rendered		43,000	192,000
Non-Audit Services Rendered			
(a)	Review of Statement on Risk Management and Internal Control	8,000	8,000

3. MATERIAL CONTRACTS

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the Companies Act, 2016. The Board is responsible to take reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for the financial year then ended. In preparing the financial statements of the Group and of the Company for the year ended 31 December 2021, the Board has:

- adopted suitable accounting policies and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been followed; and
- prepared the annual financial statement on a going concern basis.

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 2016 and the applicable approved accounting standards.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent fraud and irregularities.

This Statement was approved by the Board of Directors on 26 April 2022.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities and other information of its subsidiaries are set out in Note 13 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year, net of tax	(21,821)	(14,854)
Attributable to:		
- Owners of the Company	(21,736)	(14,854)
- Non-controlling interest	(85)	-
	(21,821)	(14,854)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Company is not in a position to pay or declare dividends for the current financial year.

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES OR DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT
(cont'd)

DIRECTORS OF THE COMPANY

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

Dato' Sri Lim Teck Boon *	
Datuk Lim Sze Way	
Chan Yok Peng	
Tan Poh Ling	
Lt Gen (R) Dato' Sri Sabri Bin Adam	(Appointed on 25 February 2022)
Ng Chee Kam	(Appointed on 25 February 2022)
Lim Kam Choy	(Resigned on 31 January 2022)
Tong Sian Teng	(Retired on 3 June 2021)

* *Being a Director of one or more subsidiaries*

DIRECTOR OF THE SUBSIDIARIES OF THE COMPANY

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

Dato' Lim Chaw Teng

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Act, the interest of Director in office at the end of the financial year in shares or debentures of the Company and its related corporations during the financial year was as follows:

	Number of Ordinary Shares			
	At 01.01.2021 Unit'000	Acquired Unit'000	Sold Unit'000	At 31.12.2021 Unit'000
Name of Director:				
Ordinary shares in the Company				
Direct interest:				
- Dato' Sri Lim Teck Boon	63,991	2,800	(52,000)	14,791
Indirect interest:				
- Dato' Sri Lim Teck Boon *	509,583	-	-	509,583

* *Indirect interest held through S.P.A Furniture (M) Sdn. Bhd. pursuant to Section 8(4) of the Act.*

Dato' Sri Lim Teck Boon is deemed to have interest in the shares held by the Company in its subsidiaries by virtue of his substantial interest in shares of the Company to the extent that the Company has an interest.

The other Directors in office at the end of the financial year had no interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

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

	Company RM'000	Subsidiaries RM'000
Fees	84	-
Salaries and other emoluments	-	683
Contributions to defined contribution plan	-	82
Social security contributions	-	2
Total remuneration	84	767

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 31(b) to the financial statements.

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

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

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

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

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

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

DIRECTORS' REPORT
(cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

(d) In the opinion of the Directors:

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

(ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements; and

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

(e) The total amount paid to or receivable by the auditors of the Company and its subsidiaries as remuneration for their services for the financial year are as set out in Note 7 to the financial statements.

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

(g) During the financial year, the total amount of indemnity coverage and insurance premium paid for Directors and certain officers of the Group and of the Company are RM10,000,000 and RM14,250 respectively.

HOLDING COMPANY

The Directors regard S.P.A Furniture (M) Sdn. Bhd., a company incorporated and domiciled in Malaysia as the holding company of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

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

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2022.

DATO' SRI LIM TECK BOON **DATUK LIM SZE WAY**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 41 to 132 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2022.

DATO' SRI LIM TECK BOON **DATUK LIM SZE WAY**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, GAN CHONG WEI (MIA No.: 49036), being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 41 to 132 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed
at Kuala Lumpur in the Federal Territory
on 28 April 2022

GAN CHONG WEI

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EURO HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Euro Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 132.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Emphasis of Matter

We draw attention to Note 34 to the financial statements, which described the numerous ongoing litigations faced by the Group and by the Company which have been disclosed as contingent liabilities due to the relative uncertainty of the outcome. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matters (Cont'd)

Revenue and Cost Recognition from Property Development Activity

As shown in Note 4 to the financial statements, the Group gross revenue derived from property development activity amounted to RM1,199,000 and after recognising the liquidated ascertained damages ("LAD") of RM11,331,000, the Group generated negative net revenue of RM10,132,000 for the financial year ended 31 December 2021. During the financial year, the Group also recognised cost of sales of RM954,000 arising from property development activity as shown in Note 5 to the financial statements.

Property development revenue is recognised over the period of the project by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project).

Judgement is required in determining the progress of property development activity towards the complete satisfaction of the performance obligation and the estimation of LAD on project where the estimated completion date is beyond the contractual completion date. These estimates and judgements affect the cost-based input method computations and the amount of revenue and profit recognised during the financial year.

We focused on these areas because of the magnitude of the revenue and the costs recognised by the Group from this activity, which are based on significant estimates and judgements.

Our audit procedures performed and responses thereon

In addressing the above matter, we have performed the following audit procedures to assess the revenue recognition from property development activity:-

- Agreed to the contracted selling price of the property development units and multiplied with their respective stage of completion;
- Checked reasonableness of the stage of completion based on actual costs incurred to date over the estimated total property development costs with architect certificates;
- Verified the costs incurred against underlying supporting documents such as the sub-contractors' claim certificates and invoices from vendors;
- Re-computation of the percentage of completion and percentage of sales;
- Discussed with management on their basis of recognising LAD and tested management's estimates of the LAD;
- Reasonableness test on accrued contractor costs to be incurred by the Group of which invoice/progress claim has yet to be received;
- Site-visit for the on-going project to arrive at an overall assessment towards stage of completion; and
- Examined material non-standard journal entries and other adjustments posted to revenue and cost of sales accounts respectively.

INDEPENDENT AUDITORS' REPORT
(cont'd)

Key Audit Matters (Cont'd)

Valuation of Inventories from Manufacturing and Trading Segment

As at 31 December 2021, as shown in Note 15 to the financial statements, the Group has inventories balance of RM43,170,000, representing approximately 39% of the Group's total assets, out of which RM12,597,000 were contributed by the manufacturing and trading segment, net of provision. During the financial year, the Group has recognised provision for slow-moving inventories of RM349,000 derived from this segment.

The Group's inventories from manufacturing and trading segment comprised raw materials, work-in-progress and finished goods for the production of various types of furniture. The Group has a policy of provision for inventories obsolescence which is recognised on a case-by-case basis based on the management's assessment.

During our physical year-end inventory count observation, we noted that there were certain raw materials such as armrest, foam and plastic which might be exposed to the risk of obsolescence.

We have identified valuation of inventories from manufacturing and trading segment as a key audit matter because of the significance of inventories in the financial statements both in amount and nature as well as significant judgements required for the determination of provision for obsolescence.

Our audit procedures performed and responses thereon

In addressing the above matter, we have performed the following audit procedures in relation to the valuation of inventories:-

- Made inquiries of management regarding the basis of how the management identifies and assesses provision for slow-moving inventories and understand the Group's policy for provision;
- Attended and observed physical year-end inventory count to verify the existence and condition of inventories;
- Reviewed the historical trends of provision to compare and assess the actual consumption or liquidation of inventories, on a sample basis; and
- Evaluated the appropriateness and adequacy of management's assessment in respect to slow-moving and obsolete inventories.

We have determined that there is no Key Audit Matter for the Company to be communicated in our report.

INDEPENDENT AUDITORS' REPORT (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the Annual Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

INDEPENDENT AUDITORS' REPORT
(cont'd)

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

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

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

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

LO KUAN CHE
03016/11/2022 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 28 April 2022

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	<------------- Group	------------>	<----------Company	--------->
		2021 RM'000	Restated 2020 RM'000	2021 RM'000	2020 RM'000
Revenue	4	79,381	64,307	-	-
Cost of sales	5	(90,981)	(51,715)	-	-
Gross (loss)/profit		(11,600)	12,592	-	-
Other income		1,777	7,953	451	18,806
Administrative expenses		(6,468)	(7,583)	(14,457)	(1,044)
Selling and distribution expenses		(3,719)	(7,412)	-	-
(Loss)/profit from operations		(20,010)	5,550	(14,006)	17,762
Finance costs	6	(1,976)	(2,885)	(851)	(298)
(Loss)/profit before tax	7	(21,986)	2,665	(14,857)	17,464
Tax credit/(expense)	10	165	(873)	3	(160)
(Loss)/profit for the financial year, net of tax		(21,821)	1,792	(14,854)	17,304
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Fair value loss on equity instrument designated at fair value through other comprehensive income ("FVOCI")	23	-	-	(14,333)	-
Total comprehensive income for the financial year, net of tax		(21,821)	1,792	(29,187)	17,304
Profit/(loss) attributable to:					
- Owners of the Company		(21,736)	1,764	(14,854)	17,304
- Non-controlling interest		(85)	28	-	-
		(21,821)	1,792	(14,854)	17,304
Total comprehensive income attributable to:					
- Owners of the Company		(21,736)	1,764	(29,187)	17,304
- Non-controlling interest		(85)	28	-	-
		(21,821)	1,792	(29,187)	17,304
(Loss)/earnings per ordinary share attributable to Owners of the Company (sen):					
- Basic and diluted	11	(2.71)	0.22		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		<------------------ Group	------------------>		<---------Company	-------->
	Note	31.12.2021 RM'000	Restated 31.12.2020 RM'000	Restated 01.01.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
ASSETS						
Non-Current Assets						
Property, plant and equipment	12	38,578	40,280	42,510	12	15
Investment in subsidiaries	13	-	-	-	14,908	21,874
Other investment	14	-	-	-	18,991	33,324
		38,578	40,280	42,510	33,911	55,213
Current Assets						
Inventories	15	43,170	43,108	64,754	-	-
Trade receivables	16	5,484	7,582	12,227	-	-
Other receivables	17	7,069	8,938	1,930	6	6
Contract assets	18	5,793	15,867	12,383	-	-
Forward exchange contracts	19	-	-	16	-	-
Tax recoverable		397	352	306	207	21
Fixed deposits placed with licensed banks	20	6,757	6,952	6,984	-	-
Cash and bank balances	21	2,141	1,687	2,445	5	62
		70,811	84,486	101,045	218	89
TOTAL ASSETS		109,389	124,766	143,555	34,129	55,302
EQUITY AND LIABILITIES						
Equity						
Share capital	22	48,402	48,402	48,402	48,402	48,402
(Accumulated loss)/ Retained earnings		(5,665)	16,071	14,307	(13,432)	1,422
Fair value reserve	23	1,591	-	-	(14,333)	-
Total equity attributable to Owners of the Company		44,328	64,473	62,709	20,637	49,824
Non-controlling interest		(789)	887	859	-	-
Total Equity		43,539	65,360	63,568	20,637	49,824
Non-Current Liabilities						
Borrowings	24	7,769	9,218	10,712	-	-
Lease liabilities	25	-	3	52	-	-
Deferred tax liabilities	26	-	287	44	-	2
		7,769	9,508	10,808	-	2

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (cont'd)

		Group			Company	
			Restated	Restated		
	Note	31.12.2021 RM'000	31.12.2020 RM'000	01.01.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Current Liabilities						
Trade payables	27	9,794	13,210	13,818	-	-
Other payables	28	14,901	13,377	9,858	488	512
Contract liabilities	18	1,546	1,147	650	-	-
Foreign exchange contracts	19	-	4	-	-	-
Amounts due to subsidiaries	29	-	-	-	2,345	4,902
Amounts due to Directors and former Directors	30	10,875	111	19	10,659	62
Borrowings	24	20,438	21,579	44,513	-	-
Lease liabilities	25	3	55	117	-	-
Tax payable		524	415	204	-	-
		58,081	49,898	69,179	13,492	5,476
Total Liabilities		65,850	59,406	79,987	13,492	5,478
TOTAL EQUITY AND LIABILITIES		109,389	124,766	143,555	34,129	55,302

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		<- Attributable to Owners of the Company ->				
			Distributable		Non-	
	Note	Share Capital RM'000	Retained Earnings RM'000	Total RM'000	Controlling Interest RM'000	Total Equity RM'000
Group						
At 1 January 2020, as previously reported		48,402	17,289	65,691	859	66,550
Effects on change in accounting policy	39(c)	-	(2,982)	(2,982)	-	(2,982)
At 1 January 2020, as restated		48,402	14,307	62,709	859	63,568
Loss net of tax, as previously reported		-	1,452	1,452	28	1,480
Effects on change in accounting policy	39(c)	-	312	312	-	312
Loss net of tax, representing total comprehensive income for the financial year, as restated		-	1,764	1,764	28	1,792
At 31 December 2020, as restated		48,402	16,071	64,473	887	65,360

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

		<------------ Attributable to Owners of the Company ------------>					
		<----- Non-Distributable ----->					
	Note	Share Capital RM'000	Fair Value Reserve RM'000	Distributable Retained Earnings/ (Accumulated Loss) RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Group							
At 1 January 2021, as restated		48,402	-	16,071	64,473	887	65,360
Loss net of tax, representing total comprehensive income for the financial year		-	-	(21,736)	(21,736)	(85)	(21,821)
Transaction with Owners of the Company:							
Fair value loss on equity instrument designated at FVOCI shared by non-controlling interest ("NCI")	23	-	1,591	-	1,591	(1,591)	-
At 31 December 2021		48,402	1,591	(5,665)	44,328	(789)	43,539

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share Capital RM'000	Fair Value Reserve RM'000	(Accumulated Loss)/ Distributable Retained Earnings RM'000	Total Equity RM'000
Company					
At 1 January 2020		48,402	-	(15,882)	32,520
Profit net of tax,representing total comprehensive income for the financial year		-	-	17,304	17,304
At 31 December 2020		48,402	-	1,422	49,824
At 1 January 2021		48,402	-	1,422	49,824
Loss net of tax		-	-	(14,854)	(14,854)
Other comprehensive income:					
Fair value loss on equity instrument designated at FVOCI	23	-	(14,333)	-	(14,333)
Total comprehensive income for the financial year		-	(14,333)	(14,854)	(29,187)
At 31 December 2021		48,402	(14,333)	(13,432)	20,637

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		<------------- Group ------------>		<----------Company --------->	
			Restated		
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities					
(Loss)/profit before tax		(21,986)	2,665	(14,857)	17,464
Adjustments for:					
Depreciation of property, plant and equipment	12	1,702	2,201	3	4
Forfeiture of deposits received		(118)	-	-	-
Gain on disposal of property, plant and equipment		-	(6,890)	-	-
Impairment loss on:					
- amounts due from subsidiaries	33(i)	-	-	1,733	-
- investment in subsidiaries	13(a)	-	-	12,022	-
- other receivables	33(i)	64	-	-	-
- trade receivables, net	33(i)	-	393	-	-
Interest expense	6	1,976	2,885	851	298
Interest income		(115)	(142)	(451)	(1,280)
Late payment interest income		(38)	(345)	-	-
Loss on forward exchange contracts		1	19	-	-
Property, plant and equipment written off		-	15	-	-
Provision for litigation	35	1,032	1,235	-	-
Provision for/(reversal of) slow-moving inventories	15(b)	349	(986)	-	-
Reversal of impairment loss on:					
- amounts due from subsidiaries	33(i)	-	-	-	(17,526)
- trade receivables, net	33(i)	(77)	-	-	-
Reversal of provision for unutilised leaves		(537)	-	-	-
Unrealised gain on foreign exchange, net		(29)	(63)	-	-
Write back of other payables		(146)	-	-	-
Operating (loss)/profit before changes in working capital, balance carried forward		(17,922)	987	(699)	(1,040)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	Note	Group 2021 RM'000	Group Restated 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Operating (loss)/profit before changes in working capital, balance brought forward		(17,922)	987	(699)	(1,040)
Changes in working capital:					
Inventories		(411)	22,632	-	-
Trade and other receivables		4,108	4,526	-	1
Trade and other payables		(2,302)	729	(24)	466
Contract assets		10,074	(3,484)	-	-
Contract liabilities		517	497	-	-
Cash (used in)/generated from operations		(5,936)	25,887	(723)	(573)
Interest paid		(1,349)	(1,937)	(24)	-
Interest received		115	142	-	57
Tax paid		(278)	(465)	(185)	(320)
Tax refunded		220	-	-	-
Net cash (used in)/from operating activities		(7,228)	23,627	(932)	(836)
Cash Flows from Investing Activities					
Advances to subsidiaries, net		-	-	(6,158)	-
Purchase of property, plant and equipment	12	-	(116)	-	-
Proceeds from disposal of property, plant and equipment		-	130	-	-
Net cash from/(used in) investing activities		-	14	(6,158)	-
Cash Flows from Financing Activities					
Advances from Directors and former Directors	31(b)	10,137	92	9,978	62
Payment for the principal portion of lease liabilities	(ii),(iii)	(55)	(111)	-	-
(Repayment to)/advances from subsidiaries, net	(iii)	-	-	(2,945)	802
Repayment of borrowings, net		(2,123)	(25,875)	-	-
Upliftment of fixed deposits pledged		195	32	-	-
Net cash from/(used in) financing activities		8,154	(25,862)	7,033	864
Net increase/(decrease) in cash and cash equivalents		926	(2,221)	(57)	28
Effect of exchange rate changes on cash and cash equivalents		(5)	16	-	-
Cash and cash equivalents at beginning of the financial year		(10,517)	(8,312)	62	34
Cash and cash equivalents at end of the financial year	(i)	(9,596)	(10,517)	5	62

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

Note:

(i) Cash and cash equivalents comprise:

		<------------- Group ------------>		<----------Company --------->	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fixed deposits placed with licensed banks		6,757	6,952	-	-
Cash and bank balances		2,141	1,687	5	62
		8,898	8,639	5	62
Less:					
- Fixed deposits pledged as collateral	20	(6,757)	(6,952)	-	-
- Bank overdrafts	24	(11,737)	(12,204)	-	-
		(9,596)	(10,517)	5	62

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

	<------------ Group ----------->	
	2021 RM'000	**2020 RM'000**
Included in net cash (used in)/from operating activities:		
- Interest paid in relation to lease liabilities	-	(5)
- Payment relating to short-term leases	(227)	(306)
- Payment relating to low value assets	(9)	-
Included in net cash from/(used in) financing activities:		
- Payment for the principal portion of lease liabilities	(55)	(111)
Total outflows for leases	(291)	(422)

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

	Bankers' Acceptance RM'000	**Term Loans RM'000**	**Loans from Third Parties and Shareholders RM'000**	**Lease Liabilities RM'000**
Group				
2021				
At 1 January 2021	1,643	12,250	4,700	58
Drawdown	1,873	-	-	-
Interest expense	36	455	-	-*
Repayment	(2,043)	(2,444)	-	(55)
Net changes in cash flows from financing activities	(134)	(1,989)	-	(55)
At 31 December 2021	1,509	10,261	4,700	3

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

Note: (Cont'd)

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

	Bankers' Acceptance RM'000	Term Loans RM'000	Loans from Third Parties and Shareholders RM'000	Lease Liabilities RM'000
Group				
2020				
At 1 January 2020	3,453	13,889	27,126	169
Interest expense	136	853	-	5
Repayment	(1,946)	(2,492)	(22,426)	(116)
Net changes in cash flows from financing activities	(1,810)	(1,639)	(22,426)	(111)
At 31 December 2020	1,643	12,250	4,700	58

* *Denotes RM178, which is immaterial to present.*

	Note	Amounts Due (From)/To Subsidiaries, net RM'000
Company		
2021		
At 1 January 2021	13,29	3,681
Advances to, net		(6,158)
Payment on behalf, net		(352)
Repayment to, net		(2,593)
Net changes in cash flows from financing activities		(2,945)
Interest expense	6	232
Interest income	7	(451)
Interest paid		(24)
Non-cash changes:		
Impairment loss on amounts due from subsidiaries		1,733
At 31 December 2021	13,29	(3,932)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

Note: (Cont'd)

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

	Note	Amounts Due (From)/To Subsidiaries, net RM'000
Company		
2020		
At 1 January 2020	13,29	(11,994)
Net advances from, representing net changes in cash flows from financing activities		802
Interest expense	6	298
Interest income	7	(1,280)
Interest received		57
Non-cash changes:		
Reversal of impairment loss on amounts due from subsidiaries		(17,526)
Subscription of redeemable convertible preference shares	14	33,324
At 31 December 2020	13,29	3,681

(iv) For reconciliation of liabilities arising from financing activities purpose, the bank overdrafts have been excluded from the borrowings as it is part of the cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor.

The principal place of business of the Company is located at Wisma Euro, Lot 21, Rawang Industrial Estate, 48000 Rawang, Selangor.

The principal activity of the Company is investment holding. The principal activities and other information of its subsidiaries are set out in Note 13. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The Directors regard S.P.A Furniture (M) Sdn. Bhd., a company incorporated and domiciled in Malaysia as the holding company of the Company.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 28 April 2022.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 4	Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 16	Covid-19 – Related Rent Concessions

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and of the Company.

(ii) Change in accounting policy

IFRS Interpretations Committee ("IFRIC") Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed good ("Agenda Decision")

In March 2019, IFRIC concluded that inventories, once made available for intended sale, are not qualifying assets even though they are still under construction. Accordingly, an entity should not capitalise borrowing costs on these inventories in accordance with the principles and requirements in IAS 23 (MFRS 123). On 20 March 2019, the Malaysian Accounting Standards Board ("MASB") decided that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

In previous financial years, borrowing costs incurred were capitalised in inventory – property under development until the physical completion of the development units. On 1 January 2021, the Group changed its accounting policy retrospectively as a result of the Agenda Decision and accordingly, the financial statements for the previous financial years included herein as comparatives have been restated.

The effects of the change in accounting policy on the comparative financial statements are disclosed in Note 39(c).

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(iii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

Effective for financial periods beginning on or after 1 April 2021

Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 – 2020 Cycle	

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date to be announced

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency and rounded to the nearest thousand (RM'000), except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements

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

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

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

(i) Property development revenue

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract). In making the estimate, management relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

The determination of transaction price includes the estimation of variable consideration arising from liquidated ascertained damages ("LAD"), which will affect the entitlement to the amount of consideration received. This represents the variation to the contracted selling price and is estimated based on the most likely amount method, taking into consideration the expected delivery of vacant possession of development units.

(ii) Income taxes

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

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

(iii) Provision for slow-moving inventories

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

2. BASIS OF PREPARATION (CONT'D)

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

(iv) Impairment of financial assets and receivables

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

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which required expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables and amounts due from subsidiaries, the Group and the Company apply the approach permitted by MFRS 9, which requires the Group and the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(v) Deferred tax assets and liabilities

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

(vi) Provision for potential claims

The Group determines whether a present obligation from potential claims that may exist at the reporting date by taking into account all available evidence. Management and external legal counsel have studied the potential claims and believe that adequate provision has been made to cover any material exposure arising from the potential claims as disclosed in notes to the financial statements.

(vii) Contingent liabilities

Recognition and measurement for contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group and to the Company, for matters in the ordinary course of business.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

Consolidation

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

Consolidation (Cont'd)

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

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

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

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

Business combination

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

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

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

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

Subsidiaries

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

Non-controlling interest

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

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

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

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

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

(b) Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are converted into the functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into the functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss in the period in which they arise, except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operation. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rates as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Revenue and other income recognition

(i) Revenue from contracts with customers

The Group is in the business of property development, manufacturing and trading of office furniture as well as trading of steel.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Revenue from contracts with customers (Cont'd)

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

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

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

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

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

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

<u>Manufacturing and trading of furniture, trading of steel</u>

Revenue from the sales of furniture and steel is recognised when the control of the goods has been transferred to the customers (i.e. delivery of goods or cash and carry basis), or performance of services, net of sales and service tax and discounts.

<u>Property development</u>

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. For contracts with customers that do not meet any of these two conditions, revenue is recognised in the profit or loss at the point in time when the development of the unit is completed and the units delivered to the customers.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract). If the outcome of a project is uncertain, revenue in respect of units sold is recognised in the profit or loss to the extent of the recoverable costs incurred. In making the estimate, management relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been delivered to the purchasers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Revenue from contracts with customers (Cont'd)

Incremental costs of obtaining a contract with a customer

The Group pays sales commissions to external sales agent and employees as an incentive for sales of each unit of on-going property development to the customers. Sales commissions have been determined to be an incremental cost of obtaining a contract and are capitalised as contract costs when the Group expects these costs to be recovered over a period of more than one year.

Contract costs are amortised over the revenue recognition by reference to the progress towards complete satisfaction of that performance obligation. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise as an expense when incurred. Amortisation of contract costs are included as part of "selling and distribution expenses" in the profit or loss, based on the nature of commission costs, and not under amortisation expenses.

Contract assets and liabilities

Contract assets and liabilities in property development contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract asset is the excess of cumulative revenue earned over the billings to date. Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract assets are recognised as revenue when performance obligations are satisfied.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

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

(ii) Interest income

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

(iii) Rental income

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

(iv) Late payment interest income

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Employee benefits

Short-term employee benefits

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

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

Defined contribution plan

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

(e) Borrowing costs

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

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

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

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

(f) Income taxes

Current tax

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

Deferred tax

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Income taxes (Cont'd)

Deferred tax (Cont'd)

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

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

(g) Leases

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are as follows:

Motor vehicles	5 years
Leased equipment	Over the lease term of 3 to 4 years

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

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

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

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

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

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(h) Earnings per share

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Property, plant and equipment

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

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Factory buildings	2%
Computers	12.5% – 20%
Electrical installation	16.7%
Furniture and fittings	10% – 16.7%
Motor vehicles	20%
Moulds	20%
Office equipment	10% – 50%
Plant and machineries	10%
Renovation	16.7%
Signboards	10%
Leased equipment	Over the lease term of 3 to 4 years

Freehold land has an indefinite useful life and therefore is not depreciated.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Inventories

The inventories of the Group are made up of relevent properties' development expenditure and office furniture.

(i) Property development costs

Property development costs are classified as a current inventory which are measured at the lower of cost and net realisable value. Costs comprise land cost, development costs, including infrastructure costs, and other directly attributable costs of property development activity or that can be allocated on a reasonable basis to such activity.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

When the development unit are sold to customers, a portion of the development costs is transferred to a contract asset account. The balance in the property development costs not transferred to contract assets represent costs of unsold units in progress.

(ii) Office furniture

The inventories are made up of raw materials, work-in-progress and finished goods, which are measured at the lower of cost and net realisable value. The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

Costs incurred in bringing the inventories to their existing location and condition are accounted for as follows:

- cost of raw materials and packaging materials comprise cost of purchase and are stated on a weighted average cost or standard cost basis (which approximates average actual cost); and

- cost of finished goods and work-in-progress includes raw materials, labour and an appropriate proportion of production overheads.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Cash and cash equivalents

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

(l) Financial instruments

(i) Initial recognition and measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Financial instruments (Cont'd)

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

The Group and the Company categorise financial instruments as follows: (Cont'd)

Financial assets (Cont'd)

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in the profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(n)(i)) where the effective interest rate is applied to the amortised cost.

Fair value through other comprehensive income ("FVOCI")

(i) Debt instrument

FVOCI category comprises debt instrument where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt instruments, and its contractual terms give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt instrument is not designated as fair value through profit or loss ("FVTPL"). Interest income calculated using effective interest method, foreign exchange gains and losses and impairment loss are recognised in the profit or loss. Other net gains and losses are recognised in the other comprehensive income. On derecognition, gains and losses accumulated in the other comprehensive income are reclassified to the profit or loss.

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

(ii) Equity instrument

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in the other comprehensive income. This election is made on an investment-by-investment basis.

Gains and losses on these financial assets are never recycled to the profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in the other comprehensive income. On derecognition, gains and losses accumulated in the other comprehensive income are not reclassified to the profit or loss. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Financial instruments (Cont'd)

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

Financial assets (Cont'd)

Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost or FVOCI are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

Financial assets that are equity instruments comprise mainly of investments in equity securities. Subsequent to initial recognition, all equity investments are measured at fair value. Changes in the FVTPL equity investments are recognised in the profit and loss.

All financial assets, except for those measured at FVTPL or equity instruments measured at FVOCI, are subject to impairment assessment (see Note 3(n)(i)).

Financial liabilities

Amortised cost

The financial liabilities of the Group and of the Company are initially recognised as amortised cost. Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

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

Fair value through profit or loss ("FVTPL")

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

On initial recognition, the Group may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at FVTPL:

(i) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
(ii) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
(iii) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as FVTPL upon initial recognition, the Group recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Financial instruments (Cont'd)

(iii) Offsetting of financial instruments

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

(iv) Financial guarantee contracts

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

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

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

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

(v) Regular way purchase or sale of financial assets

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

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

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

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

(vi) Derecognition

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Derivative financial instruments

The Group uses derivative financial instruments, such as forward exchange contracts, to hedge its foreign currency risks. Such derivative financial instrument is initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value are recognised in the profit or loss.

(n) Impairment

(i) Financial assets

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

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

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

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

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

Simplified approach – trade receivables and contract assets

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

General approach – other financial instruments and financial guarantee contracts

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment (Cont'd)

(i) Financial assets (Cont'd)

General approach – other financial instruments and financial guarantee contracts (Cont'd)

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

- The borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

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

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

Credit impaired financial assets

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event (e.g. being more than 180 to 365 days past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment (Cont'd)

(ii) Non-financial assets

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

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

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

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

An impairment loss recognised for goodwill is not reversed.

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

(o) Equity instruments

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

Ordinary shares

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

(p) Provisions

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Provisions (Cont'd)

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

(q) Operating segments

Operating segments are defined as components of the Group that:

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

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

(c) for which discrete financial information is available.

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

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

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

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

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

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

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

(r) Contingent liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Fair value measurements

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

4. REVENUE

		<------------ Group ----------->	
		2021	**2020**
	Note	**RM'000**	**RM'000**
Revenue from contracts with customers:			
Manufacturing and trading of furniture, trading of steel	(i)	89,513	35,117
Property development	(ii)	(10,132)	29,190
		79,381	64,307
Timing of revenue recognition:			
- Over time		(10,132)	29,190
- Point in time		89,513	35,117
		79,381	64,307

The disaggregation of revenue by segment and geographical market is disclosed in Note 32.

(i) Manufacturing and trading of furniture

The Group is principally engaged in manufacturing and marketing of furniture products to local and overseas customers. The geographical locations of the customers are mainly from Malaysia, Hong Kong, India, Middle East, Thailand, etc.

Trading of steel

The Group is also involved in the trading of steel to local customers.

4. REVENUE (CONT'D)

(i) Manufacturing and trading of furniture (Cont'd)

Performance obligation ("PO")

For the manufacturing and trading of furniture, the contracts with customers are bundled and consist of obligations for the sales of furniture and delivery of the said furniture to its customers, whereby in some instances it will be delivered to foreign port for oversea customers. Contracts for bundled services are comprised of multiple POs and are capable of being distinct and separately identifiable. However, the management has assessed that the delivery obligation is primarily a value-added fulfilment service and is not considered to be a significant distinct PO. Accordingly, the contract with customers is considered as a single PO and is satisfied at point in time basis. Payment term is generally due within 30 - 180 days from the date when PO is satified.

For the trading of steel, the contracts with customers consist of obligation for the sales of steel on a cash and carry basis. Accordingly, the contract with customers is considered as a single PO and is satisfied at point in time basis.

Timing of recognition/Unsatisfied PO

Revenue is recognised at point in time when the control over the goods have been transferred to the customer and obtain customer acceptance of the said goods. Revenue is recognised based on the price specified in the invoices, net of discounts, rebates and incentives where applicable. The unsatisfied POs yet to be recognised as revenue at the reporting date mainly relates to the collection of advance deposit from customers as disclosed in Note 18(b).

(ii) Property development

The property development revenue is in respect of residential units under construction. The revenue breakdown is shown as follows:

	<------------ Group ---------->	
	2021	**2020**
	RM'000	**RM'000**
Revenue, gross	1,199	31,427
Less: Provision of LAD	(11,331)	(2,237)
Revenue, net	(10,132)	29,190

Kindly refer to Note 18(a) for further details on the provision for LAD arising from late delivery of vacant possession of the residential units to property purchasers.

Timing of recognition

Revenue is recognised when the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. The residential units sold have generally no alternative use for the Group due to contractual restrictions. The Group has an enforceable right to payment for the certified work performed over the contract period as promised in the Sale and Purchase Agreement ("SPA"). Therefore, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that aforesaid performance obligation.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

4. REVENUE (CONT'D)

(ii) Property development (Cont'd)

Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from property development revenue:

	Group 2021 RM'000	Group 2020 RM'000
Total contracted revenue, net	142,082	142,082
Less: Cumulative property development revenue recognised	(139,432)	(138,233)
Aggregate amount of the transaction price allocated to property development revenue that are partially or fully unsatisfied as at 31 December	2,650	3,849

The remaining unsatisfied performance obligations are expected to be recognised as follows:

	Group 2021 RM'000	Group 2020 RM'000
Within 1 year	2,650	3,849

5. COST OF SALES

	Note	Group 2021 RM'000	Group Restated 2020 RM'000
Manufacturing and trading of furniture, trading of steel		90,027	26,904
Property development costs	15(a)	954	24,811
		90,981	51,715

6. FINANCE COSTS

	Group 2021 RM'000	Group Restated 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Amount due to a Director	627	-	619	-
Amounts due to subsidiaries	-	-	232	298
Bank guarantee	46	46	-	-
Bank overdrafts	808	870	-	-
Bankers' acceptance	36	136	-	-
Commitment fees	4	12	-	-
Lease liabilities	-	5	-	-
Letter of credit	-	15	-	-
Term loans	455	853	-	-
Third parties	-	948	-	-
	1,976	2,885	851	298

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

7. (LOSS)/PROFIT BEFORE TAX

Other than those disclosed in Note 6, (loss)/profit before tax are arrived at after charging/(crediting):-

		<------------- Group ------------>		<----------Company --------->	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration:					
- statutory audit		192	192	43	43
- other services		8	18	8	18
- underprovision in prior year		-	16	-	-
Depreciation of property, plant and equipment	12	1,702	2,201	3	4
Employee benefit expenses	8	7,846	13,548	84	197
Forfeiture of deposits received		(118)	-	-	-
Gain on disposal of property, plant and equipment		-	(6,890)	-	-
Impairment loss on:					
- amounts due from subsidiaries	33(i)	-	-	1,733	-
- investment in subsidiaries	13(a)	-	-	12,022	-
- other receivables	33(i)	64	-	-	-
- trade receivables, net	33(i)	-	393	-	-
Interest income:					
- amounts due to subsidiaries		-	-	(451)	(1,280)
- fixed deposits		(115)	(142)	-	-
Late payment interest income		(38)	(345)	-	-
Loss on forward exchange contracts		1	19	-	-
Loss/(gain) on foreign exchange, net:					
- realised		57	(121)	-	-
- unrealised		(29)	(63)	-	-
Property, plant and equipment written off		-	15	-	-
Provision for litigation	35	1,032	1,235	-	-
Provision for/(reversal of) slow-moving inventories	15(b)	349	(986)	-	-
Rental income		-	(33)	-	-
Reversal of impairment loss on:					
- amounts due from subsidiaries	33(i)	-	-	-	(17,526)
- trade receivables, net	33(i)	(77)	-	-	-
Reversal of provision for unutilised leaves	28(iii)	(537)	-	-	-
Right-of-use assets:					
- Short-term lease of premises		52	27	-	-
- Short-term lease of equipment and license		175	279	-	-
- Low value assets		9	-	-	-
Write back of other payables		(146)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

8. EMPLOYEE BENEFIT EXPENSES

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Salaries, allowances and overtime	5,661	10,926	-	-
Directors' remuneration (Note 9)	1,013	883	84	197
Contributions to defined contribution plan	530	912	-	-
Social security contributions	91	158	-	-
Other benefits	551	669	-	-
	7,846	13,548	84	197

9. DIRECTORS' REMUNERATION

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Directors of the Company:				
Executive Directors:				
Salaries and other emoluments	683	636	-	47
Contributions to defined contribution plan	82	52	-	-
Social security contributions	2	1	-	-
	767	689	-	47
Non-Executive Directors:				
Fees	84	150	84	150
	851	839	84	197
Director of the subsidiaries:				
Executive Director:				
Salaries and other emoluments	155	42	-	-
Contributions to defined contribution plan	6	2	-	-
Social security contributions	1	-	-	-
	162	44	-	-
Total remuneration	1,013	883	84	197

10. TAX (CREDIT)/EXPENSE

	Group		Company	
		Restated		
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax:				
- Current year	85	632	-	160
- Under/(over)provision in prior year	37	(2)	(1)	-
	122	630	(1)	160
Deferred tax (Note 26):				
- Relating to (reversal)/origination of temporary differences	(138)	120	(2)	-
- (Over)/underprovision in prior year	(149)	123	-	-
	(287)	243	(2)	-
Tax (credit)/expense for the financial year	(165)	873	(3)	160

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

The reconciliation of the tax amount at statutory income tax rate to the Group's and to the Company's tax (credit)/ expense are as follows:

	Group		Company	
		Restated		
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/profit before tax	(21,986)	2,665	(14,857)	17,464
Tax at the Malaysian statutory income tax rate of 24% (2020: 24%)	(5,277)	640	(3,566)	4,191
Income not subject to tax	(12)	(380)	-	(4,206)
Expenses not deductible for tax purposes	432	498	3,517	175
Deferred tax assets not recognised	4,857	958	47	-
Utilisation of previously unrecognised deferred tax assets	(53)	(964)	-	-
Under/(over) provision in prior year:				
- income tax	37	(2)	(1)	-
- deferred tax	(149)	123	-	-
Tax (credit)/expense for the financial year	(165)	873	(3)	160

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

10. TAX (CREDIT)/EXPENSE (CONT'D)

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

	Group		Company	
		Restated		
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unutilised tax losses	45,893	27,794	199	-
Unutilised reinvestment allowances	9,510	9,510	-	-
Unabsorbed capital allowances	3,245	1,571	4	-
	58,648	38,875	203	-

The comparative figures have been restated to reflect the actual unutilised tax losses, reinvestment allowances and unabsorbed capital allowances carried forward available to the Company and its subsidiaries, after taken into consideration on the effects of prior year adjustments as disclosed in Note 39(c).

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit. The unutilised tax losses of the Company and its subsidiaries will be allowed to be carried forward for 10 consecutive years of assessment ("YA") (previously 7 YAs) deemed to be effective from YA 2019.

11. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic EPS

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

	Group	
		Restated
	2021	2020
Basic earnings/(loss) per share:		
Profit/(loss) after tax attributable to Owners of the Company (RM'000):	(21,736)	1,764
Weighted average number of ordinary shares in issue ('000 unit)	801,900	801,900
Basic (loss)/earnings per share (sen)	(2.71)	0.22

(b) Diluted EPS

The Group has no dilution in its (loss)/earnings per ordinary share as there were no potential dilutive ordinary shares outstanding as at 31 December 2021 and 31 December 2020 respectively.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Factory buildings RM'000	Computers RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Moulds RM'000	Balance carried forward RM'000
Group								
31.12.2021								
Cost								
At 1 January 2021	9,204	40,747	3,590	528	1,653	2,222	11,961	69,905
Lease expiration	-	-	-	-	-	-	-	-
At 31 December 2021	9,204	40,747	3,590	528	1,653	2,222	11,961	69,905
Accumulated Depreciation								
At 1 January 2021	-	11,583	3,479	472	1,615	2,211	11,792	31,152
Charge for the financial year	-	815	39	12	9	11	138	1,024
Lease expiration	-	-	-	-	-	-	-	-
At 31 December 2021	-	12,398	3,518	484	1,624	2,222	11,930	32,176
Net Carrying Amount								
At 31 December 2021	9,204	28,349	72	44	29	-	31	37,729

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

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

	Balance brought forward RM'000	Office equipment RM'000	Plant and machineries RM'000	Renovation RM'000	Signboards RM'000	Leased equipment RM'000	Total RM'000
Group							
31.12.2021							
Cost							
At 1 January 2021	69,905	1,061	30,935	248	57	187	102,393
Lease expiration	-	-	-	-	-	(103)	(103)
At 31 December 2021	69,905	1,061	30,935	248	57	84	102,290
Accumulated Depreciation							
At 1 January 2021	31,152	914	29,627	242	39	139	62,113
Charge for the financial year	1,024	36	589	3	4	46	1,702
Lease expiration	-	-	-	-	-	(103)	(103)
At 31 December 2021	32,176	950	30,216	245	43	82	63,712
Net Carrying Amount							
At 31 December 2021	37,729	111	719	3	14	2	38,578

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

	Freehold land RM'000	Factory buildings RM'000	Computers RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Moulds RM'000	Balance carried forward RM'000
Group								
31.12.2020								
Cost								
At 1 January 2020	9,204	40,747	3,542	528	1,847	3,520	11,953	71,341
Additions	-	-	48	-	-	-	8	56
Disposals	-	-	-	-	-	(1,298)	-	(1,298)
Written off	-	-	-	-	(194)	-	-	(194)
At 31 December 2020	9,204	40,747	3,590	528	1,653	2,222	11,961	69,905
Accumulated Depreciation								
At 1 January 2020	-	10,768	3,416	448	1,770	3,393	11,640	31,435
Charge for the financial year	-	815	63	24	28	55	152	1,137
Disposals	-	-	-	-	-	(1,237)	-	(1,237)
Written off	-	-	-	-	(183)	-	-	(183)
At 31 December 2020	-	11,583	3,479	472	1,615	2,211	11,792	31,152
Net Carrying Amount								
At 1 January 2020	9,204	29,979	126	80	77	127	313	39,906
At 31 December 2020	9,204	29,164	111	56	38	11	169	38,753

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

	Balance brought forward RM'000	Office equipment RM'000	Plant and machineries RM'000	Renovation RM'000	Signboards RM'000	Leased equipment RM'000	Total RM'000
Group							
31.12.2020							
Cost							
At 1 January 2020	71,341	1,062	30,957	263	57	187	103,867
Additions	56	5	55	-	-	-	116
Disposals	(1,298)	-	(77)	-	-	-	(1,375)
Written off	(194)	(6)	-	(15)	-	-	(215)
At 31 December 2020	69,905	1,061	30,935	248	57	187	102,393
Accumulated Depreciation							
At 1 January 2020	31,435	874	28,690	254	35	69	61,357
Charge for the financial year	1,137	42	945	3	4	70	2,201
Disposals	(1,237)	-	(8)	-	-	-	(1,245)
Written off	(183)	(2)	-	(15)	-	-	(200)
At 31 December 2020	31,152	914	29,627	242	39	139	62,113
Net Carrying Amount							
At 1 January 2020	39,906	188	2,267	9	22	118	42,510
At 31 December 2020	38,753	147	1,308	6	18	48	40,280

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

	Signboard RM'000
Company	
31.12.2021	
Cost	
At 1 January/31 December 2021	35
Accumulated Depreciation	
At 1 January 2021	20
Charge for the financial year	3
At 31 December 2021	23
Net Carrying Amount	
At 31 December 2021	12
31.12.2020	
Cost	
At 1 January/31 December 2020	35
Accumulated Depreciation	
At 1 January 2020	16
Charge for the financial year	4
At 31 December 2020	20
Net Carrying Amount	
At 31 December 2020	15

(i) Assets pledged as security

As at the reporting date, freehold land and factory buildings of the Group with a total net carrying amounts of RM37,553,000 (31.12.2020: RM38,368,000; 01.01.2020: RM39,183,000) have been pledged to licensed banks as security for borrowings granted to the Group as disclosed in Note 24.

(ii) Assets classified as right-of-use assets are as follows:

	Leased equipment RM'000
Group	
31.12.2021	
Cost	
At 1 January 2021	187
Lease expiration	(103)
At 31 December 2021	84
Accumulated Depreciation	
At 1 January 2021	139
Charge for the financial year	46
Lease expiration	(103)
At 31 December 2021	82
Net Carrying Amount	
At 31 December 2021	2

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

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

(ii) Assets classified as right-of-use assets are as follows: (Cont'd)

	Leased equipment RM'000	Motor vehicles RM'000	Total RM'000
Group			
31.12.2020			
Cost			
At 1 January 2020	187	184	371
Derecognition [Note (a)]	-	(184)	(184)
At 31 December 2020	187	-	187
Accumulated Depreciation			
At 1 January 2020	69	136	205
Charge for the financial year	70	21	91
Derecognition [Note (a)]	-	(157)	(157)
At 31 December 2020	139	-	139
Net Carrying Amount			
At 31 December 2020	48	-	48

(a) In prior year, the lease liabilities of the motor vehicles had been fully settled. Accordingly, the cost and accumulated depreciation of the right-of-use assets were derecognised as shown in the above table.

The expenses charged to the profit or loss during the financial year were as follows:

	Group 2021 RM'000	Group 2020 RM'000
Depreciation of right-of-use assets	46	91
Interest expense on lease liabilities	-	5
Short-term lease of premises, equipment and license	227	306
Low value assets	9	-

13. INVESTMENT IN SUBSIDIARIES

	Note	Company 31.12.2021 RM'000	Company 31.12.2020 RM'000
Unquoted shares, at cost			
Gross amount		24,448	24,448
Less: Allowance for impairment loss	(i)	(15,817)	(3,795)
Net amount		8,631	20,653
Amounts due from subsidiaries *			
Gross amount		10,134	3,345
Less: Allowance on impairment loss	33(i)	(3,857)	(2,124)
Net amount		6,277	1,221
		14,908	21,874

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

* These amounts are non-trade in nature, unsecured advances which are collectible on demand and bear interest at 7.90% (31.12.2020: 7.90%) per annum. The settlement of the amounts are neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are measured at cost less accumulated impairment losses.

(i) The movement in allowance for impairment loss on unquoted shares is as follows:

	Company 2021 RM'000	Company 2020 RM'000
At 1 January	3,795	3,795
Charge for the financial year	12,022	-
At 31 December	15,817	3,795

The details of its subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Subsidiaries	Principal Activities	Effective Equity Interest 31.12.2021	Effective Equity Interest 31.12.2020
Held through the Company:			
Euro Chairs Manufacturer (M) Sdn. Bhd. ("ECM")	Manufacturing and marketing of furniture	100%	100%
Euro Chairs System Sdn. Bhd. ("ECS")	Trading of furniture, furnishing fabric materials and other furniture components	100%	100%
Eurosteel System Sdn. Bhd. ("ES")	Trading of storages and steel furniture	75.76%	75.76%
Euro Space Industries (M) Sdn. Bhd. ("ESI")	Manufacturing and trading of office furniture, partitions, chairs and panels	100%	100%
Euro Space System Sdn. Bhd. ("ESS")	Trading of office furniture	100%	100%
Eurosteel Line Sdn. Bhd. ("ESL")	Trading of steel and steel storages	100%	100%
Euro Chairs (M) Sdn. Bhd. ("ECSB")	Holds the industrial designs and trademarks of the Group	100%	100%
Euroland & Development Sdn. Bhd. ("ELD")	Property development	100%	100%

(a) Impairment loss on investment in subsidiaries

As at 31 December 2021, the Company carried out a review of the recoverable amount of its investment in ECS, ESS and ES due to their persistent loss-making and significant accumulated losses position. This has resulted in an impairment loss of RM12,022,000 (31.12.2020: Nil) being recognised as "administrative expenses" line item in the Company's statement of comprehensive income for the financial year ended 31 December 2021. The recoverable amounts of the subsidiaries were derived based on fair value less costs of disposal which were measured based on the adjusted net assets of respective subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Non-controlling interest in subsidiary

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

	< ---------- ES	----------	---------->
	31.12.2021 RM'000	**31.12.2020 RM'000**	**01.01.2020 RM'000**
NCI percentage of ownership and voting interest	24.24%	24.24%	24.24%
Carrying amount of NCI	(789)	887	859
(Loss)/profit, representing total comprehensive income allocated to NCI	(85)	28	-
Share of fair value loss on equity instrument	(1,591)	-	-

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

	< ---------- ES	----------	---------->
	31.12.2021 RM'000	**31.12.2020 RM'000**	**01.01.2020 RM'000**
Assets and liabilities:			
Non-current assets	-	6,567	6
Current assets	247	227	8,006
Current liabilities	(3,502)	(3,133)	(4,467)
Net (liabilities)/assets	(3,255)	3,661	3,545
Results:			
Revenue	313	3,143	
(Loss)/profit for the financial year	(351)	116	
Total comprehensive income	(6,916)	116	
Cash flows:			
Net cash used in operating activities	(200)	(874)	
Net cash used in investing activities	(117)	(26)	
Net cash from financing activities	236	12	

14. OTHER INVESTMENT

	<----------Company	--------->
	31.12.2021 RM'000	**31.12.2020 RM'000**
Redeemable Convertible Preference Shares ("RCPS") At FVOCI		
At 1 January	33,324	-
Additions	-	33,324
Fair value loss (Note 23)	(14,333)	-
At 31 December	18,991	33,324

14. OTHER INVESTMENT (CONT'D)

On 31 December 2020, the Company had subscribed for 33,323,939 units of new RCPS at an issue price of RM1.00 per RCPS in one of its subsidiaries, ELD, representing the settlement amount due from ELD of RM33,323,939.

The Company designated the above unquoted RCPS equity investment at FVOCI as the Company did not intend to hold for trading purposes. In prior year, the fair value of RCPS has been carried at cost because the issuance and allotment has been carried out at the end of the financial year. As such, the Directors were of the opinion that the cost approximates the fair value of RCPS.

As at 31 December 2021, the Directors carried out a review on the fair value of RCPS. A fair value loss of RM14,333,000 was recognised in the other comprehensive income as "fair value loss on equity instrument designated at FVOCI" line item. The fair value of RCPS is determined based on the adjusted net assets method and is recognised under level 3 of the fair value hierarchy.

The salient terms of the RCPS are as follows:

(a) Conversion

The RCPS issuer shall have the right to convert the RCPS into new ordinary shares at the convertion ratio of one (1) RCPS for one (1) new ordinary share of ELD at anytime during the tenure of 5 years commencing from and inclusive the date of issuance. Any outstanding unconverted RCPS at the end of the tenure will be converted into ordinary shares of ELD at the same conversion ratio.

(b) Transferability

The RCPS are transferable subject to the same provisions for transfer of shares set out in ELD's constitution.

(c) Redemption

The issuer of the RCPS shall have the right to redeem all or any of the RCPS issued at any time after the issue date at the 100% of the issue price. The RCPS which have been redeemed will be cancelled and cannot be reissued.

(d) Ranking

The RCPS holders shall rank ahead for the right to receive dividend in priority to any other classes of shares, and the right to repayment of capital together with a sum equal to any arrears or deficiency of the dividend in the event of winding up in first priority to all other classes of shares.

However, the RCPS holders shall have no participation in any surplus assets and profit-sharing rights.

(e) Rights

The RCPS holders shall be entitled to receive notice of and to attend general meetings of ELD and the right on a poll at any such general meeting to one (1) vote for each RCPS:

(i) upon any resolution which varies or is deemed to vary the rights attached to the RCPS; and

(ii) upon any resolution for the winding up of ELD.

But shall otherwise have no rights to vote at a general meeting of ELD.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

15. INVENTORIES

	Note	Group 31.12.2021 RM'000	Group Restated 31.12.2020 RM'000	Group Restated 01.01.2020 RM'000
At cost:				
Property development costs	(a)	30,573	30,372	52,363
Furniture:				
- Raw materials		10,227	10,444	10,358
- Work-in-progress		1,578	1,474	1,625
- Finished goods		1,141	818	1,394
		12,946	12,736	13,377
Less: Provision for slow-moving inventories	(b)	(349)	-	(986)
		12,597	12,736	12,391
		43,170	43,108	64,754

(a) Property development costs

	Group 31.12.2021 RM'000	Group Restated 31.01.2020 RM'000
Cumulative property development costs		
At 1 January		
Land cost	7,000	7,000
Development costs	133,465	130,645
	140,465	137,645
Add: Cost incurred during the financial year		
Development costs	1,155	2,820
	141,620	140,465
Less: Cumulative costs recognised in statements of comprehensive income		
At 1 January	(110,093)	(85,282)
Recognised during the financial year (Note 5)	(954)	(24,811)
At 31 December	(111,047)	(110,093)
Property development costs as at 31 December	30,573	30,372

Pursuant to the change in accounting policy as disclosed in Note 2(a)(ii), the remaining borrowing costs previously capitalised have been charged out to the statements of comprehensive income and the effects of the restatement are presented in Note 39(c).

15. INVENTORIES (CONT'D)

(b) Provision for slow-moving inventories

	Group 2021 RM'000	Group 2020 RM'000
At 1 January	-	986
Additions/(reversal) during the financial year	349	(986)
At 31 December	349	-

(c) During the financial year, the Group recognised inventories as cost of sales from the manufacturing and trading segment amounted to RM13,042,000 (31.12.2020: RM16,963,000; 01.01.2020: RM21,678,000).

16. TRADE RECEIVABLES

	Note	Group 31.12.2021 RM'000	Group 31.12.2020 RM'000	Group 01.01.2020 RM'000
Trade receivables, gross		10,208	12,437	16,689
Less: Allowance for impairment loss	33(i)	(4,724)	(4,855)	(4,462)
Trade receivables, net		5,484	7,582	12,227

The normal credit terms of trade receivables of the Group range from 30 to 180 days (31.12.2020: 30 to 180 days; 01.01.2020: 30 to 180 days). During the financial year, there were certain sales transactions arising from cash on delivery basis. Other credit terms are assessed and approved on a case-by-case basis.

17. OTHER RECEIVABLES

	Note	Group 31.12.2021 RM'000	Group 31.12.2020 RM'000	Group 01.01.2020 RM'000
Other receivables:				
- third parties	(a)	5,444	7,517	184
Contract costs	(b)	208	302	669
Deposits		766	698	423
Prepayments		715	421	654
		7,133	8,938	1,930
Less: Allowance for impairment loss	33(i)	(64)	-	-
		7,069	8,938	1,930

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

17. OTHER RECEIVABLES (CONT'D)

	Company 31.12.2021 RM'000	Company 31.12.2020 RM'000
Prepayments	6	6

(a) In prior year, included in the other receivables of the Group at the reporting date is outstanding proceeds from disposal of property, plant and equipment of RM6.8 million with a credit term granted of 180 days.

As at the current reporting date, the outstanding amount yet to be collected is RM4.95 million, of which the remaining balance was settled subsequent to the financial year.

(b) Contract costs represent capitalised sales commissions to external sales agent and employees for obtaining property sales contract which are expected to be recovered through revenue recognition by reference to progress towards complete satisfaction of that performance obligation with contract customers. These costs are subsequently expensed off as "selling and distribution expenses", which is consistent with the revenue recognition pattern.

During the financial year, the total costs to obtain contracts recognised by the Group as "selling and distribution expenses" in the profit or loss amounted to RM94,000 (31.12.2020: RM466,000, 01.01.2020: RM528,000).

18. CONTRACT ASSETS/(LIABILITIES)

	Note	Group 31.12.2021 RM'000	Group Restated 31.12.2020 RM'000	Group Restated 01.01.2020 RM'000
Contract assets:				
- Property development	(a)	5,793	15,867	12,383
Contract liabilities:				
- Manufacturing and trading of furniture	(b)	(1,546)	(1,147)	(650)

(a) Property development

Contract assets primarily relate to the Group's right to consideration for work completed on property development but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

18. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Property development (Cont'd)

	Note	<-----------Group	----------->
			Restated
		31.12.2021	31.12.2020
		RM'000	RM'000
At 1 January		30,871	20,172
Revenue recognised during the financial year	4	1,199	31,427
Progress billings during the financial year		-	(20,728)
At 31 December		32,070	30,871
Less:			
- Provision for LAD	(i)	(19,256)	(7,925)
- Advances from unit purchasers	(ii)	(7,021)	(7,079)
		5,793	15,867

(i) Included in the contract assets of the Group is a provision for LAD up to April 2022 (31.12.2020: May 2021) with regards to the delay in the delivery of vacant possession.

In prior year, the Group had obtained an extension of time ("EOT") for the period from 18 March 2020 to 31 August 2020 under the Temporary Measures For Reducing The Impact Of Coronavirus Disease 2019 (Covid-19) Act 2020 ("Covid-19 Act"), of which the LAD did not include the EOT period. The provision for LAD has been presented net of the LAD receivable from the Group's main contractor until the date it was terminated in view of the failure to deliver vacant possession to the Group within the stipulated time as per the letter of award.

(ii) In relation to unsatisfied performance obligation which have yet to be billed arising from the settlement of borrowings through contra units arrangement with suppliers and vendors through property units.

(b) Manufacturing and trading of furniture

Contract liabilities primarily relate to advance payment or deposit received from customers of which the performance obligation has yet to be satisfied by the Group and are expected to be recognised as revenue in the subsequent financial year.

The movement in the contract liabilities is shown as follows:

	<-----------Group	----------->
	2021	2020
	RM'000	RM'000
At 1 January	1,147	650
Additions	1,588	4,562
Recognised as revenue during the financial year	(1,071)	(4,065)
Deposits forfeited during the financial year (Note 7)	(118)	-
At 31 December	1,546	1,147

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

19. FORWARD EXCHANGE CONTRACTS

	Group 31.12.2021 RM'000	Group 31.12.2020 RM'000	Group 01.01.2020 RM'000
Non-hedging derivatives			
Current assets/(liabilities):			
- Forward exchange contracts	-	(4)	16
Contract notional amount	-	559	795

The Group uses forward exchange contracts to manage some of the transaction exposure. These contracts are not designated as cash flows or fair value hedge and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

In prior year, foreign exchange contracts are used to hedge the Group's sales and purchases denominated in United States Dollar ("USD") and Euro ("EUR") for which firm commitments existed at the reporting date, extending to January 2021 (01.01.2020: June 2020).

During the financial year, the Group recognised a loss of RM1,000 (31.12.2020: RM19,000) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate respectively.

20. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The effective interest rates of the fixed deposits placed with licensed banks of the Group ranging from 1.50% to 1.80% (31.12.2020: 1.60% to 3.00%; 01.01.2020: 2.55% to 3.15%) per annum, which have been pledged to licensed banks as security for borrowings (Note 24) granted to the Group.

21. CASH AND BANK BALANCES

Included in the bank balances of the Group is an amount of RM6,000 (31.12.2020: RM6,000; 01.01.2020: RM17,000) placed in Housing Development Accounts ("HDA") in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966 (Amended 2002). This HDA account, which consists of monies received from purchasers, are for the payment of property development costs incurred. The surplus monies in these accounts, if any, will be released to the Group in accordance with the provisions of the Act.

22. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	31.12.2021 Unit'000	31.12.2020 Unit'000	31.12.2021 RM'000	31.12.2020 RM'000
Ordinary shares				
Issued and fully paid:				
At beginning of the financial year	801,900	267,300	48,402	48,402
Issued during the financial year pursuant to bonus issue	-	534,600	-	-
At end of the financial year	801,900	801,900	48,402	48,402

22. SHARE CAPITAL (CONT'D)

In prior year, the Company increased its issued and paid-up ordinary shares from 267,300,000 units to 801,900,000 units by way of bonus issue of 534,600,000 new ordinary shares on the basis of two (2) bonus shares for every one (1) existing ordinary share held. The new ordinary shares issued in prior year rank pari passu in all respects with the existing issued 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 and rank equally with regards to the Company's residual interests.

23. FAIR VALUE RESERVE

	Group		
	31.12.2021 RM'000	31.12.2020 RM'000	01.01.2020 RM'000
Fair value reserve shared by NCI [Note (i)]	1,591	-	-

	Company	
	31.12.2021 RM'000	31.12.2020 RM'000
Fair value reserve [Note (ii)]	(14,333)	-

(i) The fair value reserve of the Group comprises the cumulative net change in the fair value of equity instrument designated at FVOCI until the asset is derecognised or disposed. The creation of reserve of the Group represents the share of fair value loss by non-controlling interest for investment in one of the Company's subsidiaries.

(ii) The fair value reserve of the Company comprises the cumulative net change in the fair value of equity instrument designated at FVOCI until the asset is derecognised or disposed.

24. BORROWINGS

		Group		
	Note	31.12.2021 RM'000	31.12.2020 RM'000	01.01.2020 RM'000
Non-current:				
Term loans (secured)	(i)	7,769	9,218	10,712
Current:				
Bank overdrafts (secured)		11,737	12,204	10,757
Bankers' acceptance (secured)		1,509	1,643	3,453
Term loans (secured)	(i)	2,492	3,032	3,177
Third parties (secured)	(ii)	500	500	6,126
Third parties (unsecured)		4,200	4,200	11,700
Shareholders (unsecured)		-	-	9,300
		20,438	21,579	44,513
Total borrowings:				
Bank overdrafts (secured)		11,737	12,204	10,757
Bankers' acceptance (secured)		1,509	1,643	3,453
Term loans (secured)	(i)	10,261	12,250	13,889
Third parties (secured)	(ii)	500	500	6,126
Third parties (unsecured)		4,200	4,200	11,700
Shareholders (unsecured)		-	-	9,300
		28,207	30,797	55,225

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

24. BORROWINGS (CONT'D)

The range of effective interest/profit rates per annum at the reporting date for the Group's borrowings are as follows:

	<---------------------- Group ---------------------->		
	31.12.2021	**31.12.2020**	**01.01.2020**
	%	**%**	**%**
Bank overdrafts	3.30% - 4.50%	5.2% - 7.0%	5.4% - 6.6%
Bankers' acceptance	5.25% - 6.97%	3.3% - 4.5%	3.3% - 4.8%
Term loans	4.94% - 6.54%	5.5% - 7.5%	5.5% - 7.9%
Third parties *	-	36.0% - 42.0%	18.0% - 42.0%
Shareholders	-	-	24.0%

* Included in third parties' borrowings are option fees being imposed to repurchase the pledged inventories at an agreed price at 3% and 3.5% per month which translated into annual interest rates of 36% and 42% per annum respectively. The option agreements have lapsed in prior year without further extension being made.

(i) Term loans

The remaining maturities of the term loan as at the reporting date are as follows:

	<---------------------- Group ---------------------->		
	31.12.2021	**31.12.2020**	**01.01.2020**
	RM'000	**RM'000**	**RM'000**
On demand or within 1 year	2,492	3,032	3,177
More than 1 year but not more than 5 years	4,322	5,243	6,325
More than 5 years	3,447	3,975	4,387
	10,261	12,250	13,889

(ii) Included in third parties' borrowings (secured) is an amount RM500,000 (31.12.2020: RM500,000; 01.01.2020: RM500,000) secured by 2 former Directors, Dato' Sri Choong Yuen Keong @ Tong Yuen Keong and Dato Tong Yun Mong respectively.

The term loans, bank overdrafts and bankers' acceptance of the Group are secured by the following:
(i) Freehold land and factory buildings of the Group as disclosed in Note 12(i);
(ii) Fixed deposits placed with licensed banks as disclosed in Note 20;
(iii) All monies facility agreements; and
(iv) Corporate guarantee of the Company.

25. LEASE LIABILITIES

	Leased equipment RM'000
Group	
31.12.2021	
Future minimum lease payments:	
Payable within one year	3
Less: Unexpired finance charges	-*
Present value of future minimum lease payments	**3**
Present value of future minimum lease payments:	
Payable within one year	3

25. LEASE LIABILITIES (CONT'D)

	Leased Equipment RM'000
Group	
31.12.2020	
Future minimum lease payments:	
Payable within one year	55
Payable more than 1 year but not more than 2 years	3
	58
Less: Unexpired finance charges	- #
Present value of future minimum lease payments	58
Present value of future minimum lease payments:	
Payable within one year	55
Payable more than 1 year but not more than 2 years	3
	58
Analysed as:	
Current liability	55
Non-current liability	3
	58

	Leased equipment RM'000	Motor vehicles RM'000	Total RM'000
Group			
01.01.2020			
Future minimum lease payments:			
Payable within one year	80	42	122
Payable more than 1 year but not more than 2 years	52	-	52
	132	42	174
Less: Unexpired finance charges	(4)	(1)	(5)
Present value of future minimum lease payments	128	41	169
Present value of future minimum lease payments:			
Payable within one year	76	41	117
Payable more than 1 year but not more than 2 years	52	-	52
	128	41	169
Analysed as:			
Current liability	76	41	117
Non-current liability	52	-	52
	128	41	169

25. LEASE LIABILITIES (CONT'D)

* *Denotes RM18, which is immaterial to present.*
# *Denotes RM196, which is immaterial to present.*

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

	Group 31.12.2021 %	Group 31.12.2020 %	Group 01.01.2020 %
Hire purchase (motor vehicles)	-	-	3.12
Leased equipment	8.14	8.14	8.14

26. DEFERRED TAX (ASSETS)/LIABILITIES

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
At 1 January	287	44	2	2
Recognised in profit or loss (Note 10)	(287)	243	(2)	-
At 31 December	-	287	-	2

Presented after appropriate offsetting as follows:

	Group 31.12.2021 RM'000	Group 31.12.2020 RM'000	Group 01.01.2020 RM'000
Deferred tax assets	(3,768)	(3,425)	(2,441)
Deferred tax liabilities	3,768	3,712	2,485
	-	287	44

	Company 31.12.2021 RM'000	Company 31.12.2020 RM'000
Deferred tax assets	(2)	-
Deferred tax liabilities	2	2
	-	2

26. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

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

	Property, plant and equipment RM'000	Unabsorbed capital allowances RM'000	Unutilised tax losses RM'000	Unutilised reinvestment allowances RM'000	Other deductible temporary differences* RM'000	Total RM'000
Group						
Deferred tax (assets)/ liabilities:						
At 1 January 2021	3,712	(365)	(273)	(2,337)	(450)	287
Recognised in profit or loss (Note 10)	56	(364)	172	1,136	(1,287)	(287)
At 31 December 2021	3,768	(729)	(101)	(1,201)	(1,737)	-
At 1 January 2020	2,485	-	(73)	(1,681)	(687)	44
Recognised in profit or loss (Note 10)	1,227	(365)	(200)	(656)	237	243
At 31 December 2020	3,712	(365)	(273)	(2,337)	(450)	287

* *Other deductible temporary differences made up of provision for slow-moving inventories, unutilised leaves, impairment loss on trade receivables and unrealised loss on foreign exchange arising from trade receivables/ payables.*

	Property, plant and equipment RM'000	Unabsorbed capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
Company				
At 1 January 2021	2	-	-	2
Recognised in profit or loss (Note 10)	-	(1)	(1)	(2)
At 31 December 2021	2	(1)	(1)	-
At 1 January 2020	2	-	-	2
Recognised in profit or loss (Note 10)	-	-	-	-
31 December 2020	2	-	-	2

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

26. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

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

	Group		
	31.12.2021 RM'000	31.12.2020 RM'000	01.01.2020 RM'000
Unutilised tax losses	45,472	26,864	24,830
Unutilised reinvestment allowances	4,506	-	3,627
Unabsorbed capital allowances	208	114	907
Other deductible temporary differences	774	3,967	2,555
	50,960	30,945	31,919

	Company	
	31.12.2021 RM'000	31.12.2020 RM'000
Unutilised tax losses	194	-

27. TRADE PAYABLES

		Group		
	Note	31.12.2021 RM'000	31.12.2020 RM'000	01.01.2020 RM'000
Trade payables:				
- third parties	(i)	5,720	9,136	9,744
Retention sum	(ii)	4,074	4,074	4,074
		9,794	13,210	13,818

(i) The normal credit terms granted by the trade creditors to the Group range from 30 to 90 days (31.12.2020: 30 to 180 days; 01.01.2020: 30 to 90 days). During the financial year, there were certain purchase transactions arising from cash on delivery basis.

(ii) Retention sum held by the Group are due upon expiry of retention periods of 24 months after issuance of Certificate of Completion and Compliance and Certificate of Practical Completion.

28. OTHER PAYABLES

	Note	<---------------------- Group ----------------------		---------------------->
			Restated	
		31.12.2021	31.12.2020	01.01.2020
		RM'000	RM'000	RM'000
Other payables:				
- former Directors' related company	(i)	39	39	60
- Director's related company	(ii)	109	-	-
- third parties		2,078	2,666	3,168
Accruals	(iii)	10,408	9,437	6,630
Provision for legal claim	35	2,267	1,235	-
		14,901	13,377	9,858

	<----------Company	--------->
	31.12.2021	31.12.2020
	RM'000	RM'000
Other payables:		
- third parties	416	436
Accruals	72	76
	488	512

(i) This amount is unsecured, interest-free advance which is repayable on demand.

(ii) This amount represents short-term lease of equipment which is subject to normal credit term of 30 days (31.12.2020: Nil; 01.01.2020: Nil).

(iii) Included in accruals of the Group is an amount of RM4,724,000 (31.12.2020: RM4,724,000; 01.01.2020: RM2,963,000) being construction costs, of which the Group has yet to receive suppliers' invoices as at the reporting date.

In prior year, included in accruals of the Group was an amount of RM537,000 (01.01.2020: RM537,000) being provision for unutilised leaves. During the financial year, the entire amount was reversed and recognised in the profit or loss as disclosed in Note 7.

29. AMOUNTS DUE TO SUBSIDIARIES

These non-trade amounts represent unsecured, interest-free advances which are repayable on demand except for the principal sum of RM1,724,000 (31.12.2020: RM4,259,000) as at the reporting date which bears interest of 7.90% (31.12.2020: 7.90%) per annum.

30. AMOUNTS DUE TO DIRECTORS AND FORMER DIRECTORS

These non-trade amounts represent unsecured, interest-free advances which are repayable on demand except for the principal sum of RM10,150,000 (31.12.2020: Nil; 01.01.2020: Nil) and RM9,990,000 (31.12.2020: Nil; 01.01.2020: Nil) of the Group and of the Company being balances owing to a Director of the Company which bear interest of 12% (31.12.2020: Nil; 01.01.2020: Nil) per annum.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

31. RELATED PARTIES DISCLOSURES

(a) Identity of related parties

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

The Group and the Company have a related party relationship with its subsidiaries, Director's and former Directors' related company and key management personnel. The Director's and former Directors' related company refers to companies in which certain Director and former Director have substantial financial interest and/or also Directors of the companies.

(b) Related party balances and transactions

The related party balances are shown in Notes 13, 28, 29 and 30 respectively. Other investment together with its terms and conditions is disclosed in Note 14. The related party transactions of the Group and of the Company are shown below:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Transactions with subsidiaries:				
- Advances (to)/from, net	-	-	(6,158)	802
- Interest expense	-	-	232	298
- Interest income	-	-	(451)	(1,280)
- Payment on behalf, net	-	-	(352)	-
- Repayment (to)/from, net	-	-	(2,617)	57
- Subscription of RCPS	-	-	-	33,324
Transactions with Directors and former Directors:				
- Advances from *	10,150	-	9,990	-
- Interest expense	627	-	619	-
- Directors' remuneration *	1,188	1,146	84	197
- Repayment to *	(1,026)	(791)	(96)	(135)
Transactions with related parties:				
- Short-term lease of equipment	109	-	-	-

* *Included in cash flows from financing activities under the line item "Advances from Directors and former Directors".*

(c) Compensation of key management personnel

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

31. RELATED PARTIES DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (Cont'd)

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

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Directors' remuneration:				
- Fees	84	150	84	150
- Salaries and other emoluments	838	678	-	47
- Contributions to defined contribution plan	88	54	-	-
- Social security contributions	3	1	-	-
	1,013	883	84	197
Key management personnel:				
- Salaries and other emoluments	158	234	-	-
- Contributions to defined contribution plan	17	28	-	-
- Social security contributions	- *	1	-	-
	175	263	-	-
Total remuneration	1,188	1,146	84	197

* *Amount below a thousand (RM1,000)*

32. SEGMENT INFORMATION

(a) Reporting format

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

For management purposes, the Group is organised into the following three (3) operating segments:

i. Property development;

ii. Manufacturing and trading of furniture, trading of steel; and

iii. Others made up of investment holding and dormant companies.

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

32. SEGMENT INFORMATION (CONT"D)

(a) Reporting format (Cont'd)

Segment revenue and results

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

Segment assets

Segment assets are measured based on all assets of the segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Operating Decision Maker. Hence, no disclosure is made on segment liabilities.

(b) Allocation basis and transfers

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

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

32. SEGMENT INFORMATION (CONT'D)

	Property Development RM'000	Manufacturing and Trading RM'000	Others RM'000	Sub-total RM'000	Adjustment/ Elimination RM'000	Total RM'000
31.12.2021						
Revenue:						
Sales to external customers						
- Local	(10,132)	86,627	-	76,495	-	76,495
- Export	-	2,886	-	2,886	-	2,886
Total revenue	(10,132)	89,513	-	79,381	-	79,381
Segment loss before tax	(12,623)	(16,435)	(14,873)	(43,931)	21,945	(21,986)
Included in the measure of segment loss are:						
Depreciation of property, plant and equipment	10	1,688	4	1,702	-	1,702
Forfeiture of deposits received	-	(118)	-	(118)	-	(118)
Interest income	(64)	(286)	(451)	(801)	686	(115)
Late payment interest income	(38)	-	-	(38)	-	(38)
Interest expense	46	1,747	869	2,662	(686)	1,976
Impairment loss on:						
- amount due from immediate holding company	-	2,307	-	2,307	(2,307)	-
- amounts due from fellow subsidiaries	-	5,909	-	5,909	(5,909)	-
- amounts due from subsidiaries	-	-	1,733	1,733	(1,733)	-
- cost of investment in subsidiaries	-	-	12,022	12,022	(12,022)	-
- other receivables	-	64	-	64	-	64
Loss/(gain) on foreign exchange, net						
- realised	-	57	-	57	-	57
- unrealised	-	(29)	-	(29)	-	(29)
Provision for litigation	1,032	-	-	1,032	-	1,032
Provision for slow-moving inventories	-	349	-	349	-	349
Reversal of impairment loss on:						
- amount due from immediate holding company	-	(26)	-	(26)	26	-
- trade receivables	-	(77)	-	(77)	-	(77)
Write back of other payables	-	(136)	(10)	(146)	-	(146)
Segment assets	45,575	64,458	34,130	144,163	(34,774)	109,389

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

32. SEGMENT INFORMATION (CONT'D)

	Property Development RM'000 Restated	Manufacturing and Trading RM'000	Others RM'000	Sub-total RM'000 Restated	Adjustment/ Elimination RM'000 Restated	Total RM'000 Restated
31.12.2020						
Revenue:						
Sales to external customers						
- Local	29,190	19,869	-	49,059	-	49,059
- Export	-	15,248	-	15,248	-	15,248
Total revenue	29,190	35,117	-	64,307	-	64,307
Segment (loss)/profit before tax, as restated	(552)	4,870	17,440	21,758	(19,093)	2,665
Included in the measure of segment (loss)/profit are:						
Depreciation of property, plant and equipment	27	2,170	4	2,201	-	2,201
Gain on disposal of property, plant and equipment	-	(6,890)	-	(6,890)	-	(6,890)
Interest income	(82)	(1,001)	(1,280)	(2,363)	2,221	(142)
Late payment interest income	(345)	-	-	(345)	-	(345)
Interest expense	2,690	2,124	316	5,130	(2,245)	2,885
Impairment loss on trade receivables, net	-	393	-	393	-	393
Gain on foreign exchange, net						
- realised	-	(121)	-	(121)	-	(121)
- unrealised	-	(63)	-	(63)	-	(63)
Property, plant and equipment written off	15	-	-	15	-	15
Provision for litigation	1,235	-	-	1,235	-	1,235
Reversal of impairment loss on:						
- amounts due from fellow subsidiaries	-	(1,569)	-	(1,569)	1,569	-
- investment in subsidiaries	-	-	(17,526)	(17,526)	17,526	-
Reversal of provision for slow-moving inventories	-	(986)	-	(986)	-	(986)
Segment assets	55,225	101,060	55,303	211,588	(86,822)	124,766

32. SEGMENT INFORMATION (CONT'D)

Operating segments

Reconciliations of Group's reportable segment (loss)/profit and assets are presented as follows:

	Group 2021 RM'000	Group Restated 2020 RM'000
Segment (loss)/profit	(43,931)	21,758
Additions on/(reversal of) impairment loss, net	21,945	(19,095)
Interest income	686	2,221
Interest expense	(686)	(2,245)
Other non-reportable segments	-	26
(Loss)/profit before tax	(21,986)	2,665

Reconciliations of assets:

	Group 31.12.2021 RM'000	Group 31.12.2020 RM'000
Segment operating assets	144,163	211,588
Inter-segment balances	(34,774)	(86,822)
Total assets	109,389	124,766

Geographical information

Revenue information based on geographical location of the Group's customers is as follows:

	Group 2021 RM'000	Group .2020 RM'000
Domestic	76,495	49,059
Cambodia	294	771
Canada	156	783
Central America	118	294
Europe	69	134
Hong Kong	74	4,688
India	146	1,401
Indonesia	-	-
Japan	75	714
Middle East	573	3,287
Philippines	138	644
Singapore	69	464
Thailand	661	552
Others	513	1,516
	79,381	64,307

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

32. SEGMENT INFORMATION (CONT'D)

Major customer information

The Group has 1 customer which contribute approximately RM33.68 million or 42% (2020: Nil) of the Group's revenue during the financial year.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's financial assets (excluding prepayments) and financial liabilities are all categorised as amortised costs, while the other investment (Note 14) is categorised as fair value through other comprehensive income and forward exchange contracts (Note 19) are categorised as fair value through profit or loss. The significant accounting policies in Note 3(l) describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

Financial Risk Management Objective and Policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing their financial risks, including credit risk, interest rate risk, liquidity risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy are not to engage in speculative transactions. The Group and the Company do not apply hedge accounting.

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

(i) Credit risk

Credit risk is the risk of financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from its receivables (which consist of trade and other receivables) and contract assets. The Company's exposure to credit risk arises primarily from amounts due from its subsidiaries as well as financial guarantees given to banks for credit facilities granted to certain subsidiaries. There are no significant changes as compared to prior years.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's association to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral except for collaterised receivables from property development segment, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position as at the end of the reporting period.

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the profiles of their receivables on an ongoing basis.

As at 31 December 2021, the Group has significant concentration of credit risk arising from the amounts due from 2 customers (31.12.2020: 4 customers; 01.01.2020: 7 customers) constituting 15% (31.12.2020: 44%; 01.01.2020: 49%) of net trade receivables of the Group.

Recognition and measurement of impairment loss

Trade receivables and contract assets from property development segment ("Collateralised receivables")

The Group recognised a loss allowance for ECLs on a financial asset that is measured at amortised cost and a contract asset if the credit risk on that financial instrument has increased significantly since initial recognition. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition as the trade receivables and contract assets are determined to have low credit risk as at the reporting date.

For the purposes of measuring ECLs, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable (i.e. the estimate of expected cash flows considers the probability of a foreclosure and the cash flows that would result from it).

The Group has possession of the legal rights to the properties sold and property developed by its subsidiary and this had served as a collateral and in the event of defaults by the purchaser, the expected cash shortfall from selling the collateral less the cost of obtaining and selling the collateral is immaterial.

Trade receivables from manufacturing and trading segment ("Non-collateralised receivables")

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values.

The Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime ECLs as disclosed in Note 3(n)(i). The Group assesses impairment of trade receivables on individual and collective basis.

For individual assessment, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually.

For collective assessment, the Group determines the ECLs by using a provision matrix for collective assessed receivables which are grouped together based on shared credit risk characteristics, the number of days past due and similar types of contracts which have similar risk characteristics.

Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency.

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

Trade receivables from manufacturing and trading segment ("Non-collateralised receivables") (Cont'd)

Loss rates are based on actual credit loss experienced over the prior years and are adjusted to reflect the forward-looking information on macroeconomic factors. The Group also considers differences between (a) economic conditions during the period over which the historical data has been collected, (b) current economic conditions and (c) the Group's view of economic conditions over the expected lives of the receivables.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the Directors and where necessary, the Group will also commence legal proceeding against the customers.

The Group has recognised a loss allowance of 100% for any receivables over 365 days (31.12.2020 180 days; 01.01.2020: 180 days) past due from different customer profiles because historical experience has indicated that these receivables are generally not recoverable.

Impairment losses

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

	<---------- Group ----------		---------->
	31.12.2021 RM'000	**31.12.2020 RM'000**	**01.01.2020 RM'000**
Collateralised receivables			
Trade receivables			
Not past due	-	-	-
Past due:			
- 61 to 120 days	-	699	-
- More than 120 days	4,037	3,341	2,560
Collateralised receivables, gross	4,037	4,040	2,560
Less: **Loss allowances** (credit impaired)	-	-	(12)
Collateralised receivables, net	4,037	4,040	2,548
Contract assets	5,793	15,867	12,383
	9,830	19,907	14,931

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Impairment losses (Cont'd)

	<---------- Group	----------	---------->
	31.12.2021 RM'000	**31.12.2020 RM'000**	**01.01.2020 RM'000**
Non-collateralised receivables			
Trade receivables			
Not past due	377	1,561	6,364
Past due:			
- Less than 30 days	55	1,521	1,825
- 31 to 60 days	143	641	1,039
- 61 to 120 days	3	1,067	1,192
- 121 to 180 days	4	133	194
- More than 180 days	5,589	3,474	3,515
	5,794	6,836	7,765
Non-collateralised receivables, gross	6,171	8,397	14,129
Less: **Loss allowances** (credit impaired)			
- Collectively impaired	(7)	(4,122)	(4,313)
- Individually impaired	(4,717)	(733)	(137)
	(4,724)	(4,855)	(4,450)
Non-collateralised receivables, net	1,447	3,542	9,679
Total trade receivables and contract assets	11,277	23,449	24,610

Receivables that are neither past due nor impaired

Property development segment

Trade receivables that are neither past due nor impaired comprise property purchasers mostly with end financing facilities from reputable end-financiers whilst the others are creditworthy debtors with good payment records.

Manufacturing and trading segment

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group. None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Impairment losses (Cont'd)

Receivables that are past due but not impaired

Property development segment

Trade receivables that are past due but not impaired are secured in nature. The Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

Manufacturing and trading segment

The Group has not provided for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable which are not past due for more than 180 days (31.12.2020: 180 days; 01.01.2020: 180 days). These relate to a number of independent customers with slower repayment patterns, for whom there is no recent history of default. The Group does not hold any collateral or other credit enhancement over these balances.

Credit impaired

Manufacturing and trading segment

Trade receivables that are individually or collectively determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments which are past due more than 365 days (31.12.2020: 180 days; 01.01.2020: 180 days) from different customer profiles. These receivables are not secured by any collateral or credit enhancements.

The movement in the allowance for impairment loss on trade receivables is as follows:

	Group 2021 RM'000	Group 2020 RM'000
At 1 January	4,855	4,462
Charge for the financial year	1,158	609
Reversal during the financial year	(1,235)	(216)
	(77)	393
Written off during the financial year	(54)	-
At 31 December	4,724	4,855

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(i) Credit risk (Cont'd)

Other receivables

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group and the Company have assessed debtors which are past due more than 1 year as credit impaired. As such, the Group and the Company have provided allowances for ECLs on these debtors as disclosed in Note 17.

The movement in the allowance for impairment loss on other receivables is as follows:

	Group 2021 RM'000	Group 2020 RM'000
At 1 January	-	-
Charge for the financial year	64	-
At 31 December	64	-

Credit risk on deposits is mainly arising from electricity deposits paid to local authority will be received upon termination of services and thus have low credit risks.

As at the end of the reporting period, no loss allowance is necessary in respect of the deposits as these are mainly arising from debtors that have good records of payment in the past.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide financial guarantees to financial institutions and main contractor's suppliers in respect of banking facilities and credit limit granted to its subsidiaries. The Group and the Company monitor on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries to financial institution and to the main contractor.

(a) Licensed banks

The Company's maximum exposure to credit risk amounted to RM23,507,000 (31.12.2020: RM26,097,000; 01.01.2020: RM28,099,000) representing the outstanding credit facilities of the subsidiaries as at the end of the reporting period. The financial guarantees are provided as credit enhancements to the subsidiaries' bank facilities.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantees (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

(a) Licensed banks (Cont'd)

These financial guarantees are subject to the impairment requirement under MFRS 9. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay its credit obligations to the bank in full; or
- The subsidiaries are continuously loss-making and having a deficit in shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, there was no indication that the subsidiaries' which were granted these loan facilities (Note 24) would default on repayment as the subsidiaries' borrowings are adequately secured by asests as disclosed in Notes 12(i) and 20 respectively. Hence, the financial guarantees granted by the Company has not been recognised since the fair value on initial recognition was not material.

(b) Main contractor's suppliers

The maximum amount of the Group and of the Company could be obliged to settle under the Letter of Guarantee and Indemnity if the outstanding guaranteed amount is claimed by the counterparties amounting to RM3,665,000 (31.12.2020: RM4,661,000; 01.01.2020: RM7,858,000) and RM1,450,000 (31.12.2020: RM2,446,000; 01.01.2020: RM5,417,000) respectively. Based on expectations as at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement as disclosed in Note 34 where most of the guarantees are going through legal proceedings where the outcome remains relatively uncertain. These estimates are subject to change depending on the probability of the counterparties claiming under the guarantees which is a function of the likelihood that the financial receivables held by the counterparties which are guaranteed suffer credit losses.

Amounts due from subsidiaries

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral.

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(i) Credit risk (Cont'd)

Amounts due from subsidiaries (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 their credit risk when the subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans or advances to be credit impaired when the subsidiaries are unlikely to repay their loans or advances to the Company in full given insufficient highly liquid resources when the loans are demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the reporting date, the Company determines that there is a significant increase in credit risk given the subsidiaries' financial position have deteriorated significantly which may lead to high probability of default for the loans and advances to subsidiaries. As a result, the Company have provided allowances for ECLs on amounts due from subsidiaries as disclosed in Note 13.

Impairment losses

The movement in the allowance for impairment loss on amounts due from subsidiaries is as follows:

	<----------Company --------->	
	2021	**2020**
	RM'000	**RM'000**
At 1 January	2,124	19,650
Charge for the financial year	1,733	-
Reversal during the financial year	-	(17,526)
At 31 December	3,857	2,124

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the effective interest rates at the reporting date, in which they reprice or mature, whichever is earlier are disclosed in Notes 20 and 24 respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(ii) Interest rate risk (Cont'd)

Exposure in interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	<---------- Group ----------		---------->
	31.12.2021 RM'000	**31.12.2020 RM'000**	**01.01.2020 RM'000**
Floating rate instruments			
Financial assets:			
- Fixed deposits placed with licensed banks	6,757	6,952	6,984
Financial liabilities:			
- Bankers' acceptance	(1,509)	(1,643)	(3,453)
- Bank overdrafts	(11,737)	(12,204)	(10,757)
- Term loans	(10,261)	(12,250)	(13,889)
	(23,507)	(26,097)	(28,099)
Net financial liabilities	(16,750)	(19,145)	(21,115)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:

	<---------- Group	Increase/(Decrease)	---------->
	31.12.2021 RM'000	**31.12.2020 RM'000**	**01.01.2020 RM'000**
Effect on Results net of tax/Equity:			
Increase of 100 basis points (2020: 100 basis points)	(127)	(146)	(160)
Decrease of 100 basis points (2020: 100 basis points)	127	146	160

(iii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective are to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirements.

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(iii) Liquidity risk (Cont'd)

The following table sets out the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

		<----------------- Contractual Cash Flows			------------------->	
	Carrying Amount RM'000	On demand/ Within 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	Over 5 years RM'000	Total RM'000
31.12.2021						
Group						
Financial liabilities:						
Trade payables	9,794	9,794	-	-	-	9,794
Other payables	14,901	14,901	-	-	-	14,901
Amounts due to Directors and former Directors	10,875	11,368	-	-	-	11,368
Borrowings	28,207	20,848	1,786	3,725	3,745	30,104
Lease liabilities	3	3	-	-	-	3
Financial guarantees *	-	3,665	-	-	-	3,665
	63,780	60,579	1,786	3,725	3,745	69,835
Company						
Financial liabilities:						
Other payables	488	488	-	-	-	488
Amounts due to subsidiaries	2,345	2,345	-	-	-	2,345
Amounts due to Directors and former Directors	10,659	11,189	-	-	-	11,189
Financial guarantees *	-	24,957	-	-	-	24,957
	13,492	38,979	-	-	-	38,979

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(iii) Liquidity risk (Cont'd)

The following table sets out the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): (Cont'd)

		<------------------- Contractual Cash Flows ------------------->				
	Carrying Amount RM'000	On demand/ Within 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	Over 5 years RM'000	Total RM'000
31.12.2020						
Group						
Financial liabilities:						
Trade payables	13,210	13,210	-	-	-	13,210
Other payables	13,377	13,377	-	-	-	13,377
Foreign exchange contracts	4	4	-	-	-	4
Amounts due to Directors and former Directors	111	111	-	-	-	111
Borrowings	30,797	22,209	1,316	5,265	4,376	33,166
Lease liabilities	58	55	3	-	-	58
Financial guarantees *	-	4,661	-	-	-	4,661
	57,557	53,627	1,319	5,265	4,376	64,587
Company						
Financial liabilities:						
Other payables	512	512	-	-	-	512
Amounts due to subsidiaries	4,902	4,902	-	-	-	4,902
Amounts due to Directors and former Directors	62	62	-	-	-	62
Financial guarantees *	-	28,543	-	-	-	28,543
	5,476	34,019	-	-	-	34,019
01.01.2020						
Group						
Financial liabilities:						
Trade payables	13,818	13,818	-	-	-	13,818
Other payables	9,858	9,858	-	-	-	9,858
Amounts due to a Director and former Directors	19	19	-	-	-	19
Borrowings	55,225	45,383	1,672	6,686	4,704	58,445
Lease liabilities	169	122	52	-	-	174
Financial guarantees *	-	7,858	-	-	-	7,858
	79,089	77,058	1,724	6,686	4,704	90,172

* *This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.*

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(iv) Foreign currency risk

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

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the functional currency of the Group, which is RM as disclosed in Note 2(c). The currencies giving rise to this risk are primarily Euro ("EUR"), Singapore Dollar ("SGD"), and United States Dollar ("USD") respectively.

The Group also holds cash and cash equivalents denominated in foreign currencies to pay its foreign purchases as a natural hedge against fluctuations in foreign currency risk.

Foreign exchange exposures in transactional currencies other than functional currency of the Group are kept to an acceptable level.

Exposure to foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than functional currency of the Group) risk, based on carrying amounts as at end of the reporting period was:

	Denominated in EUR RM'000	Denominated in SGD RM'000	Denominated in USD RM'000	Total RM'000
Group				
31.12.2021				
Trade receivables, gross	-	36	419	455
Cash and bank balances	6	-	66	72
Trade payables	-	-	(111)	(111)
Other payables	-	-	(613)	(613)
	6	36	(239)	(197)
31.12.2020				
Trade receivables, gross	-	126	548	674
Forward exchange contracts	(4)	-	-	(4)
Cash and bank balances	7	-	710	717
Trade payables	(526)	-	(195)	(721)
Other payables	-	-	(442)	(442)
	(523)	126	621	224
01.01.2020				
Trade receivables, gross	67	366	2,081	2,514
Forward exchange contracts	-	-	16	16
Cash and bank balances	6	-	553	559
Trade payables	-	-	(23)	(23)
Other payables	-	-	(586)	(586)
	73	366	2,041	2,480

A 5% (31.12.2020: 5%; 01.01.2020: 5%) strengthening/weakening of the RM against the above-mentioned foreign currencies at the end of the reporting period would have immaterial impact on the Group's results net of tax and equity. This assumes all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

34. CONTINGENT LIABILITIES

Guarantees

	Group		
	31.12.2021 RM'000	**31.12.2020 RM'000**	**01.01.2020 RM'000**
Unsecured:			
Corporate guarantee granted to main contractor's suppliers for extension of credit	3,665	4,661	7,858

	Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Financial guarantee granted to licensed banks in respect of banking facilities held by subsidiaries	23,507	26,097
Corporate guarantees granted to main contractor's suppliers for extension of credit	1,450	2,446
	24,957	28,543

Litigations

Potential contingent liabilities which may arise from the on-going litigations as further disclosed below:

(i) *Kuala Lumpur High Court ("High Court") Case No. WA-22NCVC-288-05/2019. Chia Wooi Chiew ("CWC" or "the Plaintiff") v. Euroland & Development Sdn. Bhd. ("ELD")*

Putrajaya Court of Appeal Case No. W-02(IM)(NCVC)-1345-09/2020. ELD v. CWC

Putrajaya Federal Court of Appeal No. 08(i)-422-09/2021(W)08(i)-421-09/2021(W). CWC v. ELD

On 10 May 2019, ELD had been served with a sealed Writ and Statement of Claim dated 2 May 2019 and 29 April 2019 respectively, by CWC for, amongst others, specific performance of alleged Sale and Purchase Agreements involving 4 units of residential properties to be developed by ELD and/or a total sum of RM2,800,000 as damages in lieu of specific performance.

ELD had on 15 August 2019 filed an amended Statement of Defence averring that there is no record of the alleged Sale and Purchase Agreements and sales of the said 4 units to CWC. On 18 November 2019, the Court granted CWC's application for the legal suit *WA-22NCVC-340-05/2019* as disclosed in Note 34(ii) to be consolidated into this case. CWC had subsequently on 27 August 2019 filed the amended Reply to Defence dated 27 August 2019.

ELD had on 22 July 2020 filed an application to amend the Statement of Defence but such application was dismissed by the High Court on 22 September 2020. ELD had on 22 September 2020 filed a Notice of Appeal to appeal against the decision of the Court for dismissing the application to amend the Statement of Defence. The Court of Appeal had via an order dated 23 August 2021 set aside the decision of the High Court which dismissed ELD's application to amend the Statement of Defence. ELD filed an Amended Statement of Defence and Counterclaim on 3 September 2021 pursuant to the order of the Court of Appeal dated 23 August 2021. CWC then filed an Amended Reply and defence to the Amended Statement of Defence and Counterclaim on 20 September 2021. On 22 September 2021, CWC had filed the Notice of Motion to apply for leave to appeal to the Federal Court against the Court of Appeal's decision on 23 August 2021. The application for leave to appeal had been dismissed by the Court on 8 December 2021.

34. CONTINGENT LIABILITIES (CONT'D)

Litigations (Cont'd)

(i) *Kuala Lumpur High Court ("High Court") Case No. WA-22NCVC-288-05/2019. Chia Wooi Chiew ("CWC" or "the Plaintiff") v. Euroland & Development Sdn. Bhd. ("ELD") (Cont'd)*

Putrajaya Court of Appeal Case No. W-02(IM)(NCVC)-1345-09/2020. ELD v. CWC (Cont'd)

Putrajaya Federal Court of Appeal No. 08(i)-422-09/2021(W)08(i)-421-09/2021(W). CWC v. ELD (Cont'd)

ELD had on 22 November 2021 served the Amended Statement of Defence and Counterclaim by way of substituted service.

Trial dates have been fixed on 18 July 2022 and 19 July 2022. Discovery Application filed by ELD had been scheduled for hearing on 24 May 2022.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that ELD had a fair chance in this case but subject always to the witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

(ii) *Kuala Lumpur High Court ("High Court") Case No. WA-22NCVC-340-05/2019. Goh Bee Ling ("GBL") v. Euroland & Development Sdn. Bhd. ("ELD")*

Putrajaya Court of Appeal Case No. W-02(IM)(NCVC)-1341-09/2020. ELD ("the Plaintiff") v. GBL

Putrajaya Federal Court Appeal No. 08(i)-422-09/2021(W). GBL v. ELD

On 30 May 2019, ELD had been served with a sealed Writ and Statement of Claim dated 21 May 2019 and 20 May 2019 respectively, by GBL for, amongst others, specific performance of alleged Sale and Purchase Agreements involving 4 units of residential properties to be developed by ELD and/or a total sum of RM2,800,000 as damages in lieu of specific performance.

ELD had filed a Statement of Defence averring that there is no record of the alleged Sale and Purchase Agreements and sales of the said 4 units to GBL. On 18 November 2019, the Court granted GBL's application to consolidate this case with the legal suit *WA-22NCVC-288-05/2019* as disclosed in Note 34(i). GBL had subsequently filed the Reply to Defence dated 26 July 2019.

ELD had on 22 July 2020 filed an application to amend the Statement of Defence but such application was dismissed by the Court on 22 September 2020. ELD had on 22 September 2020 filed a notice of appeal to appeal against the decision of the Court for dismissing the application to amend the Statement of Defence. The Court of Appeal had via an order dated 23 August 2021 set aside the decision of the High Court which dismissed ELD's application to amend the Statement of Defence. ELD filed an amended Statement of Defence and Counterclaim on 3 September 2021 pursuant to the order of the Court of Appeal dated 23 August 2021. GBL then filed an Amended Reply and Defence to the Amended Statement of Defence and Counterclaim on 20 September 2021. On 22 September 2021, GBL had filed the Notice of Motion to apply for leave to appeal to the Federal Court against the Court of Appeal's decision on 23 August 2021. The application for leave to appeal had been dismissed by the Court on 8 December 2021.

ELD had on 22 November 2021 served the Amended Statement of Defence and Counterclaim by way of substituted service.

Trial dates have been fixed on 18 July 2022 and 19 July 2022. Discovery Application filed by ELD had been scheduled for hearing on 24 May 2022.

As a consolidated case under Note 34(i), the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

34. CONTINGENT LIABILITIES (CONT'D)

<u>Litigations</u> (Cont'd)

iii) *Kuala Lumpur High Court Case No. WA-22NCVC-890-12/2019. Tan Kim Swat ("TKS") v. Euroland & Development Sdn. Bhd. ("ELD"), Choong Yuen Keong @ Tong Yuen Keong ("CYK"), Tong Yun Mong ("TYM"), Tong Kah Hoe ("TKH"), Ong Kar Voi ("OKV"), Alex Boon Thai Woo ("Alex"), Chin Jing Shen ("CJS"), Veronica A/P Steeven ("Veronica") and Messrs K.V. Ong, Chua & Partners ("KV Ong")*

Putrajaya Court of Appeal Case No. W-02(IM)(NCVC)-1217-06/2021. ELD v. TKS

ELD had been served with a sealed Writ and Statement of Claim both dated 14 January 2020 and subsequently with an amended Statement of Claim dated 12 August 2020, by TKS for, amongst others, a total sum of RM1,552,118 as damages of alleged Sale and Purchase Agreements involving 2 units of residential properties to be developed by ELD and/or general damages. ELD had filed the Statement of Defence and Counterclaim dated 10 February 2020 to counter claim against TKS and TKH for conspiracy to defraud.

TKS had subsequently filed the Reply to Defence and Counterclaim dated 27 February 2020. CYK and TYM had filed an application to strike out TKS's claim on 11 March 2020. The High Court had on 12 August 2020 granted an order to allow the said application to strike out TKS's claim with costs of RM3,000.00 to be paid by TKS. OKV, 6th Alex, Veronica and KV Ong had on 18 June 2020 filed an application to strike out TKS's claim, but the High Court had dismissed such application.

ELD had on 1 February 2021 filed a Notice of Application to amend its Statement of Defence and Counterclaim, but such application was dismissed by the High Court on 18 June 2021. ELD had on 21 June 2021 filed a Notice of Appeal to appeal against the decision of the High Court which dismissed ELD's application to amend the Statement of Defence and Counterclaim. Trial dates have been fixed on 7 September 2022, 26 September 2022, 13 October 2022 and 9 November 2022 respectively.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that ELD has a fair chance in this case. Hence, the possibility of an outflow in settlement is relatively uncertain.

(iv) *Kuala Lumpur High Court Case No. WA-22NCC-22NCC-246-06/2020. ADY Marketing Sdn. Bhd. ("ADY") v Euroland & Development Sdn. Bhd. ("ELD") & Euro Holdings Berhad ("EHB")*

ELD and EHB have been served with a sealed Writ dated 17 June 2020 and a sealed amended Statement of Claim dated 18 August 2020 for, amongst others, a principal sum of RM1,416,753.60 owing and accumulated by ELD, where EHB acts as guarantor for full repayment of the overdue debt owing by ELD to ADY. ADY had further claimed against ELD for the remaining principal sum of RM120,392.69 which exceeded the limit guaranteed by EHB together with the outstanding late payment interest of RM479,688.07 incurred.

EHB had subsequently on 3 September 2020 filed the amended Statement of Defence and Counterclaim dated 26 August 2020, wherein EHB had counterclaimed against ADY for, inter alia, the following:

1. a declaration that ADY had conspired with the conspirators vide unlawful means to cheat and/or to deceive EHB and ELD which caused them to suffer losses; and

2. damages to be assessed by the Court for the losses suffered by EHB and ELD based on the conspiracy actions of ADY and the conspirators against them.

ADY had on 1 September 2020 filed the Reply and Defence to Counterclaim dated 28 August 2020.

ADY had also on 26 August 2020 filed a Notice of Application for Summary Judgement against ELD and EHB and the said application had been withdrawn on 15 October 2020.

ADY had filed a Notice of Application to strike out EHB's and ELD's counterclaims and the said application had been withdrawn.

34. CONTINGENT LIABILITIES (CONT'D)

Litigations (Cont'd)

(iv) *Kuala Lumpur High Court Case No. WA-22NCC-22NCC-246-06/2020. ADY Marketing Sdn. Bhd. ("ADY") v Euroland & Development Sdn. Bhd. ("ELD") & Euro Holdings Berhad ("EHB") (Cont'd)*

The matter had been consolidated with *WA-22NCC-137-03/2021 (previously known as WA-B52NCC-41-01/2021)* and *WA-22NCC-632-12/2020 (previously known as BAB52NCC-133-07/2020)* as disclosed in Note 34(v) and 34(vi) respectively. The next case management falls on 24 May 2022.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

(v) *Kuala Lumpur Sessions Court ("Sessions Court") Case No. WA-22NCC-137-03/2021 (previously known as WA-B52NCC-41-01/2021). M South Marketing Sdn. Bhd. ("M South") v All Ways Builder Sdn. Bhd. ("All Ways" or "1st Defendant") and Euro Holdings Berhad ("EHB" or "2nd Defendant")*

EHB had been served with a Writ and Statement of Claim both dated 20 January 2021, by M South wherein M South alleged that M South had supplied goods to All Ways and EHB had guaranteed the payment for the goods supplied to All Ways. M South had claimed for, amongst others, a total principal sum of RM315,880.27, late payment interest of RM121,076.52 as at 31 December 2020 and interest on the principal sum at the rate of 1.5% per annum from 1 January 2021 until full settlement.

EHB had filed the Statement of Defence and Counterclaim on 1 March 2021 to counter claim against M South for conspiracy to defraud and M South had filed the Reply to Defence and Counterclaim on 12 March 2021.

The matter has been consolidated with *WA-22NCC-246-06/2020* and *WA-22NCC-632-12/2020 (previously known as BAB52NCC-133-07/2020)* as disclosed in Note 34(iv) and 34(vi) respectively. The next case management falls on 24 May 2022.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the documentary and witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

(vi) *Kuala Lumpur High Court ("High Court") Case No. WA-22NCC-632-12/2020 (previously known as BAB52NCC-133-07/2020). ADY Marketing Sdn. Bhd. ("ADY") v. All Ways Builder Sdn. Bhd. ("All Ways" or "1st Defendant"), Euro Holdings Berhad ("EHB" or "2nd Defendant"), Wong Kin Sing ("3rd Defendant") and Chia Chiw Hoon ("4th Defendant")*

EHB had been served with a sealed Writ dated 1 July 2020 and a sealed amended Statement of Claim dated 6 July 2020 for, amongst others, a principal sum of RM493,634.03 and late payment interest of RM137,746.74 owing and accumulated by All Ways where EHB acts as guarantor for full repayment of the overdue debt owing by All Ways to ADY.

EHB had subsequently on 14 August 2020 filed the Statement of Defence and Counterclaim dated 14 August 2020, wherein EHB had counterclaimed against ADY for, inter alia, the following:

1. a declaration that ADY had conspired with the conspirators vide unlawful means to cheat and/or to deceive EHB which caused EHB to suffer losses;

2. a declaration that ADY had conspired with the conspirators with the intention or purpose to injure and/or affect EHB and/or to cause EHB to suffer losses; and

3. damages to be assessed by the Court for the losses suffered by EHB based on the conspiracy actions of ADY and the conspirators against EHB.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

34. CONTINGENT LIABILITIES (CONT'D)

<u>Litigations</u> (Cont'd)

(vi) *Kuala Lumpur High Court ("High Court") Case No. WA-22NCC-632-12/2020 (previously known as BAB52NCC-133-07/2020). ADY Marketing Sdn. Bhd. ("ADY") v. All Ways Builder Sdn. Bhd. ("All Ways" or "1st Defendant"), Euro Holdings Berhad ("EHB" or "2nd Defendant"), Wong Kin Sing ("3rd Defendant") and Chia Chiw Hoon ("4th Defendant") (Cont'd)*

ADY had on 27 August 2020 filed the Reply and Defence to the Counterclaim dated 27 August 2020. ADY filed a Notice of Application for Summary Judgement against the Defendants on 27 August 2020 and the Application for Summary Judgement had been dismissed on 3 November 2020.

The matter has been consolidated with *WA-22NCC-246-06/2020* and *WA-22NCC-137-03/2021 (previously known as WA-B52NCC-41-01/2021)* as disclosed in Note 34(iv) and 34(v) respectively. The next case management falls on 24 May 2022.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

(vii) *Shah Alam Sessions Court ("Sessions Court") Case No. BA-A52NCVC-25-01/2021. Ban Hee Metal Sdn. Bhd. ("Ban Hee") v All Ways Builder Sdn. Bhd. ("All Ways or 1st Defendant") and Euroland & Development Sdn. Bhd. ("ELD or 2nd Defendant")*

Shah Alam High Court ("High Court") Case No. BA-12ANCVC-106-07/2021. Ban Hee v. All Ways and ELD

ELD had been served with a Writ and Statement of Claim both dated 13 January 2021, by Ban Hee wherein Ban Hee alleged that Ban Hee had supplied goods to All Ways and ELD had guaranteed the payment for the goods supplied to All Ways. Ban Hee had claimed for, amongst others, a total principal sum of RM90,284.46, interest accrued as of 30 November 2020 amounted to RM50,655.38 and interest on the principal sum at the rate of 1.5% per annum from 1 December 2020 until full settlement.

ELD had filed the Statement of Defence and Counterclaim on 19 February 2021 to counter claim against Ban Hee and All Ways. Ban Hee had filed the Reply to Defence and Counterclaim on 4 March 2021 and All Ways had filed the Reply to Counterclaim on 8 March 2021.

Ban Hee had also filed a Notice of Application for Summary Judgement on 8 March 2021 against All Ways and ELD. The Sessions Court had on 18 June 2021 dismissed the said application for summary judgement. Ban Hee had on filed a Notice of Appeal on 1 July 2021 to appeal against the decision of the Sessions Court for dismissing Ban Hee's application for summary judgement. The High Court had on 29 October 2021 dismissed the said appeal. ELD had on 15 February 2022 filed an application to transfer this legal suit under the Sessions Court to the High Court to be heard together with legal suits *WA-22NCC-246-06/2020* and *WA-22NCC-632-12/2020* (previously known as *BAB52NCC-133-07/2020*) as disclosed in Note 34(iv) 34(vi).

Trial dates have been fixed on 2 December 2022, 7 December 2022 and 8 December 2022 respectively.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that ELD has a fair chance in this case. Hence, the possibility of an outflow in settlement is relatively uncertain.

34. CONTINGENT LIABILITIES (CONT'D)

Litigations (Cont'd)

(viii) *Kuala Lumpur High Court Case No. WA-22NCVC-856-12/2020. Yap Yih Tze ("YYT") v Euroland & Development Sdn. Bhd. ("ELD")*

ELD had been served with a Writ and Statement of Claim both dated 29 December 2020, by YYT for, amongst others, an order for specific performance whereby ELD shall register 2 units of the residential properties to be developed by ELD onto YYT's name and/or as an alternative, an order that ELD shall repay the full payment of RM600,000.00 made by YYT to ELD for the said 2 units and/or general damages.

ELD had filed the Statement of Defence and Counterclaim on 4 February 2021 to counter claim against YYT for conspiracy to defraud and YYT had filed the Reply to Defence on 19 February 2021.

Trial dates have been fixed on 2 October 2022 and 3 October 2022 respectively.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the documentary and witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

(ix) *Shah Alam Sessions Court ("Sessions Court") Case No. BA-22NCVC-447-10/2020. Tan Chee Who, Phan York Kei and Bestphone Trading ("the Plaintiffs") v Tong Kah Hoe, Tong Yun Mong ("Defendants") and Euroland & Development Sdn. Bhd. ("ELD" or "3rd Defendant")*

ELD had been served with a Writ and Statement of Claim both dated 28 October 2020, by the Plaintiffs for, amongst others, an order for specific performance of the alleged Sale and Purchase Agreements involving 12 units of residential properties to be developed by ELD and/or a total sum of RM2,500,000.00 as damages in lieu of the specific performance.

ELD had filed the Statement of Defence and Counterclaim on 18 January 2020 against the Plaintiffs and Tong Yun Mong. The Plaintiffs had filed the Reply to Defence and Counterclaim on 8 February 2021 and Tong Yun Mong had filed the Reply to Counterclaim on 15 February 2021.

Trial dates have been fixed on 4 January 2023 and 7 to 13 February 2023 respectively.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the documentary and witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

(x) *Kuala Lumpur High Court ("High Court") Case No. WA22NCVC-55-02/2021. Lim Yeow Hon, Jonathan David Yulian, Yeoh Theam Chye and Tan Kee Lin ("the Plaintiffs") v. Euroland & Development Sdn. Bhd. ("ELD") and 11 others ("the Defendants")*

ELD had been served with a Writ and Statement of Claim both dated 1 February 2021, by the Plaintiffs for, amongst others, specific damages of RM1,200,000.00, loss of profit of RM1,520,000.00 and exemplary damages for the alleged Sale and Purchase Agreements entered into between the Plaintiffs and ELD in relation to 5 units of residential properties to be developed by ELD.

ELD had filed their Statement of Defence and Counterclaim on 3 May 2021 and the Plaintiffs in return filed the Reply to Defence and Counterclaim on 23 July 2021.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

34. CONTINGENT LIABILITIES (CONT'D)

Litigations (Cont'd)

(x) *Kuala Lumpur High Court ("High Court") Case No. WA22NCVC-55-02/2021. Lim Yeow Hon, Jonathan David Yulian, Yeoh Theam Chye and Tan Kee Lin ("the Plaintiffs") v. Euroland & Development Sdn. Bhd. ("ELD") and 11 others ("the Defendants") (Cont'd)*

The 5th to 8th Defendants, as well as the 2nd and 3rd Defendants had filed an application to strike out the Plaintiffs' claim. The hearing for both applications have been fixed on 25 May 2022.

As the legal proceedings is going through the early stages, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the documentary and witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

(xi) *Shah Alam Sessions Court ("Sessions Court") Case No. BA-B52NCVC-113-04/2021. Loh Teck Wah ("LTW") v. Euroland & Development Sdn. Bhd. ("ELD")*

ELD had been served with a Writ and Statement of Claim both dated 16 April 2021, by LTW for, amongst others, judgement sum of RM500,000.00 wherein LTW alleged that LTW and ELD had entered into a friendly loan agreement where ELD had failed to repay the sum of RM500,000.00 to LTW pursuant to the friendly loan agreement. ELD had on 19 May 2021 filed its Statement of Defence and Counterclaim.

The case has been transferred to the High Court of Shah Alam on 3 September 2021.

The hearing of the said application was scheduled to be heard on 16 June 2022.

As the legal proceedings is going through the early stages, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the documentary and witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

(xii) *Kuala Lumpur High Court ("High Court") Case No. WA-22NCC-355-08/2021. All Ways Builders Sdn. Bhd. ("All Ways" or "the Plaintiff") v Euroland & Development Sdn. Bhd. ("ELD") & Euro Holdings Bhd ("EHB")*

ELD and EHB had been served with a Writ and Statement of Claim both dated 13 August 2021, by All Ways for, amongst others, ELD and EHB to jointly and severally pay a sum of RM8,767,031.97 with interest to All Ways as the outstanding sum owed by ELD and EHB as All Ways claimed that it is the main contractor of ELD for the Damai Vista Project and it has completed the Damai Vista Project with the "Conditional Certificate of Practical Completion".

ELD and EHB had on 6 October 2021 filed their Defence and Counterclaim against the All Ways, Chia Chiw Hoon, Wong Kin Sing, Choong Yuen Keong @ Tong Yuen Keong, Tong Yun Mong and Tong Kah Hoe to counterclaim for, amongst others, conspiring in causing ELD's and EHB's funds to be channeled out through the Damai Vista Project. All Ways had then filed its Reply to Defence and Defence to the Counterclaim on 27 October 2021.

ELD and EHB had subsequently on 11 October 2021 filed a Notice of Application to strike out All Ways' claim or alternatively, to transfer this legal suit to be heard together with the legal suits *WA-22NCC-246-06/2020*, *WA-22NCC-137-03/2021 (previously known as WA-B52NCC-41-01/2021)* and *WA-22NCC-632-12/2020 (previously known as BAB52NCC-133-07/2020)* as disclosed in Note 34(iv), 34(v) and 34(vi) respectively.

The hearing of the application has been fixed on 24 May 2022.

As the legal proceedings is going through the early stages, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the documentary and witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

34. CONTINGENT LIABILITIES (CONT'D)

Litigations (Cont'd)

(xiii) *Shah Alam High Court ("High Court") Case No. BA-22NCVC-210-05/2021. Chow Ye An and 21 others ("the Plaintiffs") v. Euroland & Development Sdn. Bhd. ("ELD")*

ELD had been served with a Writ and Statement of Claim both dated 17 May 2021, by a representative action of 22 plaintiffs for, amongst others, a declaration that ELD is responsible to pay RM10,235,977.18 as special damages and specific performance for ELD to be liable to pay all amounts of interest that have accrued and will accrue under the financing facility provided by the Plaintiffs' financiers to the Plaintiffs for the purchase of the properties of Damai Vista Project pursuant to multiple alleged Sale and Purchase Agreements respectively entered into between the Plaintiffs and ELD.

ELD had filed the Statement of Defence on 2 November 2021 and amended Statement of Defence on 16 November 2021. ELD had further commenced a third party proceeding against All Ways Builder Sdn. Bhd. ("All Ways") by filing a Third Party Notice on 2 November 2021 and a Notice for Third Party Directions on 25 November 2021 claiming for full indemnity by All Ways against the Plaintiffs' claims. The said application had been allowed by the Court on 20 December 2021.

All Ways had on 30 December 2021 filed a transfer application for the legal suit *BA-22NCVC-388-10/2021* as disclosed in Note 34(xiv) to be heard together with this legal suit. The High Court had on 9 February 2022 allowed the said application.

The next case management falls on 5 May 2022.

As the legal proceedings is going through the early stages, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the documentary and witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

(xiv) *Shah Alam High Court ("High Court") Case No. BA-22NCVC-388-10/2021, Lam Pheng Pheng, Wan Tat Mui and Hooi Hon Mun ("the Plaintiffs") v. Euroland & Development Sdn. Bhd. ("ELD")*

ELD had been served with a Writ and Statement of Claim both dated 4 October 2021, by the Plaintiffs for, amongst others, a declaration that ELD is responsible to pay RM1,797,925.00 as special damages and specific performance for ELD to be liable to pay all amounts of interest that have accrued and will accrue under the financing facility provided by the Plaintiffs' financiers to the Plaintiffs for the purchase of the properties of Damai Vista Project pursuant to multiple alleged Sale and Purchase Agreements respectively entered into between the Plaintiffs and ELD.

ELD had filed their Statement of Defence on 3 November 2021 and the Plaintiffs in return have filed the Reply to Defence on 24 November 2021. ELD had further commenced a third party proceeding against All Ways Builder Sdn. Bhd. ("All Ways") by filing a Third Party Notice on 3 November 2021 and a Notice for Third Party Directions on 18 November 2021 claiming for full indemnity by All Ways against the Plaintiffs' claims. All Ways had on 30 December 2021 filed a transfer application for the legal suit *BA-22NCVC-210-05/2021* as disclosed in Note 34(xiii) to be heard together with this legal suit. The High Court had on 9 February 2022 allowed the said application.

The next case management falls on 5 May 2022.

As the legal proceedings is going through the early stages, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the documentary and witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

34. CONTINGENT LIABILITIES (CONT'D)

Litigations (Cont'd)

(xv) *Kuala Lumpur High Court ("High Court") Case No. WA-22NCVC-12-01/2022. Stevant Paul A/L Winson and Stevant Paul A/L Winson (as the administrator of the estate of the deceased, Ow Lai Thing) ("the Plaintiffs") v. Euroland & Development Sdn. Bhd. ("ELD")*

ELD had been served with a Writ and Statement of Claim dated 6 January 2022 and 3 January 2022 respectively, by the Plaintiffs for, amongst others, a declaration that ELD is liable to pay RM670,206.00 as special damages and specific performance for ELD to be liable to pay all amounts of interest that have accrued and will accrue under the financing facility provided by the Plaintiff's financiers to the Plaintiffs for the purchase of the property of Damai Vista Project pursuant to an alleged Sale and Purchase Agreement entered into between the Plaintiffs and ELD.

ELD has further commenced a third party proceeding against All Ways Builder Sdn. Bhd. ("All Ways"), Chia Chiw Hoon, Wong Kin Sing, Choong Yuen Keong @ Tong Yuen Keong, Tong Yun Mong and Tong Kah Hoe, by filing a Third Party Notice on 9 February 2022 claiming for full indemnity against the Plaintiffs' claims.

Trial dates have been fixed on 20 June 2022 to 23 June 2022.

As the legal proceedings is going through the early stages, the solicitors of the Group are of the opinion that ELD has a fair chance in this case but subject always to the documentary and witnesses' oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

35. MATERIAL LITIGATIONS

(i) *Putrajaya Court of Appeal ("Court of Appeal") Case No. W-02(NCVC)(W)-1248-09/2020. Euroland & Development Sdn. Bhd. ("ELD" or "the Plaintiff") v. Supreme Code Land Sdn. Bhd. ("SCL" or "the Defendant")*

On 14 March 2019, ELD had been served with a sealed Writ and Statement of Claim both dated 7 March 2019 by SCL for, amongst others, specific performance of alleged Sale and Purchase Agreements involving 4 units of residential properties to be developed by ELD and/or a total sum of RM3,062,284 as damages in lieu of specific performance.

The Kuala Lumpur High Court, on 10 August 2020, granted:

1. An order for the judgement sum of RM1,200,000 to be paid by ELD to SCL; and
2. An order for costs of RM35,000 to be paid by ELD to SCL.

ELD had on 9 September 2020 filed a Notice of Appeal to appeal against the decision of the High Court. ELD's lawyers are of the view that an appeal after a full trial and the Court of Appeal will not easily interfere with the decision of the Sessions Court's Judge if it is not a decision which is plainly wrong. In the said circumstances, it will be an arguable case in the hearing of the appeal.

The Court of Appeal had on 1 October 2021 granted a stay order wherein the current appeal proceeding will be stayed pending the disposal of the legal suit *WA-22NCVC-288-05/2019* and *WA-22NCVC-340-05/2019* as disclosed under Note 34(i) and 34(ii) respectively.

The Court of Appeal had on 6 April 2022 fixed further case management on 11 August 2022 to update the development of the High Court trial which has been fixed on 17 July 2022 and 19 July 2022 respectively.

In prior year, a full provision amounted to RM1,235,000 had been made for the legal claim as disclosed in Note 7.

35. MATERIAL LITIGATIONS (CONT'D)

(ii) *Putrajaya Court of Appeal ("Court of Appeal") Case No. W-04(NCC)(W)-225-05/2021. ELD v. Bina-Pile*

Bina-Pile claimed for RM996,205.51 against the debts due and owing by All Ways where ELD acts as corporate guarantor guaranteeing the payment to Bina-Pile for material supplied to All Ways.

The Sessions Court had on 22 July 2020 delivered a Judgement against Bina-Pile, pursuant to which Bina-Pile's claim against ELD is dismissed with cost of RM10,000.00 to be paid by Bina-Pile to ELD.

Bina-Pile has on 23 July 2020 filed a Notice of Appeal dated 23 July 2020 to appeal against the Sessions Court's Judgement. The High Court has on 26 April 2021 allowed the said appeal.

ELD has on 4 May 2021 filed a Notice of Appeal to appeal against the decision of the High Court. The Court of Appeal has on 19 January 2022 dismissed the said appeal. ELD has on 11 January 2022 filed a committal application against the Plaintiff and its Directors, namely Heng Kai Huat, Heng Hau Chong and Heng Haw Choi, for an order that the latter be committed for their contempt of the court. The application was dismissed on 10 February 2022.

Shah Alam High Court ("High Court") Case No. BA-28NCC-537-11/2021. Bina-Pile v. ELD (Winding-Up Petition)

ELD has been served with a winding-up petition dated 8 November 2021 by Bina-Pile on 15 December 2021. Bina-Pile has, on 26 April 2021, obtained an order for, inter alia, the sum of RM996,205.51 with interest of 5% per ann*um from the date of the order and costs of RM15,000 against ELD in the legal suit W-04(NCC)(W)-225-05/2021* as disclosed above.

On 28 September 2021, Bina-Pile served a notice of demand dated 27 September 2021 on ELD, demanding the payment of RM1,032,357.82. The Winding Up Petition filed by Bina-Pile had been withdrawn with liberty to file afresh.

This matter is sought to be settled as ELD and Bina-Pile are in the midst of discussing the settlement term of this legal suit. During the financial year, provision amounted to RM1,032,000 was made for the legal claim as disclosed in Note 7.

36. FAIR VALUES INFORMATION

Financial instruments at fair value

The table below analyses assets and liabilities carried at fair value shown in the statements of financial position:

	<------------ Group ----------->	
	Carrying Amount RM'000	**Fair Value Level 2 RM'000**
31.12.2020		
Liabilities		
Forward exchange contracts	4	4
01.01.2020		
Assets		
Forward exchange contracts	16	16

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

36. FAIR VALUES INFORMATION (CONT'D)

Financial instruments at fair value (Cont'd)

	<----------Company --------->	
	Carrying Amount RM'000	**Fair Value Level 3 RM'000**
31.12.2021		
Asset		
Other investment	18,991	18,991
31.12.2020		
Asset		
Other investment *	33,324	33,324

* *As explained in Note 14*

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

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

Level 3: The fair value of other investment (unquoted RCPS) is based on the adjusted net assets method.

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Financial instruments other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amounts of long-term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value. The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory requirement. As the Company has no external borrowings, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of the risk of borrowings.

The Group manages its capital structure and make adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2021, 31 December 2020 and 1 January 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt includes loans and borrowings and lease liabilities, less cash and cash equivalents whilst total capital is the equity attributable to the Owners of the Company.

37. CAPITAL MANAGEMENT (CONT'D)

The gearing ratio as at 31 December 2021, 31 December 2020 and 1 January 2020, which are within the Group's objective of capital management are as follows:

	Group		
	31.12.2021 RM'000	Restated 31.12.2020 RM'000	Restated 01.01.2020 RM'000
Loans and borrowings	28,207	30,797	55,225
Lease liabilities	3	58	169
	28,210	30,855	55,394
Less:			
- Fixed deposits placed with licensed banks	6,757	6,952	6,984
- Cash and bank balances	2,141	1,687	2,445
	8,898	8,639	9,429
Net debts	19,312	22,216	45,965
Equity attributable to the Owners of the Company, representing total capital	44,328	64,473	62,709
Gearing ratio	44%	34%	73%

There were no changes in the Group's and the Company's approach to capital management during the financial year.

Under the loan covenant and terms of borrowing facilities, a subsidiary of the Company, namely ECM and EHB are required to comply with the following:

(i) Minimum Debt Service Cover Ratio ("DSCR") of 1 time based on the latest 12 months audited or latest 12 months unaudited and announced results, whichever is the latest available – on consolidation level basis. For the purposes of computation of DSCR, it is equivalent to Earnings before interest, tax, depreciation and amortisation ("EBITDA") divided by scheduled principal and interest paid during the relevant financial period, of which the scheduled principal payment is excluding amount under bank overdrafts and revolving credit facilities; and

(ii) The net intercompany advances of ECM are to be capped at RM5 million.

With reference to Note 37(i), the Group is in a loss-making and negative EBITDA position for the financial year ended 31 December 2021, by which it will indicates a negative DSCR ratio, which is technically in default and breach of the loan covenant. However, no event of default had been declared by the lender. Had the event of default been declared, the loan amount outstanding amounted to RM3,499,000 (31.12.2020: RM3,557,000) shall become due and payable on demand. The Directors are in view that the Group has sufficient available cash and bank balances as well as fixed deposits pledged to licensed banks to cover the above loan exposure had it been due and payable.

As at the reporting date, the Group is in compliance with the externally imposed capital requirement as mentioned in Note 37(ii) as the net intercompany advances of ECM is below RM5 million.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) Coronavirus (Covid-19) outbreak

The Coronavirus (COVID-19) outbreak was identified in Wuhan, China in December 2019. The World Health Organisation ("WHO") has declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and subsequently WHO declared the COVID-19 outbreak as global pandemic on 11 March 2020.

Following the WHO's declaration, the Malaysia Government has on 16 March 2020 imposed the Movement Control Order ("MCO") starting from 18 March 2020 to restrain the spread of COVID-19 outbreak in Malaysia. Throughout the MCO, most businesses were not allowed to operate, except those categorised as "Essential Services". Since then, various versions of the MCO had been imposed and various phases of the National Recovery Plan had been imposed in different states.

Upon the implementation of MCO, the Group's operations were severely affected as both the manufacturing and trading segment as well as property development segment were not categorised as "Essential Services" and the business premises were temporarily closed down. This has resulted in delay to fulfill sales order and ultimately significant decrease in revenue for manufacturing and trading segment for the financial year under review. The Group is also unable to carry out property development activities which resulted in delay to delivering vacant possession to purchasers for its development of residential units.

With the resumption in business operations in 2022, the management is cautiously optimistic on the progressive recovery and increase in sales order for the manufacturing and trading segment, while also resume its property development activity and the development project is expected to be completed in the 2nd quarter of financial year ending 31 December 2022. The Group will continue to monitor the development of the COVID-19 situation closely, assess and react actively to its impact on the financial position and operating results of the Group.

(ii) Proposed Bonus Issue

On 24 March 2021, the Company proposed to undertake a Bonus Issue of up to 3,207,600,000 new ordinary shares on the basis of four (4) Bonus Shares for every one (1) existing ordinary share of the Company ("Euro Share(s)" or "Share(s)"). Upon the completion of the Proposed Bonus Issue, the total issued share capital of the Company is RM48,402,000 comprising of 4,009,500,000 units of shares.

The listing application in relation to the Proposed Bonus Issue was submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 13 April 2021.

On 17 June 2021, the Board of Directors had resolved to terminate the Proposed Bonus Issue, after taking into consideration the recent market volatility in the share price performance of the Company.

(iii) Status of Corporate Proposals

On 8 October 2021, the Company proposed to undertake the following corporate proposals:

(a) Proposed acquisition of a leasehold land in Melaka from Imponotive Auto Sdn. Bhd. for a purchase consideration of RM56,000,000 to be satisfied via issuance of new shares ("Proposed Acquisition I");
(b) Proposed acquisition of a leasehold land together with four (4) blocks of industrial buildings in Melaka from Supreme Power Auto Sdn. Bhd. for a purchase consideration of RM61,000,000 to be satisfied via issuance of new shares ("Proposed Acquisition II");
(c) Proposed settlement of debt owing to Dato' Sri Lim Teck Boon, via issuance of 22,301,516 new shares at an issue price of RM0.4484 per share ("Proposed Debt Settlement");
(d) Proposed special issue of up to 74,000,000 new shares, representing 9.2% of the issued share capital of the Company to S.P.A Furniture Sdn. Bhd. and third-party investors to be identified ("Proposed Special Issue");
(e) Proposed bonus issue of up to 579,564,629 free warrants on the basis of one (1) warrant for every two (2) existing shares ("Proposed Bonus Issue of Warrants"); and
(f) Proposed diversification of existing business to include the trading of steel products business segment ("Proposed Diversification").

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(iii) Status of Corporate Proposals (Cont'd)

The listing application in relation to the corporate proposals (save for Proposed Diversification) was submitted to Bursa Securities on 14 December 2021.

On 21 January 2022, the Board of Directors had resolved to review the structure of the corporate proposals, of which withdrawal of listing application was submitted to Bursa Securities.

On 23 February 2022, the revised listing application for the corporate proposals has been submitted to Bursa Securities.

On 28 March 2022, the Board of Directors had resolved to retract the submission in relation to the corporate proposals for further review.

39. COMPARATIVE FIGURES

The following are changes in comparative figure due to prior year adjustments and reclassification:

(a) Prior year adjustments

Prior year adjustments arising from the effects of the change in accounting policy on the comparative financial statements are as described in Note 2(a)(ii).

(b) Reclassification

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

(c) Reconciliation

The following are changes in comparative figures due to prior year adjustments and reclassification:

	As previously reported RM'000	Prior year adjustments RM'000	Re-classification RM'000	As restated RM'000
Group				
31.12.2020				
Statements of Comprehensive Income				
Cost of sales	(53,020)	1,305	-	(51,715)
Administrative expenses	(7,560)	-	(23)	(7,583)
Selling and distribution expenses	(7,511)	99	-	(7,412)
Finance costs	(1,914)	(994)	23	(2,885)
Tax expense	(775)	(98)	-	(873)
Statements of Financial Position				
Current Assets				
Inventories	45,680	(2,572)	-	43,108
Contract assets	15,640	-	227	15,867
Tax recoverable	35	(55)	372	352
Consolidated Statement of Changes in Equity				
Retained earnings	18,741	(2,670)	-	16,071
Current Liabilities				
Other payables	14,297	-	(920)	13,377
Contract liabilities	-	-	1,147	1,147
Tax payable	-	43	372	415

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

39. COMPARATIVE FIGURES (CONT'D)

(c) Reconciliation (Cont'd)

The following are changes in comparative figures due to prior year adjustments and reclassification: (Cont'd)

	As previously reported RM'000	Prior year adjustments RM'000	Re-classification RM'000	As restated RM'000
Group (Cont'd)				
31.12.2020				
Statements of Cash Flows:				
Cash Flows from Operating Activities				
Profit before tax	2,255	410	-	2,665
Adjustments for:				
Interest expense	1,914	994	(23)	2,885
Provision for litigation	-	-	1,235	1,235
Changes in working capital:				
Inventories	23,042	(410)	-	22,632
Trade and other receivables	4,527	-	(1)	4,526
Trade and other payables	3,831	(948)	(2,154)	729
Contract assets	(3,907)	-	423	(3,484)
Contract liabilities	-	-	497	497
Cash generated from operations				
Interest paid	(1,914)	(46)	23	(1,937)
01.01.2020				
Statements of Financial Position				
Current Assets				
Inventories	67,736	(2,982)	-	64,754
Contract assets	11,733	-	650	12,383
Tax recoverable	102	-	204	306
Consolidated Statement of Changes in Equity				
Retained earnings	17,289	(2,982)	-	14,307
Current Liabilities				
Contract liabilities	-	-	650	650
Tax payable	-	-	204	204

ANALYSIS OF SHAREHOLDINGS
AS AT 31ST MARCH 2022

The total number of issued shares of the Company stands at 801,900,000 ordinary shares, with one voting right per ordinary share.

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
1 - 99	9	0.14	147	0.00
100 - 1,000	1,500	22.73	1,187,001	0.15
1,001 - 10,000	3036	46.01	16,128,300	2.01
10,001 - 100,000	1789	27.11	57,786,552	7.21
100,001 - 13,364,999	262	3.97	273,829,000	34.15
13,365,000 and above	2	0.03	452,969,000	56.49
Total	6,598	100.00	801,900,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest	Indirect Interest	No. of Shares held %
1	S. P. A. Furniture (M) Sdn Bhd	475,582,700.00	-	59.31
2	Dato' Sri Lim Teck Boon	14,791,200	475,582,700*	61.15
3	Dato' Lim Chaw Teng	-	475,582,700*	59.31

** Deem interested due to his shares held in S. P. A. Furniture (M) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016*

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name of Shareholders	Direct Interest	Indirect Interest	No. of Shares held %
1	Dato' Sri Lim Teck Boon	14,791,200	475,582,700*	61.15

** Deem interested due to his shares held in S. P. A. Furniture (M) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016*

Analysis of Shareholdings
(cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for S.P.A Furniture (M) Sdn.Bhd.	408,969,000	51.00
2	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for S.P.A. Furniture (M) Sdn Bhd	44,000,000	5.49
3	CGS-CIMB Nominees (Asing) Sdn Bhd Perfect Hexagon Commodity & Investment Bank Limited	34,046,200	4.25
4	CGS-CIMB Nominees (Tempatan) Sdn Bhd Perfect Hexagon Commodity & Investment Bank Limited for Keith Kok Chee Shiong	22,761,200	2.84
5	S.P.A Furniture (M) Sdn.Bhd.	22,613,700	2.82
6	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pe Fect Hexagon Commodity & Investment Bank Limited for Doris Liaw Mei Kin	17,700,000	2.21
7	Tan Kai Lee	16,469,700	2.05
8	Wong Wen Xian	16,331,100	2.04
9	Lim Teck Boon	14,684,200	1.83
10	Lee Siew Kim	13,080,000	1.63
11	Khoo Wei Kee	6,854,900	0.85
12	Doris Liaw Mei Kin	3,985,700	0.50
13	Lim Lay Ching	3,350,000	0.42
14	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Yew Hock (PB)	3,000,000	0.37
15	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Chow Dai Ying (M&A)	2,680,000	0.33
16	Chan Kong Yew	2,404,700	0.30
17	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Kong Yew	2,374,600	0.30
18	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Keng Ten (Dealer 023)	2,136,800	0.27
19	Premier Seas Sdn. Bhd.	2,035,000	0.25
20	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Choon Kim	2,000,000	0.25
21	Kenanga Nominees (Tempatan) Sdn Bhd Eric Tan Chwee Kuang	2,000,000	0.25
22	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Liang Sing	1,970,000	0.25
23	Lim Seok Kim	1,965,100	0.25
24	Teh Ah Choo	1,652,800	0.21
25	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Hwee Hwee	1,630,000	0.20
26	Khoo Wei Kee	1,540,300	0.19
27	Lee Choon Hooi	1,500,000	0.19
28	Son Tong Eng	1,464,100	0.18
29	Khoo Wei Kee	1,421,900	0.18
30	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Chee Fon	1,400,000	0.17
		658,021,000	82.06

GROUP PROPERTIES

Registered/ Beneficial Owner	Location	Description/ Existing use	Land area (sq. ft.)	Built-up area (sq. ft.)	Approximate age of building/ Tenur	Net book value as at 31 Dec 2021 (RM'000)	Year of acquisition/ construction/ revaluation
ECM	H.S.(D) 86293 No Lot. 178 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 21, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	Industrial land with factory and office building erected thereon	87,123	91,385	25 years/ Freehold	4,862	1996 2004#
ESI	H.S.(D) 86340 Lot No. 193 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 15, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	Industrial land with factory and office building erected thereon	82,602	69,259	24 years/ Freehold	4,496	1997*
ESI	H.S.(D) 86280 Lot. No 169 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 25, Jalan RP 2 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	Industrial land with factory buildings erected thereon	210,101	108,116 149,406	15 years/ Freehold 11 years / Freehold	28,195	2006 2010

* Revalued
\# The building was constructed in 1996 whereas the land was acquired in 2004.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth ("18th") Annual General Meeting ("AGM") of the Company will be conducted on a fully virtual basis through live streaming via Remote Participation and Voting ("RPV") Facilities via the online meeting platform at https://web.vote2u.my (Domain Registration Numbers with MYNIC D6A471702) provided by Agmo Digital Solutions Sdn Bhd on Friday, 3 June 2022 at 10.00 a.m. or at any adjournment thereof for the transaction of the following businesses:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. ***(Please refer to Explanatory Note 1 on Ordinary Business)***

2. To re-elect Madam Tan Poh Ling who retires by rotation in accordance with Clause 105(1) of the Company's Constitution and being eligible, has offered herself for re-election. ***Ordinary Resolution 1***

3. To re-elect the following Directors who retire in accordance with Clause 114 of the Company's Constitution and being eligible, have offered themselves for re-election: -

   a) Lt Gen (R) Dato' Sri Sabri bin Adam ***Ordinary Resolution 2***
   b) Ng Chee Kam ***Ordinary Resolution 3***

4. To approve the Directors' fees totaling RM90,000 per annum to the Non-Executive Directors of the Company from the conclusion of the 18th AGM of the Company until the conclusion of the next AGM of the Company in year 2023. ***Ordinary Resolution 4***

5. To approve the payment of Directors' meeting allowances of RM500 per meeting for each Director with effect from the conclusion of the 18th AGM of the Company until to the next AGM of the Company in year 2023. ***Ordinary Resolution 5***

6. To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 6***

As Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** ***Ordinary Resolution 7***

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Additional Temporary Relief Measures to Listed Corporations for Covid-19 issued by Bursa Securities on 16 April 2020 and its subsequent letter dated 23 December 2021 on the extension of implementation of the 20% General Mandate and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time ("20% General Mandate") being to be utilised until 31 December 2022 as empowered by Bursa Securities pursuant to its subsequent letter dated 23 December 2021 to grant its extension for the additional temporary relief measures to listed issuers and thereafter does not exceed ten percent (10%) of the total number of issued shares of the Company for the time of issuance;

AND THAT authority under this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or when it is required by law to be held, whichever is earlier, AND THAT the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

8. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR PURSUANT TO PRACTICE 5.3 OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE ***Ordinary Resolution 8***

"THAT subject to the passing of Ordinary Resolution 1, approval be and is hereby given to Madam Tan Poh Ling who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM.

9. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Constitution and the Act.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 / SSM PC No. 202208000250)
Company Secretary

Selangor Darul Ehsan
Date: 29 April 2022

NOTES:

1. A member entitled to participate and vote at this virtual meeting is entitled to appoint a proxy/proxies to participate and vote instead of him/her. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the virtual Meeting shall have the same rights as the member to speak at the virtual Meeting.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

3. The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.

4. For the purpose of determining a member who shall be entitled to participate the virtual 18th AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 26 May 2022. Only a depositor whose name appears on the Record of the Depositor as at 26 May 2022 shall be entitled to participate the virtual meeting or appoint proxies to participate and/or vote on his/her behalf.

5. The instrument appointing a proxy duly completed and signed must be deposited at the share registrar office of the Company, Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

6. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman/Chairperson of the meeting to be present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this AGM in person at the broadcast venue on the day of the 18th AGM. Please refer to the Administrative Guide for the 18th AGM for further details. The said Administrative Guide is available for download from the announcement on the 18th AGM from the website of Bursa Malaysia Securities Berhad.

Notice of Eighteenth Annual General Meeting
(cont'd)

Explanatory Notes to Ordinary Business and Special Business:

1. Item 1 of the Agenda

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Act provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1 – Re-election of Director pursuant to Clause 105(1) of the Company's Constitution

Clause 105(1) of the Company's Constitution states that an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Madam Tan Poh Ling is standing for re-election as Director of the Company and being eligible, has offered herself for re-election. For the purpose of determining the eligibility of the Director to stand for re-election at the 18th AGM, the Nomination Committee ("NC") has considered and recommended Madam Tan Poh Ling for re-election by rotation pursuant to Clause 105(1) of the Company's Constitution.

3. Ordinary Resolutions 2 to 3 - Re-election of Directors pursuant to Clause 114 of the Company's Constitution

Clause 114 of the Company's Constitution provides that any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Lt Gen (R) Dato' Sri Sabri bin Adam was appointed as the Independent Non-Executive Chairman of the Company on 25 February 2022 and Mr Ng Chee Kam was appointed as an Executive Director of the Company on 25 February 2022 respectively.

Lt Gen (R) Dato' Sri Sabri bin Adam and Mr Ng Chee Kam are standing for re-election as Directors of the Company pursuant to Clause 114 of the Company's Constitution, being eligible and have offered themselves for re-election. The NC have considered and recommended Lt Gen (R) Dato' Sri Sabri bin Adam and Mr Ng Chee Kam for re-election pursuant to pursuant to Clause 114 of the Company's Constitution

4. Ordinary Resolutions 4 & 5 – Payment of Directors' Fees and Directors' Meeting allowances

Section 230(1) of the Act provides that the fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting.

In determining the estimated total amount of Directors' Meeting Allowance, the Board has considered various factors, among others, the estimated claimable Directors' Meeting Allowance and estimated number of meetings for the Board and Board Committees held for the period commencing from the conclusion of the 18th AGM until the next AGM of the Company.

In the event the proposed amount is insufficient (e.g., due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

5. Special Business: Ordinary Resolution 7- Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The Proposed Ordinary Resolution 7, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 20% of the total number of issued share of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

Bursa Securities has via their letter dated 23 December 2021 granted an extension to the temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate").

Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2022 and thereafter, the 10% general mandate will be reinstated.

Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, pursuant to Section 76(4) of the Act from its shareholders at the forthcoming 18th AGM of the Company.

The 20% General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the 31 December 2022.

The Board of Directors of the Company, after due consideration, is of the opinion that in the face of unprecedented challenges to the Company brought by Covid-19 pandemic, this 20% General Mandate will enable the Company further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow and achieve a more optimal capital structure.

Any funds raised from this 20% General Mandate is expected be used as working capital to finance day-to-day operational expenses, on-going projects or future projects/investments to ensure the long-term sustainability of the Company. The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its subsidiaries.

As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the last AGM held on 3 June 2021 and which will lapse at the conclusion of the 18th AGM of the Company.

6. ***Special Business: Ordinary Resolution 8 - Retention of Independent Non-Executive Director pursuant to Practice 5.3 of the Malaysian Code On Corporate Governance***

The Nomination Committee has assessed the independency of Madan Tan Poh Ling, who has served as an Independent Non-Executive Director of the Company for a cumulative of more than twelve (12) years since she was appointed on 21 January 2009 and recommended her to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

a) She has confirmed and declared that she is an Independent Non-Executive Director as defined in the MMLR of Bursa Securities;

b) She does not have any conflict of interest with the Company and has not entered/is not expected to enter into contract especially material contract with the Company and/or its subsidiary companies;

c) She has thorough understandings of the businesses of the Company and could provide the Board valuable and insightful advice;

d) She has actively participated in Board's deliberations and decision making in an objective manner; and

e) She has performed her duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment proposals from management.

The Board recommends that Madam Tan Poh Ling be retained as an Independent Non-Executive of the Company subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance.

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No. of shares held	
CDS Account No.	

EURO HOLDINGS BERHAD
[Registration No. 200401008055 (646559-T)]

I/We ______________________ [Full Name in Block Letters] NRIC No.______________________

of ____

____ [Full Address],

______________________ [Email Address], ______________________ [Contact No.]

being a member(s) of EURO HOLDINGS BERHAD ("the Company"), hereby appoint

Full Name in Block Letters		**Proportion of shareholdings to be presented %**
Email Address		
NRIC No.		
Full Address		
Contact No.		

Full Name in Block Letters		**Proportion of shareholdings to be presented %**
Email Address		
NRIC No.		
Full Address		
Contact No.		
		100%

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 18th AGM of the Company to be conducted on a fully virtual basis through live streaming via Remote Participation and Voting ("RPV") Facilities via the online meeting platform at https://web.vote2u.my (Domain Registration Numbers with MYNIC D6A471702) provided by Agmo Digital Solutions Sdn Bhd on Friday, 3 June 2022 at 10.00 a.m. or at any adjournment thereof, as indicated below:

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to the voting is given, the Proxy will vote or abstain from voting at his/her discretion.

Resolutions	Subject	FOR	AGAINST
OR 1	To re-elect Tan Poh Ling who retires in accordance with Clause 105(1) of the Company's Constitution.		
OR 2	To re-elect Lt Gen (R) Dato' Sri Sabri bin Adam who retires in accordance with Clause 114 of the Company's Constitution.		
OR 3	To re-elect Ng Chee Kam who retires in accordance with Clause 114 of the Company's Constitution.		
OR 4	To approve the Directors' fees totaling RM90,000 per annum to the Non-Executive Directors of the Company from the conclusion of the 18th AGM of the Company until the conclusion of the next AGM of the Company in year 2023.		
OR 5	To approve the payment of Directors' meeting allowances of RM500 per meeting for each Director with effect from the conclusion of the 18th AGM of the Company until to the next AGM of the Company in year 2023.		
OR 6	To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
OR 7	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
OR 8	Retention Of Independent Non-Executive Director pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance		

Signed this............. day of 2022

....
Signature of Shareholder(s)

Fold this flap for sealing

NOTES:

1. *A member entitled to participate and vote at this virtual meeting is entitled to appoint a proxy/proxies to participate and vote instead of him/her. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the virtual Meeting shall have the same rights as the member to speak at the virtual Meeting.*
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3. *The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.*
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AFFIX
STAMP

Share Registrar of
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

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