JIANKUN INTERNATIONAL BERHAD
[Registration No. 198301015973 (111365-U)]

# ANNUAL REPORT 2021

# CONTENTS

# CORPORATE STRUCTURE

Our core business of the Group is in properties development.

The Group structure of the subsidiary companies are as follows:

**JIANKUN INTERNATIONAL BERHAD**
(Registration No. 198301015973 (111365-U))

- 100% **JKI CONSTRUCTION SDN BHD** (Registration No. 201501022324 (1147653-A))
- 100% **KEY SUCCESS DEVELOPMENT SDN BHD** (Registration No. 201501035574 (1160894-X))
- 100% **NAGAMAS INTERNATIONAL (HK) LIMITED*** (Registration No. 1112780)
- 100% **JKI DEVELOPMENT SDN BHD** (Registration No. 201501021615 (1146943-M))
- 100% **NAGAMAS BIZWORKS SDN BHD** (Registration No. 201001009065 (893693-T))
  - 70% **EMBON GLOBAL VENTURE SDN BHD** (Registration No. 201601042511 (1213453-U))
- 100% **NAGAMAS VENTURE SDN BHD** (Registration No. 201001023611 (907383-X))
  - 100% **LIMPAH RESTU DEVELOPMENT SDN BHD** (Registration No. 201401020710 (1096796-V))
- 100% **JKI RESOURCES SDN BHD** *(formerly known as Nadi Pancar Sdn Bhd)* (Registration No. 201601011565 (1182496-D))

** Incorporated in Hong Kong*

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali
*Independent Non-Executive Chairman*

Dato' Ir Lim Siang Chai
*Deputy Executive Chairman*

Edwin Silvester Das
*Executive Director / Chief Executive Officer*

Dato' Saiful Nizam Bin Mohd Yusoff
*Executive Director*
(Re-designated on 10 March 2022)

Datuk Seri Tan Choon Hwa
*Non-Independent Non-Executive Director*
(Re-designated on 24 January 2022)

Azmi Bin Osman
*Non-Independent Non-Executive Director*
(Re-designated on 11 March 2022)

Chew Huey Yen
*Independent Non-Executive Director*
(Appointed on 7 March 2022)

## BOARD COMMITTEES

### Audit Committee

Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali (Member)
Chew Huey Yen (Member)
(Appointed on 7 March 2022)

### Nomination Committee

Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali (Chairman)
Chew Huey Yen (Member)
(Appointed on 7 March 2022)

### Remuneration Committee

Azmi Bin Osman (Chairman)
Dato' Ir Lim Siang Chai (Member)
Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali (Member)

### Risk Management Committee

Edwin Silvester Das (Chairman)
Dato' Ir Lim Siang Chai (Member)
Azmi Bin Osman (Member)

### Investment Committee

Dato' Ir Lim Siang Chai (Chairman)
Edwin Silvester Das (Member)
Dato' Saiful Nizam Bin Mohd Yusoff (Member)
Azmi Bin Osman (Member)

## COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482/ SSM Practising Certificate No. 202208000250)
Thien Lee Mee
(LS0009760/ SSM Practising Cerificate No. 201908002254)

## REGISTERED OFFICE

Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam, Selangor
Tel No. : 03-7890 0638
Fax No.: 03-7890 1032

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Properties
Stock Name :JIANKUN
Stock Code : 8923

## 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 No. : 03 -27839299
Fax No.: 03 -27839222

## PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad
AmBank (Malaysia) Berhad
MBSB Bank Berhad
RHB Bank Berhad
Public Bank Berhad
Public Bank (Hong Kong) Ltd

## AUDITORS

Messrs. UHY (AF 1411)
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel No. : 603-22793088
Fax No.: 603-22793099

## HEAD OFFICE

L21-03, Level 21, PJX-HM Shah Tower,
No.16a, Persiaran Barat,
46050 Petaling Jaya,
Selangor
Tel No. : 03 -79323666
Fax No. : 03 -79322866

# BOARD OF DIRECTORS' PROFILES

Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali
*Independent Non-Executive Chairman*
72 years of age, Malaysian, Male
*Member of Audit Committee*
*Chairman of Nomination Committee*
*Member of Remuneration Committee*

Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali was appointed as an Independent Non-Executive Chairman of Jiankun on 22 December 2020. He has over 46 years of experience in legal field, which was accumulated from the Judicial and Legal Services, private practice, the Judiciary, and as the Attorney General of Malaysia.

He graduated from the University of London in 1972 with a Bachelor of Laws. Thereafter, he obtained his Bar-at-Law from the Honourable Society of the Inner Temple, London in 1973. He was awarded as Certificate of Legal Drafting from the Institute of Advance Legal Studies, London in 1981.

Upon graduation, he started his career in 1973 as a magistrate at the Magistrates' Court, Kuala Terengganu. Subsequently, he was appointed as director of the Legal Aid Bureau in Kota Bharu, Kelantan in 1975. He later held the position of Deputy Public Prosecutor for the state of Kelantan and Terengganu from 1977 to 1980. He was appointed as the legal adviser to the Ministry of Trade and Industry in 1980 before setting up his own firm in 1982. He was then invited to join Malaysian Judiciary in 2003, starting off as Judicial Commissioner in Kuantan High Court, before confirmed as a judge in 2004. He was then posted to the Criminal Division of High Court of Malaya, Kuala Lumpur in 2007.

In 2010, he was elevated as a Judge of the Court of Appeal, Putrajaya and was elevated as a Judge of the Federal Court in 2013. He was appointed as the Ninth Attorney General of Malaysia from 2015 until 2018. He is now back to legal practice in his own firm from 2018 until now.

He is not a director of any other public companies. He does not have any family relationship with any Director and/ or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years other than traffic offences, if any.

# Board Of Directors' Profiles
(Cont'd)

Dato' Ir Lim Siang Chai
*Deputy Executive Chairman*
67 years of age, Malaysian, Male
*Member of Risk Management Committee*
*Member of Remuneration Committee*
*Chairman of Investment Committee*

Dato' Ir Lim Siang Chai ("Dato' Ir Lim") was appointed to the Board on 1 July 2013 as Executive Chairman and re-designated as Deputy Executive Chairman on 22 December 2020. Subsequently, he re-designated as Non-Independent Non-Executive Director on 24 January 2022 and subsequently re-designated as Executive Deputy Chairman on 16 February 2022.

Dato' Ir Lim is a Chartered Engineer (C Eng) registered with the Engineering Council, United Kingdom and Professional Engineer (P Eng) registered with the Board of Engineers, Malaysia. He is a Honorary Fellow of the Institution of Engineers Malaysia (MIEM), Institute of Engineering and Technology of United Kingdom (MIET), a Honorary Fellow of the ASEAN Federation of Engineering Organisation, and a member of the Malaysian Institute of Management. He also holds a Master of Business Administration from Deakin University, Australia and had undergone many technical and management training in Japan.

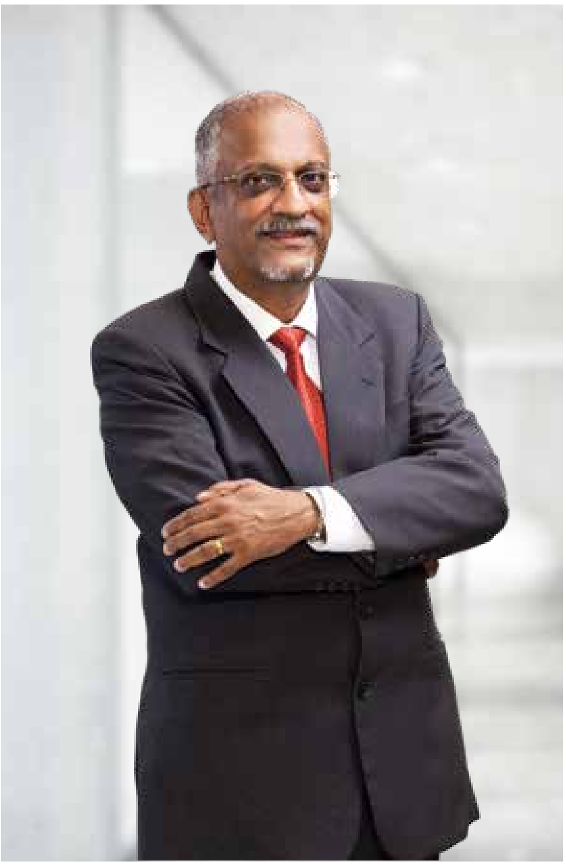
Dato' Ir Lim had also served the Malaysian Government in various Ministry as follows:

- Finance Ministry
- Tourism Ministry
- Information Ministry
- Transport Ministry

Apart from the Company, Dato' Ir Lim also the Independent Non-Executive Chairman of Advance Information Marketing Berhad.

He does not have any family relationship with any Director and/ or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years other than traffic offences, if any.

# Board Of Directors' Profiles
(Cont'd)



Edwin Silvester Das
*Executive Director / Chief Executive Officer*
64 years of age, Malaysian, Male
*Chairman of Risk Management Committee*
*Member of Investment Committee*

Edwin Silvester Das was appointed as Executive Director of Jiankun International Berhad on 21 December 2020 and then as Chief Executive Officer on 3 February 2021.

He had a long and distinguished banking and corporate career with more than 35 years both locally and abroad.

A finance graduate from Southern Illinois University at Carbondale, USA, Mr. Das started his banking career in 1985 and worked in USA, Europe, Africa, India and Sri Lanka.

Mr. Das is presently a Fellow with the Institute of Corporate Directors, Malaysia.

Mr. Das experiences ranges from corporate and investment banking to restructuring and risk management.

He also served with Oracle Corporation (USA) as Industry Expert for the Financial Services Industry (FSI) before taking up a corporate role with an Infrastructure company building highways in India.

Thereafter he moved on as a Board of Director with a bank in Sudan where he took the bank to greater heights.

Mr. Das has vast experience and skills in restructuring and risk management and has been exposed to various industries ranging from aviation, banking, construction, consulting, ICT, infrastructure projects and manufacturing.

Currently, he is an Independent Non-Executive Director of Inix Technologies Berhad where he is also the Chairman of the Audit Committee.

He does not have any family relationship with any Director and/or major shareholder of the company. He has no conflict of interest with the company and has had no conviction for offences within the past five (5) years, other than traffic offences, if any.

# Board Of Directors' Profiles
(Cont'd)

Datuk Seri Tan Choon Hwa
*Non-Independent Non-Executive Director*
65 years of age, Malaysian, Male

Datuk Seri Tan Choon Hwa ("Datuk Seri Tan") was appointed as Executive Director on 21 December 2020 and re-designated as Non-Independent Non-Executive Director on 24 January 2022.

Datuk Seri Tan is a businessman with twenty (20) years of experience in various industries such as timber, mining, hotel resort, housing, land development and finance investment holding. He is the Executive Chairman of TCH Resources Group and also holds directorship in Wazlian Group, the Vice President of TA PAY Group as well as IBG Group.

He also holds other chairmanships in several associations, President of Malaysia-China Chamber of Commerce (Kelantan Branch), Vice President of Malaysia-Guangzhou Investment Association, and Advisor to Hongkong Chamber of Commerce and ASEAN Chamber of Commerce (Thailand).

Currently, Datuk Seri Tan sits on the Board of Ni Hsin Resources Berhad as Independent Non-Executive Director, CN Asia Corporation Berhad as Non-Independent Non-Executive Deputy Chairman, and Metronic Global Berhad as Independent Non-Executive Deputy Chairman. He also acts as the advisor of Gunung Capital Berhad and Vice Chairman of Gunung Resources Sdn Bhd, a wholly-owned subsidiary of Gunung Capital Berhad.

He does not have any family relationship with any Director and/ or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years other than traffic offences, if any.

# Board Of Directors' Profiles
(Cont'd)

Azmi Bin Osman
*Non-Independent Non-Executive Director*
46 years of age, Malaysian, Male
*Chairman of Remuneration Committee*
*Member of Risk Management Committee and Investment Committee*

Encik Azmi Bin Osman was appointed to the Board as Independent Non-Executive Director on 29 December 2020 and re-designated as an Executive Director on 24 January 2022. Subsequently, he re-designated from Executive Director to Non-Independent Non-Executive Director on 11 March 2022.

He holds a Bachelor of Arts in Accountancy from University of Humberside, Hull, United Kingdom. He is a member of Malaysia Institute of Accountants, Member of Association of Chartered Certified Accountants.

He started his career as a Team Leader and Country Director in 2000 with KPMG Kuala Lumpur and he was the Audit Partner of Tentsver Orgil Audit LLC from 2006 till 2009. He was the Managing Partner and Shareholder of CNM Audit LLC from 2010 till 2014. He left CNM Audit LLC and joined Asian Metal Exploration Consultancy Sdn Bhd as the Chief Financial Officer till 2016. From 2016 till 2017, he was the Financial Adviser of Malaysia Smelting Corporation Berhad.

He is currently the Managing Partner of ABO Consultancy Sdn Bhd, Advisor of Crowe Horwath Mongolia TMZ LLC and Managing Partner of Wall Bridge Consulting LLC.

He also sits on the Board of SMTrack Berhad.

He does not have any family relationship with any Director and/ or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years other than traffic offences, if any.

Dato' Saiful Nizam Bin Mohd Yusoff
*Executive Director*
52 years of age, Malaysian, Male
*Member of Investment Committee*

Dato' Saiful Nizam Bin Mohd Yusoff was appointed as Independent Non-Executive Director on 1 April 2021 and re-designated as an Executive Director on 10 March 2022.

He holds a Degree in Material Engineering (Hons.) from University Science of Malaysia. He began his career as Project Executive in oil & gas industry since 1994. After spending two years in Miri, Sarawak, he joined Projass Engineering Sdn Bhd as Project Manager from 1997 till 2000. He worked as Project Manager in Javel Engineering Sdn Bhd from 2000 until 2003 before he setting up his own business entity. With his 20 years' experience in development, construction and maintenance. He currently is the Managing Director of Menara Rezeki Group since year 2003 until present.

He also sits on the Board of SMTrack Berhad.

He does not have any family relationship with any Director and/ or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years other than traffic offences, if any.

# Board Of Directors' Profiles
(Cont'd)

Madam Chew Huey Yen
*Independent Non-Executive Director*
64 years of age, Malaysian, Female
*Member of Audit Committee and Nomination Committee*

Madam Chew Huey Yen was appointed as Independent Non-Executive Director on 7 March 2022.

She has more than 15 years of experience and has worked in banks and a listed company in Singapore and Malaysia. She has over 12 years of experience in investment management and corporate consulting including financing, mergers and acquisitions of listed companies. She is now the Partner and management team of CITIC Hyperion HK.

She has served as Singapore's IPP Private Wealth Management Co., Ltd. (Indonesia Lippo Group / OUE Group) as an advisor and director (Customer and Corporate Development Department) responsible for customer acquisition strategy, business and corporate development and network. She was a consultant and advisor to the Kingdom of Saudi Arabia's royal princes - one of which in the province of Jizan KSA, Jazan Economic City; the Bin Ladin Group and Saudi Oger group. She joined Security Solutions Technology USA (Government Appointee Company) as VP International Relations from 2021 until now focus on government relations and industry partners in Asean region.

For the past ten years, her role has been to establish business relationships with Chinese government companies and Malaysian companies for business development and construction related projects such as power and energy; infrastructure projects; buildings of airports; ports etc. in the Kingdom of Saudi Arabia and the Middle East.

She is not a director of any other public companies. She does not have any family relationship with any Director and/ or major shareholder of the Company. She has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years other than traffic offences, if any.

# PROFILES OF KEY SENIOR MANAGEMENT

The Management team is headed by the Executive Director / Chief Executive Officer Mr. Edwin Silvester Das and Executive Director, Dato' Saiful Nizam Bin Mohd Yusoff

Their profiles are set out in page 4 to 9 in this Annual Report.

**From the left**
Ng Chooi Mui, Lee Kuen Loong, Wong Kok Fong, Edwin Silvester Das, Lee Leong Kui, Long Tyan Chee, Chin Chong Pou, Chan Wai Ling

# CHAIRMAN STATEMENT

**Dear Valued Shareholders,**

I am honoured to present you the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 31 December 2021 (FY2021). This would be my second year presenting the report as Jiankun International Bhd (Jiankun)'s Chairman.

## BUSINESS OPERATIONS IN THE NEW NORMAL

As with many businesses, 2021 was a year of challenge year for operation to the "new normal" as the world is continue struck by the COVID-19 pandemic. I am pleased to say that the management team, board of directors and employees of Jiankun have all taken proactive measures to meet these new challenges. In the first half of last year, our office was unable to operate in full force and the second half of the year almost all of our office employees have transitioned into Work-From-Home (WFH). Being a property development and construction player, there is a need for employees to work and present at the construction and development sites. The Group has implemented a strict and effective Standard Operating Procedure (SOP) for both employees, contract employees, contractor and all the supply chain to ensure that construction works distruction is minimize on this challenging year. Among some of the SOP includes temperate check before entry to the sites, all employees are required to wear a mask within the compound of the site, regular self test and physical distance among workers are being emphasized.

While the COVID-19 pandemic undoubtedly has tested our mettle, I am pleased to report that Jiankun remained committed to its pledge to all its stakeholders during this challenging time. For FY2021, the Group managed to maintain four consecutive years of growth since the turnaround in FY2018. The Group's net profit in FY2021 decreased by 62.5% YoY to RM2.1 million as compared to RM5.6 million recorded in FY2020. The decrease in net profit was mainly due to the share based payment under share issuance scheme, impairment in receivable and valuation loss from properties in China. Jiankun's revenue for FY2021 slide jumped by 2% YoY to RM59.9 million from RM58.7 million recorded in FY2020. The growth in FY2021 was mainly due to the conversion of new sale and overall higher construction works completed during the financial year as compared to in FY2020.

The performance was maintained despite there is a disruption on work in its Amani Residences project in Selangor amidst the Movement Control Order (MCO) last year. Despite the proactive measures taken, the MCO that was imposed to contain the spread of infections had led to some difficulty in the contruction work, however the Amani Residences project was completed in December 2021.

What we have shown throughout FY2021 is our commitment to deliver on our project and add values to our shareholders despite the hurdles thrown at us during the continue pandemic and its unprecedented global lockdown to contain the spread of COVID-19 infections.

# Chairman Statement
Cont'd)

## BUSINESS OUTLOOK IN 2022

Going into 2022, we expect to see the Group's financial performance remains challenging amidst the uncertainties of when the COVID-19 went into endemic. While the population was vaccinated with vaccines globally and opening of border indicates that we are at the tail-end of the COVID-19. Althought we are also seeing new strains and variants of COVID-19 but the results of death rate has been decline, the Board and Management is of the view that 2022 will remain a challenging year for the property industry but will expect it will restart in second half of the year.

In line with this, the Management and Board have taken proactive measures to ensure the compliant with SOP to reduce the impact in operation.

We are however confident that the worst is over for the property sector. Also, the property sector is expected to be buoyed by the Government's measures, including the record low overnight policy rate (OPR), incentive and other stimulus in 2022.

The Group had handed over vacant possession of its Amani Residences project in early this year. The project was launched back in 2016. In the near to mid-term, the Management will actively and selectively be looking out for joint ventures arrangements or project delivery management, delivering quality projects that meet the current market conditions and needs.

Being the player in the property development industry, the Group will focus on the expansion of its landbank in 2022. As the 2 years pandemic has a severe impact on the property sector, this puts us in a good position to leverage and negotiate to acquire landbank at an attractive price. The Group has acquired a leasehold land in the Melaka Tengah District, Melaka to build serviced apartments and a 28-storey hotel. It is also one of Jiankun's strategy to expand its property development outside of the Klang Valley.

During the financial year, the Group had diversification into land reclamation business with the acquisition of Embon Global Venture Sdn Bhd in March 2021 in its strategic measures to increase its landbank. the Group had initiated the reclamation concession rights for an area spanning 30 acres in Melaka.

Another measure that has been undertaken by the Group was the conditional share sale and purchase agreement entered with Limpah Restu Development Sdn Bhd (LRDSB) for RM10 million in March 2021. The State of Perak has alienated a 16-acre leasehold land to LRDSB and this piece of land is suitable for the business of Private Cemetery, Crematorium and Columbarium.

Todate, Jiankun has increased its landbank to around 50 acres.

In 2022, the Board and Management is confident that our aim to be a leading niche property developer in the residential, commercial and industrial segments is well in place. We remain confident that our proactive measures to build our landbank for the future and participate in collaborations with various partners in the near term will help to build sustainable earnings growth going forward.

## APPRECIATION

I would like to take this opportunity to acknowledge the continuous efforts and dedication of Jiankun Management team, the Board and the entire workforce in enabling the Company to weather this challenging period amidst the pandemic. I would also like to extend my utmost gratitude to our business partners, associates, suppliers, regulators, authorities as well as customers for their trust in the vision and mission of the company.

With your continued support, I am confident that Jiankun will maintain its positive growth momentum going forward.

Sincerely,

**Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali**
Independent Non-Executive Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

On Behalf of the Board of Directors of Jiankun International Berhad ("Jiankun", "the Company" or "the Group"), it gives me great pleasure to present the Annual Report together with the Audited Financial Statements of the Group and the Company for the financial year ended (FYE) 31 December 2021 together with the Management Discussion and Analysis ("MD&A").

The following MD&A of the operating performance and financial position of the Company and the Group for the FYE 31 December 2021, should be read in conjunction with the Audited Financial Statement and related notes thereto.

The information presented in the MD&A, including information relating to comparative periods in 2020, is presented in accordance with the Malaysian Financial Reporting Standards ("MFRS") unless otherwise stated.

## Overview of Business and Operations

Jiankun is a company listed on the main market of Bursa Security under the Property category. The Company issued and fully paid up capital is RM41,640,651 represented by 213,706,069 ordinary shares.

For the FYE 31 December 2021, Jiankun has fully constructed Amani Residences project and handed over vacant possession to buyer in February 2022. As at 31 December 2021, the Group Revenue recorded RM59.9 million (2020: RM58.7 million) and the profit before tax of RM4.5 million (2020: RM7.8 million).

The sales rate of the project achieved RM207.1 million (2020: RM192.0 million) or 368 units (2020: 346 units). The achievement of 368 units or approximately 97.6% sales rate was mainly due to government extension of Home Ownership Champagne ("HOC") during pandemic time.

The accounting policy for investment properties adopted by the Group is based on valuation method, each year the Company will appoint qualified independent valuer to revalue the investment properties located in China. The valuation of investment properties was neither increase nor decrease in transaction currency (RMB China), however due to translation effect, it was resulting a decrease in net profit of RM1.0 million which was included in the consolidated results.

## Corporate Objective and Strategies

Since Residences project will be completed it construction in year 2021 and handover to buyer in February 2022. During financial year ended 31 December 2021, the Management has successfully acquired two pieces of land which may provide continuity for the Group operation.

The Board and the Management remain active in sourcing for feasible lands for future development and other opportunities in line with the Group construction and development.

Prior to conclude any opportunity, the Management will perform a details study prior to present to the Board for decision.

# Management Discussion And Analysis
(Cont'd)

## Financial Highlights

The Group's key financial information for the year ended 31 December 2021 and 31 December 2020 are summarized as follows:

| | 2021 RM million | 2020 RM million |
|---|---|---|
| Turnover | 59.94 | 58.74 |
| Earnings Before Interest, Depreciation, Armotisation and Taxation (EBITDA) | 4.67 | 7.89 |
| Profit Before Taxation | 4.54 | 7.77 |
| Taxation | (2.39) | (2.16) |
| Profit After Taxation and Minority Interest | 2.15 | 5.25 |
| Total Comprehensive Income | 2.83 | 4.81 |
| Net Tangible Assets | 80.74 | 59.88 |

### Turnover

For FYE 31 December 2021, the Group achieved a turnover of RM59.94 million (2019: RM58.74 million). The revenue breakdown as follows:

| | 2021 RM million | 2020 RM million |
|---|---|---|
| Property development and construction | 59.35 | 52.51 |
| Trading | 0.47 | 6.10 |
| Rental | 0.12 | 0.13 |
| Total Revenue | 59.94 | 58.74 |

The increase in revenue was due to the Group has achieved sales take up rate of RM207.1 million (2020: RM192.0 million) which represented 94.57% (2020: 89.6%) of the total development value and the project was completed in December 2021 and handed over vacant possession on February 2022 for Amani Residences project.

### Results

Due to the sales take up rate of RM207.1 million and completion of the project, the Group recorded a profit of RM2.15 million (2020: RM5.60 million) and EDITDA of RM4.67 million (2020: RM7.89 million) after taken into share based expenses, impairment and valuation loss.

### Financing Position

In order to continue support the construction and development of the project, continue financing from financial institution is essential for the Group.

During the FYE 2021, there is no loan borrowing for the Group.

### Expansion and Strategic

In order to ensure sustainability business for the Group, last year the Group announced for the purchased a few pieces of lands for development and carried on fund raising exercise to support the acquisition. Currently the lands were under planning for development.

Other than the lands acquired last year, the Group will continue source for suitable lands on joint venture with potential land owners to minimise the initial capital outlay. The development will use internal and external funding to finance the new acquisition.

# Management Discussion And Analysis
(Cont'd)

**Non-financial indicator**

Other than financial indicator, non-financial indicators are important to judge the Group performance. The non-financial indicators use by the Group are staff turnover, sales take up rate, economy and number of successful loan approval granted.

In view of the country entered into Endemic phase, the challenge facing by the Group will be remain. The Board and Management are expecting the Group performance will be affected, and the Board and Management will take necessary action to mitigate the possible risk during the pandemic period.

**Significant changes in performance, financial position & liquidity**

The Board anticipated that the Endemic phase may affected the performance, financial position and liquidity in year 2022. The Management will ensure sufficient fund to maintain its performance, financial position and liquidity in order to ensure continued growth and sustainability.

In order to mitigate the financial risk, the Group would take reasonable care to safeguard the company's assets in order to ensure shareholders and stakeholders wealth are protected.

**Capital expenditure**

In financial year ended 31 December 2021, the Management decided to invested in acquisition of new corporate office space at PJX-Shah Tower, located in the heart of the Petaling Jaya. This new office will provide a permanent office address for the Group and enhance the image of the Jiankun.

However, massive capital expenditure will not be required and the Management will continue the operation based on existing business model. Current model will be sub-contracted the construction elements to third parties which have their expertly in the related field and fully equip with facilities to complete the task.

If additional capital expenditure require, the Management will invest in capital expenditure to optimize the shareholders and stakeholder wealth.

## Business and industries trend

National Property Information Centre information (NAPIC) reported that the number of inventories remain high and caution in providing financial assistant to potential buyers may result lower demand for residential properties during the Endemic era.

However, the supply of houses has remained consistent in larger cities for affordable development. It is expected that affordable residential development will dominant growth in urban city.

## Associated risk and mitigation plans & strategies

**Business Risk**

a) Foreign currency risk

The Group's exposure to foreign currency risk is minimal except for investment properties in China. Management will continue to review the Group's exposure to foreign currency risks arising from turnover generated in currencies other than Ringgit Malaysia.

b) Interest rate risks

The property development businesses require external financing and the cost of financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, any restrictions imposed by the Government of Malaysia as well as political, social and economic conditions in Malaysia. The Group businesses may also be exposed to fluctuation in interest rate movements. Any significant increase in interest rate may also adversely affect the financial performance of the Group.

# Management Discussion And Analysis
(Cont'd)

The Management would monitor and mitigate the interest rate risk by undertaking prudent capital budgeting where for all major financing decision, consultation and approval of the Board will be made and obtained.

c) Competition risks

The Group's competitiveness is dependent on the ability of the management to price the product competitively, to provide quality and timely delivery of properties and to manage the sales of the properties.

The management will continue to undertake measures to remain competitive in the property development industry by providing quality products and competitive pricing and ensure timely completion and delivery of properties sold.

d) Delays in commencement and completion

There are many external factors which are beyond the control of the management that could affect the timely completion of property development like getting the necessary approvals from relevant authorities, the availability of construction materials in reasonable amounts and satisfactory performance of the appointed building contractors.

The management will closely monitor the progress of work to mitigate the risks by rectifying any setbacks in order to ensure timely completion of the development.

## Forward looking statement

**Possible trend, outlook & sustainability of each principal business segment**

Despite current economic conditions on Endemic phases, we expect demand for affordable residential properties remain higher demand. The management will continue to focus on this sector to meet the market needs.

**Prospects of new business or investments**

There are numerous development opportunities that are being pursued by the management. The management will work closely with the Board to evaluate all potential new business or investments to optimise the interest of the Group as well as the shareholders and stakeholders.

**Dividend/distribution policy & factors contributing**

At this moment, the Company has not formalised any dividend/distribution policy in rewarding the shareholders. After taking into consideration of the Group's financial performance, cash flow position and fund needs for future expansion of the Group, the Board will act in best interest to continue growing the business as well as reward the shareholders who had given strong support to the Group.

## Conclusion

The Management expected 2022 will be challenging year bearing all the unforeseen circumstances, the management remain confident with the business opportunities identified and will proceed cautiously to ensure continued business growth.

# CORPORATE SUSTAINABILITY STATEMENT

The Board of Directors acknowledges the importance of corporate sustainability in doing business. Sustainability is an integral part of our business and the Group's to strike a balance between business objective and corporate social responsibility ("CSR") and strives to fulfill the expectation of its stakeholders by enhancing its social environmental and economical performance while ensuring the sustainability and operational success of the company.

The Groups' CSR will be focus on four major areas involve the workplace, environmental, market place and community services.

**i. Workplace**

The Management believes the important of human capital development and the employees are the important assets of the Group. As such, the Management will ensure that the workplace provided to employees' is safe, pleasant and conductive working environment. During the period of COVID-19 pandemic the Management has sanitised the office and provided free COVID-19 test to staffs to ensure all the employees had a safety working environment.

The Management acknowledges that the employees are coming from multi races, different cultures and religions. The Group recruitment policy will ensure that selection of employees was based on the merits, competency, skill and experience to fill the job requirement in order for employees to contribute their effort in achieving overall business sustainability.

In order to optimise the employees' capabilities and competency in discharging their duties, employees to continue participating various jobs related training programmes and seminars to equip themselves with latest knowledge and technique to discharge the duties in more productively and efficiently manner.

**ii. Environmental**

The Management recognised that day to day business may give negative impact to the environment. As such, the Management will continue to adhere to regulatory requirements in reducing the harmfulness to the environment.

The Management will ensure the employees and service providers are adhered to Environmental Act in force in Malaysia.

**iii. Market Place**

The Group emphasises on transparent and good corporate governance practices and accountability to meet the shareholders' expectation. However, the Management acknowledges that stakeholders, analysts, bankers, customers, suppliers, authorities and public is equally important to the Group, hence the Group committed and will ensured that they are taken care of.

**iv. Community**

The Group recognises the co-relationship between business growth, social well-being and public welfare; therefore the Group will continue to contribute to vulnerable groups in helping their living quality.

The Management understands that the important of youth being the future sustainability of Group. The Management endeavours to continue provide training to the youth to equip with necessary to face the challenge in new economic climate.

The Group will continue to focus on its CSR on enhancing the community sustainability.

**v. CSR**

The Group has embarked in providing on-job training for university/college interns. At present the Group has engage four accounting Interns who are doing their internship in the Corporate Finance, Accounting, Treasury, Contract and Project function.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Jiankun values the importance of good corporate governance and upholds the principles and good practices contained in the Malaysian Code on Corporate Governance 2021 ("MCCG"), where applicable.

MCCG serves as a fundamental guide to the Board in discharging its duty to act in the best interest of the Group while enhancing long-term shareholders' value and interests of other stakeholders.

This overview statement is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is to be read together with the Corporate Governance Report of the Company for the financial year ended 31 December 2021 ("FY 2021"), which is available on the Company's website at www.jki.com.my.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

**Principle A: Part 1 – Board Responsibilities**

**Intended Outcome 1.0**

- **Every company is headed by a Board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.**

The Board is responsible for the leadership, oversight and overall management of the Company. An effective Board is the one that made up of a combination of Executive Director with intimate knowledge of the business and Non-Executive Directors from diversified industry/business background to bring broad business and commercial experience to the Group.

The Board has the overall responsibility for corporate governance, establishing goals, strategies and direction, reviewing the Group's performance and critical business issues and ultimately the enhancement of long-term shareholders' value. It monitors and delegates the implementation of the strategic direction to the management.

The Directors collectively, with their different background and specialisation, bring with them a diverse wealth of experience and expertise in areas such as business, finance, legal, regulatory and operations which is relevant to the Group. A brief profile of each individual Directors is set out in this Annual Report.

The Board reviews the strategic plan of the Company tabled by Management at its meeting. The review would cover the performance targets and long-term plans of the Company to be met by Management. The Board is satisfied with the strategic plan of the Company as presented by the Management.

The Board would continue to review the plan to ensure its implementation. The Board's role is to oversee the performance of the Management to determine whether the business is properly managed.

The Board gets updates from Management at the quarterly Board meetings when reviewing the unaudited quarterly results. During Board meetings, the Board participated actively in the discussion on the performance of the Company and assessed the performance of the Management.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and responsibilities to the following respective Board Committees:-

- Audit Committee;
- Nomination Committee;
- Remuneration Committee;
- Risk Management Committee; and
- Investment Committee.

The Chairman of each Board Committee will report to the Board on the outcome of the Committee's meetings which also include the key issues deliberated at the Committee's meetings. The Board Committees discharge their duties in accordance to the Terms of Reference approved by the Board.

# Corporate Governance Overview Statement
(Cont'd)

**1.1 The Chairman of the Board**

The Board is led by an Independent Non-Executive Chairman, who is accountable for ensuring the integrity and effectiveness of the governance process of the Board.

The Chairman is primarily responsible for the orderly conduct of the Board meetings and ensure effectiveness of the Board as well as to ensure that all strategic and critical issues are discussed by the Board in a timely manner.

The responsibilities of the Chairman are clearly defined in the Board Charter, which is available on the Company's website at www.jki.com.my.

**1.2 Separation of position of the Chairman and Chief Executive Officer ("CEO")**

The position of the Chairman and the CEO are held by separate individual who are not related to each other, to ensure a good balance of power and authority, such that no one individual has unfettered powers in decision making.

The Chairman is responsible in leading the Board in its collective oversight of Management and ensure effectiveness of the Board matters whilst the CEO is responsible to implement the policies and strategies approved by the Board for the purposes of running the business and the day-to-day management of the Company.

Presently, the Board is chaired by Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali who is able to provide effective leadership and necessary governance to the Group. He chairs the meetings of the Board and the shareholders, and thus ensuring effective communication with the shareholders as well as the relevant stakeholders and the position of CEO is held by Mr Edwin Silvester Das.

**1.3 Qualified and Competent Company Secretaries**

In compliance with Practice 1.4 of the MCCG, the Board is supported by two (2) External Secretaries. The Company Secretaries of the Company are qualified to act as Company Secretary under Section 235 of the Companies Act, 2016 ("the Act"). The Company Secretaries provides the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regard to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, MCCG, guidance and legislation.

The Board has ready and unrestricted access to the advice and services of the Company Secretaries, who are considered capable of carrying out the duties to which the post entails. The Directors may seek advice from the management on issues under their respective purview. The Directors may also interact directly with the management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

The Company Secretaries keep the Board abreast with the latest regulatory updates and ensure that deliberations at Board and Board Committee meetings are well documented.

The Board is satisfied with the performance and support rendered by the two (2) qualified and experienced Company Secretaries to the Board in discharge of its functions.

# Corporate Governance Overview Statement
(Cont'd)

The Company Secretaries are accountable to the Board on all matters connected with the proper functioning of the Board and responsibility includes:

- assisting the Chairman and the Chairmen of the Board Committees in developing the agendas for the meetings;
- administering, attending and preparing the minutes of meetings of the Board, Board Committees and shareholders;
- acting as liaison to ensure good information flow within the Board, between the Board and its Committees as well as between management and the Directors;
- advising on statutory and regulatory requirements and the resultant implication of any changes that have bearing on the Company and the Directors;
- advising on matters of corporate governance and ensuring Board policies and procedures are adhered to;
- monitoring compliance with the Act, the MMLR and the Constitution of the Company;
- facilitating orientation of new director;
- disseminating suitable training courses and arranging for Directors to attend such courses when requested.

**1.4 Access of Information and Advice**

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advisers or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice and services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulatory are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

Senior Management staff may be invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board.

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

# Corporate Governance Overview Statement
(Cont'd)

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

During the financial year under review, five (5) Board meetings were held and the record of attendance of each Board Member as follows: -

| Name of Directors | No. of Meetings Attended |
|---|---|
| **Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali** | 5/5 |
| **Dato' Ir Lim Siang Chai**<br>*(re-designated as Non-Independent Non-Executive Director on 24 January 2022 and subsequently re-designated as Executive Deputy Chairman on 16 February 2022)* | 5/5 |
| **Datuk Seri Tan Choon Hwa**<br>*(re-designated from Executive Director to Non-Independent Non-Executive Director on 24 January 2022)* | 3/5 |
| **Edwin Silvester Das** | 5/5 |
| **Azmi Bin Osman**<br>*(re-designated from Independent Non-Executive Director on 24 January 2022 and subsequently re-designated from Executive Director to Non-Independent Non-Executive Director on 11 March 2022)* | 5/5 |
| **Dato' Saiful Nizam Bin Mohd Yusoff**<br>*(appointed on 1 April 2021 and re-designated from Independent Non-Executive Director to Executive Director on 10 March 2022)* | 3/3 |
| **Madam Chew Huey Yen**<br>*(appointed on 7 March 2022)* | Not Applicable |

Save for newly appointed Director, all the Directors have complied with the minimum 50% attendance requirement in respect of Board Meeting as stipulated in the MMLR. In the intervals between Board Meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board Meeting.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

**Principle A: Part 1 – Board Responsibilities**

**Intended Outcome 2.0**
- **There is demarcation of responsibilities between the board, board committees and management.**
- **There is clarity in the authority of the board, its committees and individual directors.**

**2.1 Board Charter**

The Board understands the importance of the roles and responsibilities between the Board and Management. As part of the good corporate governance process, the Board has documented these roles and responsibilities in the Board Charter to ensure accountability of both parties and to provide reference for directors in relation to the Board's role, powers, duties and functions.

The Board reviewed the Board Charter on 16 April 2019 to re-align the existing governance policies in the Company with the good standard of corporate governance practices prescribed by MCCG and MMLR, where possible or relevant.

# Corporate Governance Overview Statement
(Cont'd)

The Board reviews the Board Charter, where necessary, to ensure it remains relevant and effective at the prevailing time and business environment. The Board Charter clearly set outs the functions, responsibilities, and processes of the Board and ensures that all Board members are aware of their roles and duties. In order to ensure that the direction and control of the Group are in the hands of the Board, it had adopted a formal schedule of matters reserved for the Board's deliberation and decision which is set out in the Board Charter. The Board Charter is available on the Company's website at www.jki.com.my.

**Intended Outcome 3.0**
- **The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.**
- **The Board, management, employees and other stakeholders are clear on what is considered acceptable behavior and practice.**

**3.1 Code of Ethics and Conduct**

The Board is committed in maintaining a corporate culture, which engenders ethical conduct. The Board has adopted the Code of Conducts and Ethics that summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioral considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct and Ethics are available for reference at the Company's website at www.jki.com.my.

**3.2 Whistle Blowing Policy**

The Board has adopted a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

The main objectives of the policy are:

i) Be committed to the Company's business ethics of Honesty, Integrity and Transparency;

ii) To provide a transparent and confidential process for all parties to give information on non compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and

iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders. The details of the Whistle-blowing Policy are available for reference at the Company's website at www.jki.com.my.

Stakeholders, who have suspected fraud, misconduct or any integrity concerns, are encouraged to fill up a Whistle Blowing Report Form and email to:

Attention : Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali
Designation : Chairman of Audit Committee
Email : jibwb@jki.com.my

# Corporate Governance Overview Statement
(Cont'd)

### 3.3 Anti-Corruption, Gifts and Entertainment Guidelines (For Customers & Suppliers)

The Company has since 27 May 2020 implemented an Anti-Corruption, Gifts and Entertainment Guidelines (for customers and suppliers) in line with the Malaysian Anti-Corruption Commission Act, which is the Section 17A on corporate liability for corruption. The said Guidelines is available on the Company's website at www.jki.com.my.

In FY2021, there was no incident of bribery and corruption were reported to the Group.

**Principle A: Part 2 – Board Composition**

**Intended Outcome 4.0**
- **Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.**

### 4.1 Board Composition

During the financial year under review, the Board of Jiankun currently comprises of seven (7) members which includes the following:

a) one (1) Independent Non-Executive Chairman;
b) one (1) Deputy Executive Chairman;
c) two (2) Executive Directors;
d) two (2) Non-Independent Non-Executive Directors;
e) one (1) Independent Non-Executive Director.

The Board is of the opinion that the current size and composition constitute an effective Board in view of the nature of business and the scale of its Group's business operation.

The composition of the Board complies with Paragraph 15.02(1) of the MMLR of Bursa Securities. The profile of each Director is presented separately in Board of Directors' Profile of this Annual Report 2021.

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives. The Board is of the opinion that the directors, with their different background and specializations, collectively bring with them a wide range of experience and expertise required to discharge the Board's duties and responsibilities.

The Board, through the Nomination Committee, having reviewed the size and complexity of the Group's operations, is of the view that the number of members in the Board is appropriate. Nevertheless, the Board is receptive to revamp the composition of members to ensure that the Board can function more effectively.

### 4.2 Tenure of Independent Director

The tenure of Independent Directors of the Company is as follows:-

| As at the date of this Statement | <1 | 3-5 | > 5 - 7 |
|---|---|---|---|
| Independent Non-Executive Directors | 1 | 1 | - |

Under the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a non-independent Director.

# Corporate Governance Overview Statement
(Cont'd)

Currently, the Board does not have a policy in place on the tenure for Independent Directors in the Board Charter as the Board is of the view that a cumulative term of more than nine years may not necessarily impair independence and judgement of an Independent Director and therefore the Board does not deem it appropriate to impose a fixed term limit for Independent Directors in the Board Charter at this juncture.

Nevertheless, in the event where any Independent Director has served the Board for a cumulative term of nine years, the Nomination Committee, will access and decide whether he/she can remain as an Independent Director. In such situation, the Board will make a recommendation and provide strong justification to the shareholders in a general meeting to provide the shareholders with sufficient insight to enable them to assess the merits of the Board's decision to retain the services of the Independent Directors beyond the nine-year tenure.

In the event where an Independent Director has served the Board for a cumulative term of twelve years, the Nomination Committee will access and decide whether he/she can remain as an Independent Director. In such situation, the Board will make a recommendation and provide strong justification to the shareholders in a general meeting to provide the shareholders with sufficient insight to enable them to assess the merits of the Board's decision to retain the services of the Independent Directors beyond the twelve-year tenure. Under these circumstances, the Board will seek shareholders' approval under a two-tier voting process.

Where the Board has determined that the said Independent Director shall not remain as an Independent Director, then he/she will be re-designated as a Non-Independent Director accordingly.

During the financial year under review, none of the Independent Non-Executive Director have served on the Board for more than nine years.

**4.3 Diversity of the Board and Senior Management**

The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment.

The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group.

Notwithstanding with the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times. In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

**4.4 Boardroom and Gender Diversity**

The Board does not have a policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Group. However, the Board Charter specifies that, as a matter of policy, the Board shall consist of qualified individuals with diverse experience, background, and perspective and the Board has taken into consideration the varied mix of board diversity, skill-set and qualification of candidates chosen to be members of the Board.

**4.5 Appointments to the Board**

The Nomination Committee makes independent recommendations for appointments to the Board. In making these recommendations, the Nomination Committee assesses the suitability of candidates, taking into account the character, integrity, competence, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

# Corporate Governance Overview Statement
(Cont'd)

The Nomination Committee is also empowered to bring to the Board, recommendation as to the appointment of any new Director or to fill board vacancies as and when they arise. In making its recommendation, the Nomination Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

In fulfilling its primary objectives, the Nomination Committee shall undertake, amongst others, the following duties and responsibilities:

i) to regularly review the structure, size and composition of the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;
ii) to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision-making process of the Board;
iii) give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
iv) prepare a description of the role and capabilities required for a particular appointment;
v) identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
vi) in determining the process for the identification of suitable new candidates, the Nomination Committee will ensure that an appropriate review or search is undertaken by an independent third party to ensure the requirement and qualification of the candidate nominated;
vii) to make recommendations to the Board on candidates it considers appropriate for appointment; and
viii) to recommend to the Board concerning the re-election by shareholders of any director under the "retirement by rotation" provisions in the Company's Constitution.

During the FY2021, Dato' Saiful Nizam Bin Mohd Yusoff has been appointed as an Independent Non-Executive Director.

**4.6 Criteria for Recruitment**

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programme for the Board.

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

# Corporate Governance Overview Statement
(Cont'd)

In general, the process for the appointment of director to the Board is as follows:

(i) The Nomination Committee reviews the Board's composition through Board assessment/ evaluation;
(ii) The Nomination Committee determines skills matrix;
(iii) The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
(iv) The Nomination Committee recommends to the Board for appointment; and
(v) The Board approves the appointment of the candidates.

Factors considered by the Nomination Committee when recommending a person for appointment as a director include:

(i) the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
(ii) the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
(iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

**4.7 Nomination Committee**

The Company has established the Nomination Committee comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

The present Nomination Committee members are as follows:

Chairman : Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali (Independent Non-Executive Chairman)
Member : Chew Huey Yen (Independent Non-Executive Director)(appointed on 7 March 2022)

The Nomination Committee had undertaken the following activities for the FY 2021:

(i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
(ii) Reviewed the Independence of Independent Directors;
(iii) Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the forthcoming Annual General Meeting ("AGM") of the Company; and
(iv) Reviewed the background and experienced of proposed new directors and make appropriate recommendation to the Board.

**4.8 Directors' Training**

Due to the ever-increasing complexities in doing business, Directors are expected to upgrade their skill sets and keep themselves abreast with the developments in the business environment as well as with any new relevant regulatory and statutory requirements to maximise their effectiveness as members of the Board.

Save for newly appointed directors, all Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Listing Requirements. The Directors shall be committed to continuous education to equip themselves with the knowledge and understanding of various provisions, rules, regulations and the latest development in the industries to effectively discharge their duties and obligations.

# Corporate Governance Overview Statement
(Cont'd)

The Directors are briefed by the Company Secretary on the letters and circulars issued by Bursa Securities during Board meeting. The Directors also will continue to undergo training and education programmes in order to keep themselves abreast on the various issues facing the changing business environment within which the Company operates in order to discharge their duties and responsibilities more effectively.

Updates on the MCCG, the Act and the MMLR were given by the Company Secretary to all Directors to facilitate knowledge enhancement in the areas of the Corporate Governance and relevant compliance areas.

All Directors have full opportunity to attend seminars, trainings, workshops and conference to update their knowledge and skills to contribute and to carry out their roles and duties in line with the directors' responsibility.

All Directors have complied with the Continuous Training Programme prescribed by Bursa Securities. Training programmes, courses, seminars, conferences, talks, briefings attended by the Directors during the FY2021 were as follows: -

| **Director** | **Title** |
|---|---|
| Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali | Mandatory Accreditation Programme for Directors of Public Listed Companies |
| Dato' Ir Lim Siang Chai | Country-Level Macroeconomics and Capital Markets |
| Datuk Seri Tan Choon Hwa | Mandatory Accreditation Programme for Directors of Public Listed Companies |
| Edwin Silvester Das | Property Developers Sales Summit 2021 |
| Dato' Saiful Nizam Bin Mohd Yusoff | Mandatory Accreditation Programme for Directors of Public Listed Companies |
| Chew Huey Yen<br>(appointed on 7 March 2022) | Not applicable |

Save as disclosed above, Azmi Bin Osman was not able to attend any seminar and/or training programme during the financial year due to busy work schedule. However, he has kept himself abreast on financial and other business aspect through readings and meetings to enable him effectively discharge his duties and contribute to the Board.

They are also aware of their duties and responsibilities and will continue to undergo their relevant training programmes to keep abreast with new regulatory developments are required in compliance with the MMLR on continue education.

# Corporate Governance Overview Statement
(Cont'd)

**Intended Outcome 5.0**
- **Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.**

**5.1 Annual assessment of the Directors, Board as a whole and Board Committees**

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annually basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming AGM, with a view to meeting current and future requirements of the Group.

Under the MMLR of Bursa Securities, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of the MMLR of Bursa Securities.

The criteria used by the Nomination Committee in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self-assessment on an annually basis. The Board did not engage any external party to undertake an independent assessment of the Directors.

During the FY 2021, the Nomination Committee conducted an annual assessment of its Directors and the effectiveness of the Board of Directors as a whole in terms of board mix and composition, boardroom activities and board's relationship with management.

Upon recommendation by the Nomination Committee of the proposed re-election of the relevant directors, the Board had recommended the re-election of the relevant Directors to be tabled at the forthcoming 38th AGM for shareholders' approval.

**Principle A: Part 3 – Remuneration**

**Intended Outcome 6.0**
- **The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.**
- **Remuneration policies and decisions are made through a transparent and independent process.**

**6.1 Directors' remuneration procedures and policies**

Directors' remuneration is generally benchmarked against the market average of comparable companies to attract talent and retain the Directors to run the Company. It has established a Remuneration Committee ("RC") to review and ensure that the remuneration of its members fairly reflect the Board's and members' responsibilities, the expertise required by the Company and the complexity of its operations. The said remuneration should also be in line with the business strategy and long-term objectives of the Company.

### 6.2 Remuneration Committee

In line with the best practices of the MCCG, the Board has set up a Remuneration Committee which would comprise majority of Independent Non-Executive Directors to assist the Board for determining the Director's remuneration.

The present members of the Remuneration Committee are as follow: -

Chairman : Azmi Bin Osman (Non-Independent Non-Executive Director)
Member : Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali (Independent Non-Executive Chairman)
Member : Dato' Ir Lim Siang Chai (Deputy Executive Chairman)

The Remuneration Committee is primarily responsible for recommending the policy and framework of the remuneration of the directors and senior management, including the terms and remuneration of the executive director(s), to the Board in order to align with the business strategy and long-term objectives of the Company.

The remuneration of Directors and Senior Management is determined at levels which enable the Company to attract and retain Directors and senior management with the relevant experience and expertise to govern the Group effectively.

**Intended Outcome 7.0**

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

### 7.1 Details of the remuneration of Directors

The Board collectively determines the remuneration for the Non-Executive Directors to ensure the same is appropriately reflective of experience and the level of responsibilities and contributions including the number of the scheduled meetings for the Board, board of subsidiaries and Board committees; and competitive compared with the prevalent market practices. Each of the Non-Executive Directors abstains from deliberating and voting on his own remuneration.

A summary of the remuneration of the Directors (including benefit-in-kind) in the Company for services rendered to the Group for the FY2021 is analysed as follows:-

| Directors | Fees (RM) | Salary (RM) | Allowance* (RM) | Statutory contribution (RM) | Others Benefit | Total (RM) |
|---|---|---|---|---|---|---|
| Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali | 129,000 | - | 500 | - | 2,915 | 132,415 |
| Dato' Ir Lim Siang Chai | - | 140,000 | 76,800 | 24,000 | 780 | 241,580 |
| Datuk Seri Tan Choon Hwa | - | 91,000 | 8,400 | 12,197 | - | 111,597 |
| Edwin Silvester Das | - | 283,774 | 84,000 | 41,846 | 6,594 | 416,214 |
| Dato' Saiful Nizam Bin Mohd Yusoff | 31,500 | - | 500 | - | 2,915 | 34,915 |
| Azmi Bin Osman | 72,000 | - | 1,000 | - | - | 73,000 |
| Chew Huey Yen | - | - | - | - | - | - |

* Allowance include the meeting allowance for the Directors' attendance in Board and Board's Committee Meetings.

# Corporate Governance Overview Statement
(Cont'd)

### 7.2 Remuneration of Top Five Senior Management

Senior Management staff are those primarily responsible for managing the business operations and corporate divisions of the Group. The remuneration paid to the top five Senior Management including salary, bonus, benefits-in-kind and other emoluments in band of RM50,000 is as follows:

| Range of Remuneration | Total |
|---|---|
| Below RM50,000 | - |
| RM50,000 – RM150,000 | 1 |
| RM150,001 – RM250,000 | 1 |
| RM250,001 – RM350,000 | - |
| RM350,001 – RM450,000 | 1 |
| RM450,001 – RM550,000 | - |

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Principle B: Part 1 – Audit Committee

**Intended Outcome 8.0**
- **There is an effective and independent Audit Committee.**
- **The board is able to objectively review the Audit Committee's findings and recommendations.**
- **The company's financial statement is a reliable source of information**

### 8.1 The Chairman of the Audit Committee is not the Chairman of the Board

Practice 1.4 of the MCCG states that the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali ("Tan Sri Chairman"), is the Chairman of the Board and he is also the Chairman of Nomination Committee and member of Audit Committee and Remuneration Committee, which is a departure from the Practice 1.4 of the MCCG.

The Board believes that Tan Sri Chairman is financially literate and have business as well as financial acumen. His experience and industry knowledge benefit the Company and shareholders, which outweigh any perceived disadvantages of being assuming positions of Chairman of the Board and a member of the Board Committee.

However, in acknowledgement of the spirit of the Practice 1.4 of the MCCG, the Company is looking into this matter where the suitable candidate to join the Company as an Independent Director and to sit in the Board Committee by near future.

### 8.2 Former audit key partner

Practice 9.2 of the MCCG requires the Audit Committee to have a policy that requires a former key audit partner to observe a cooling-off period before being appointed as member of the Audit Committee.

As of 31 December 2021, none of the members of the Board, including the members of the Audit Committee, are former key audit partners of the external auditors appointed by the Group. The Board has no intention to appoint any former key audit partner as a member of the Audit Committee.

### 8.3 Suitability, objectivity and independent of the external auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

# Corporate Governance Overview Statement
(Cont'd)

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

In assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following:

i) the adequacy of the experience and resources of the External Auditors;

ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and

iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to response and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Director and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2021.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2022.

**8.4 Qualification of the Audit Committee**

All Audit Committee members are financially literate, and its composition and performance are reviewed by the Nomination Committee annually and recommended to the Board for its approval.

Audit Committee members acknowledge the need for continuous education trainings, however, for the year under review, some members of the Audit Committee attended training on the developments in accounting and auditing standards, practices and rules.

# Corporate Governance Overview Statement
(Cont'd)

### 8.5 Composition of the Audit Committee

This is in compliance with Paragraph 15.09(1)(b) of the MMLR of Bura Securities, which stipulates that all the audit committee members must be non-executive directors, with a majority of them being independent directors.

As of the date of this Statement, the Audit Committee comprises three (2) Independent Non-Executive Directors, of whom all are Independent Directors. The Audit Committee is headed by Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali, who is an Independent Non-Executive Chairman.

The duties, functions and responsibilities of the Audit Committee is clearly spelt out in their Terms of Reference.

**Intended Outcome 9.0**
- **Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.**
- **The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.**

### 9.1 Establishment of risk management and internal control framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriate to risks of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm adopted on-going monitoring and review to the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified, evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The Board of Director acknowledges its responsibilities for the Company to maintain a sound system of internal controls covering financials, operations and compliance controls and to safeguard shareholders' investments as well as the Group's assets. While every effort is made to manage the significant risk, by its nature, the system can only provide reasonable but not absolute assurance against material misstatement or loss. Ongoing reviews are carried out by the Board, with the assistance of the Audit Committee, International Auditors and External Auditors, to safeguard the Group's assets.

### 9.2 Features of its risk management and internal control framework

The details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control on pages 39 to 40 of this Annual Report.

# Corporate Governance Overview Statement
(Cont'd)

**Intended Outcome 10.0**
- **Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

**10.1 Internal Audit Function**

The Group has out-sourced the Internal Audit Function to an independent consulting firm to provide an independent assessment of the adequacy, efficiency, effectiveness of the Group's internal control system. The Internal Auditors reports directly to the Audit Committee on its activities based on approved annual Internal Audit plan.

The principal responsibility of the Internal Audit Function is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the Internal Auditors reviews and assesses the Group's systems of internal control and report to the Audit Committee directly.

Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the Committee for review and approval. This ensures that the audit direction is in line with the Committee's expectations.

Further details of the activities of the internal audit function are set out in the Audit Committee Report on pages 37 to 38 of this Annual Report 2021.

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

**Principle C: Part 1 – Communication with Stakeholder**

**Intended Outcome 11.0**
- **There is continuous communication between the company and stakeholder to facilitate mutual understanding of each other's objectives and expectations.**
- **Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.**

**11.1 Effective, transparent and regular communication with its stakeholders**

Along with good corporate governance practices, the Group is committed to provide to investors and the public with comprehensive, accurate and material information on a timely basis. The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

In order to maintain its commitment of effective communication with shareholders, the Group embrace the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders, it is not only established just to comply with the MMLR of Bursa Securities.

The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

# Corporate Governance Overview Statement
(Cont'd)

**11.2 Leverage on Information Technology for Effective Dissemination of Information**

The Company's website at www.jki.com.my incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via the Company's website, www.jki.com.my.

**Intended Outcome 12.0**
- **Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.**

**12.1 Notice for an Annual General Meeting**

General meeting serves as a principal platform for the Board and Senior Management to engage with shareholders and encourage effective shareholders' communication on the Company's performance, corporate and business developments and any other matters affecting shareholder interests.

The Company Secretaries, by order of the Board, served a notice of AGM to all shareholders of the Company at least 28 days prior to its forthcoming 38th AGM to provide the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the 38th AGM. Notice of the 38th AGM clearly sets out details of the resolutions proposed accompanying with explanatory notes on the rationale of each resolution to enable the shareholders to make informed decision in exercising their voting rights.

The Notice of an AGM also provides information to the shareholders with regard to, amongst others their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy.

The Company held its 37th AGM in year 2021. In compliance with Practice 13.1 of the MCCG, shareholders received Annual Report, Circular and Notice of AGM, which were issued at least 28 days before the date of AGM. The Company served Notice of its 38th AGM together with the explanatory notes or a circular on items of special business and Administrative Guide, which furnished useful information regarding conduct of the AGM at least 28 days before the AGM, well in advance of the 21 days requirements under the Companies Act, 2016 and MMLR.

**12.2 Attendance of Directors at General Meetings**

The general meeting also serves as an avenue for the Chairman and the Board members to engage in a two-way communication with shareholders where the shareholders are encouraged to participate in the question-and-answer session with the Board personally and exercise their right to vote on the proposed resolutions.

The Board will ensure that all Board members, particularly the chairperson of each Board committee will make their endeavours to attend general meeting to facilitate engagement with shareholders and to address any relevant questions and concerns raised by the shareholders.

The external auditors will be present at the AGM to respond to any queries from shareholders on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Company, and the independent audit review of the Company's financial position.

# Corporate Governance Overview Statement
(Cont'd)

In view of the Covid-19, the 37th AGM of the Company held in year 2021 was convened and held via fully virtual basis pursuant to the Guidelines issued by the Securities Commission of Malaysia on conduct of a general meeting.  All Directors including Chairman of the Board and the respective Chairman of the Board Committees attended the 37th AGM to answer any questions put to them and address concerns from shareholders. The External Auditors were also participated in the AGM to address any shareholders' queries about the conduct of audit and the preparation and content of the auditors' reports.

**12.3 Poll Voting**

The Company's General Meeting is not held in a remote location. The Company has adopted manual polling for 2021 AGM in line with Paragraph 8.29A of the MMLR of Bursa Securities. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

As for voting in absentia and remote shareholders' participation, the existing proxy form authorizing proxies or Chairman of meeting is an alternative measure adopted by the Company. Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meeting.

## COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG as well as the relevant MMLR of Bursa Securities for the financial year ended 31 December 2021. Any practices in the MCCG which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

This Statement is made in accordance with the resolution of the Board dated 29 April 2022.

# STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements prepared for each financial year to give a true and accurate view of the state of the Group and the Company of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

i) Overseeing the overall conduct of the Company's business and that of the Group;
ii) Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
iii) Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
iv) Adopting suitable accounting policies and apply them consistently;
v) Making judgments and estimates that are reasonable and prudent; and
vi) Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act, 2016 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2021, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

# AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of Jiankun International Berhad ("Jiankun" or "the Company") is pleased to present the Audit Committee Report for the financial year ended 31 December 2021 ("FY2021").

**COMPOSITION**

As at the date of this Statement, the Audit Committee presently comprises the following members:

Member : Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali (Independent Non-Executive Chairman)
Member : Chew Huey Yen (Independent Non-Executive Director)(appointed on 7 March 2022)

During FY 2021, the composition of the AC comprises of three (3) members, all of whom are Independent Non-Executive Directors set out below:

- Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali (Independent Non-Executive Chairman)
- Azmi Bin Osman (resigned on 24 January 2022 as Chairman of AC)
- Dato' Saiful Nizam Bin Mohd Yusoff (resigned on 10 March 2022 as member of AC)

During FY 2021, the composition of AC in line with Paragraph 15.09(1) and (2) of the MMLR of Bursa Securities and Step Up Practice 9.4 of the MCCG, which stipulated that the AC should comprise solely of Independent Directors before the re-designation of Azmi Bin Osman and Dato' Saiful Nizam bin Mohd Yusoff held after the FY 2021.

The Committee has clear written Terms of Reference ("TOR") defining its functions, qualifications for membership, scope of duties and responsibilities, governing the manner in which the Committee is to operate and how decisions are to be made.

**TERMS OF REFERENCE**

The full Terms of Reference of the AC which set out its duties and responsibilities are accessible on the Company's website at www.jki.com.my.

**ATTENDANCE**

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

| Name of Members | Designation | No. of Meetings Attended |
|---|---|---|
| Azmi Bin Osman | Chairman | 5/5 |
| Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali | Member | 2/2 |
| Dato' Saiful Nizam Bin Mohd Yusoff | Member | 3/3 |

Other Board members, Financial Controller and representatives of the External Auditors and Internal Auditors were present by invitation to brief the Committee on specific issues, as and when necessary, with the Company Secretaries in attendance.

# Audit Committee Report
(Cont'd)

## SUMMARY OF ACTIVITIES OF THE AC

The activities of the Audit Committee during the FY2021 include the following:

a) Reviewed the unaudited quarterly financial reports of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the FY2021;

c) Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

d) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;

e) Evaluated the performance of the external auditors for the FY2021 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;

f) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;

g) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;

h) Reviewed the effectiveness of the Group's system of internal control;

i) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;

j) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;

k) Reviewed the Company's compliance with the MMLR, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

l) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and

m) Report to the Board on its activities and significant findings and results.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities requires the Board of Directors of the Company to make a statement in this Annual Report about the state of risk management and internal control in the Company as a Group. The Board of Directors recognise the importance of good practice of corporate governance and is committed to maintain a sound system of internal control to safeguard shareholders' investments and Group's assets. The Board is pleased to provide the following Statement on Risk Management and Internal Control which has been prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

## BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of internal control and maintaining a sound risk management framework and reviewing its adequacy and integrity to safeguard shareholders' investment and the Company's assets. The review of the Group's risk management and system of internal control is a concerted and continuing process. In view of the inherent in any system of internal control, the system of internal control is designed to manage risks to tolerable levels rather than eliminate the risk of failure to achieve business objectives, Hence, the Directors can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the Financial Controller and Chief Executive Officer that the Group's risk management and internal control is operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group.

## KEY ELEMENTS OF INTERNAL CONTROL

## CONTROL ENVIROMENT AND CONTROL ACTIVITIES

- Organisation structure with clearly defined lines of responsibility, authority and accountability;
- Clearly defined authorisation limits at appropriate levels are set out in an authority matrix for controlling and managing business operations;
- Experienced and competent staffs are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal control;
- Policies and procedures for key business processes are formalised and documented for implementation and continuous improvements. These policies are subject to regular reviews to meet new business required.

## MONITORING AND COMMUNICATION

- Regular meetings are held covering financial, business development and operations and to identify, assessment and mitigate any potential risk face by the Group timely;
- Regular Board meetings are held to deliberate the financial, operation and business strategic;
- Senior Management and the Board member's visit to site at appropriate time to mitigate any potential risk at site;
- Regular review of business processes to assess the effectiveness of internal controls by the independent internal auditor. Reports on findings of the internal audit are presented to the Audit Committee and subsequently recommendation to the Board for consideration for necessary action to be carried out by Management;
- Regularly review the management accounts and reports to monitoring of actual performance; and
- Review of financial and non-financial indicator to determine the Group performance.

## RISK MANAGEMENT

The Board and the Management practice risks identification in the operations and activities of the Group particular to undertake with new proposed transactions, changes in the business activities and as well as the regulatory requirement of the industry which may entail to difference risks in carry out businesses of the Group.

The Deputy Executive Chairman, Chief Executive Officer and Financial Controller will be responsible to update the Audit Committee and the Board on any changes in material risk face by the Group.

# Statement on Risk Management and Internal Control
(Cont'd)

## INTERNAL AUDIT FUNCTIONS

Independent internal auditor reviews the internal control are essential to provide an objective assurance to the Board.

At present, the review mechanism is under the purview of the Audit Committee. The internal auditor report will be directed to the Audit Committee and are responsible to conduct reviews on the systems on risk management and internal control; report the weaknesses of the systems on risk management and internal control; and to provide essential recommendations for improvement to the management.

During the financial year, the internal auditors had performed the an internal audit due to the restriction on Movement Control Order ("MCO") which limited the internal auditors to perform site audit.

For the financial year ended 31st December 2021, the internal auditor had carried out internal audit reviews and follow up as follow:

| Audit Period | Reporting Month | Audited Areas |
|---|---|---|
| Financial year ended 31 December 2021 | Feb 2022 | Internal audit reviews on corporate governance practices of the Jiankun International Berhad ("the Company") and compared the existing practices of the Company with the Malaysian Code on Corporate Governance (MCCG) 2021 Guideline issued by the Securities Commission Malaysia on 28 April 2021 |

For the financial year ended 31 December 2021, the total fee incurred for the outsourced internal audit function were RM15,000.

## CONCLUSION

For the year under review and up to the date of issuance of the statement in the Annual Report, the Board is of the opinion that current internal control system is in place, adequate and effective to safeguard the interests and assets of the Group. The Board will continually assess the adequacy and effectiveness of the Group's risk management and internal control system. The Board will strengthen the risk management and internal control system as necessary.

## REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and system of internal control.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

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

| | Company (RM) | Group (RM) |
|---|---|---|
| **Audit Services Rendered** | 41,000 | 152,079 |
| **Non-Audit Services Rendered** | | |
| Review of Statement on Risk Management and Internal Control | 5,000 | 5,000 |

## 2. REVALUATION POLICY

The Company does not have a revaluation policy on landed properties.

## 3. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

During the financial year under review, there was no other material contract and/or contracts relating to loan entered into by the Company and/or its subsidiary companies involving Directors and Major Shareholders' interests.

## 4. UTILISAION OF PROCEEDS

On 28 October 2021, the Company's private placement pursuant to the General Mandate obtained from the AGM held on 3 September 2020 was completed on 13 August 2021 following the listing and quotation of 34,845,400 placement shares in 4 tranches pursuant to the Private Placement respectively on Main Market of Bursa Securities, the proceeds raised approximately RM12,687,367.

The status of utilisation of proceeds is as follows:

| No | Purpose | Proposed Usage RM'000 | Actual Utilisation RM'000 | Balance unutilised RM'000 | Intended time frame for utilisation |
|---|---|---|---|---|---|
| i) | Land acquisition costs | 13,000 | 12,509 | - | Within 6 months |
| ii) | Development costs | 6,000 | - | - | Within 36 months |
| iii) | Working capital | 3,621 | - | - | Within 12 months |
| iv) | Estimated expenses for the Private Placement | 410 | 178 | - | Immediate |
| | Total | 23,031 | 12,687 | - | |

# Additional Compliance Information
(Cont'd)

## 5. SHARE ISSUANCE SCHEME

The Share Issuance Scheme of the Company ("SIS") is governed by the SIS By-Laws and was approved by shareholders on 24 March 2021 and shall be in force for a period of five (5) years and may be extended for such further period, at the sole and absolute discretion of the Board upon the recommendation by the SIS Committee, provided always that the Initial Scheme Period above and such extension of the scheme made pursuant to the Bylaws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the effective date of the SIS.

The SIS implemented on 9 July 2021 and offered 31,180,800 SIS Options to eligible employees on 3 August 2021.

Movement of the number of share options and the weighted average exercise prices are as follows: -

| | | Number of options over Ordinary Shares | | | |
|---|---|---|---|---|---|
| **Date of Offer** | **Exercise Price (RM)** | **At 1.1.2021 ('000)** | **Exercised ('000)** | **Lapsed ('000)** | **At 31.12.2021 ('000)** |
| 3 August 2021 | 0.27 | 31,181 | - | - | 31,181 |

# FINANCIAL STATEMENT

# DIRECTORS' REPORT

The Directors of Jiankun International Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

## Principal Activities

The principal activities of the Company consist of the provision of management services and investment holding.

The details of the Company's subsidiaries are as disclosed in Note 8 to the financial statements.

## Results of Operations

The results of operations of the Group and of the Company for the financial year are as follows:

| | Group RM | Company RM |
|---|---|---|
| Net profit/(loss) for the financial year | 2,150,901 | (3,406,632) |
| Attributable to: | | |
| Owners of the parent | 2,150,901 | (3,406,632) |

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transactions or event of a material and unusual nature other than the changes in accounting policies as disclosed in Note 2(a) to the financial statements and significant events during the year as disclosed in Note 36 to the financial statements.

## Reserves and Provisions

All material transfers to or from reserves and provisions during the financial year are as disclosed in Note 16 to the financial statements.

## Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year.

## Issue of Shares and Debentures

During the financial year, the Company issued:

(a) 34,845,400 new ordinary shares at issue price of ranging RM0.270 to RM0.415 per ordinary share for a total cash consideration of RM12,687,367 through private placement; and

(b) 10,744,450 new ordinary shares pursuant to the conversion of Warrants 2014/2021 at the exercise price of RM0.320 per ordinary shares.

During the financial year, the Company completed a reduction of share capital via the cancellation of issued share capital of RM21,500,000 and the credit arising from such share reduction to be utilised to eliminate the accumulated losses.

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

There was no issuance of debentures during the financial year.

## Warrants

The Warrants 2014/2021 were constituted under the Deed Poll dated 2 December 2014.

During the financial year, the Company converted 10,744,450 warrants at an exercise price of RM0.320 per ordinary share.

The salient terms of the Warrants are disclosed in Note 16(a) to the financial statements.

The warrants expired on 23 December 2021.

## Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Share Issuance Scheme ("SIS").

# Directors' Report (Cont'd)

**Options Granted Over Unissued Shares (Cont'd)**

At an Extraordinary General Meeting held on 24 March 2021, the Company's shareholders approved the establishment of SIS of not more than 15% of the issued and paid-up share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group. The salient features and other terms of the SIS are disclosed in the Note 32 to the financial statements.

As at 31 December 2021, the options offered to take up unissued ordinary shares and the exercise price are as follows:

| | | Number of options over ordinary shares | | | |
|---|---|---|---|---|---|
| Date of offer | Exercise price | At 01.01.2021 | Granted | Exercised | At 31.12.2021 |
| 3 August 2021 | RM 0.27 | - | 31,180,800 | - | 31,180,800 |

**Directors**

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

| | |
|---|---|
| Tan Sri Dato' Sri Haji Mohamed Apandi Bin Haji Ali | |
| Dato' Ir Lim Siang Chai* | |
| Edwin Silvester Das* | |
| Datuk Seri Tan Choon Hwa* | |
| Dato' Saiful Nizam Bin Mohd Yusoff | (Appointed on 1 April 2021) |
| Azmi Bin Osman | |
| Chew Huey Yen | (Appointed on 7 March 2022) |
| Chan Fook Mun | (Resigned on 29 March 2021) |
| Kamil Bin Abdul Rahman | (Deceased on 2 June 2021) |

* *Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part thereof.

**Directors' Interests**

The interests in shares in the Company and in a related corporation of those who were directors of the Company at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **At 1.1.2021** | **Bought** | **Sold** | **At 31.12.2021** |
| **Interests in the Company** | | | | |
| **Direct interests** | | | | |
| Dato' Ir Lim Siang Chai | - | 2,000,000 | - | 2,000,000 |
| Datuk Seri Tan Choon Hwa | - | 16,160,000 | (16,000,000) | 160,000 |

| | Number of options over ordinary shares | | | |
|---|---|---|---|---|
| | **At 1.1.2021** | **Granted** | **Exercise** | **At 31.12.2021** |
| **Interests in the Company** | | | | |
| **Direct interests** | | | | |
| Datuk Seri Tan Choon Hwa | - | 2,494,400 | - | 2,494,400 |
| Edwin Silvester Das | - | 11,225,200 | - | 11,225,200 |
| Azmi Bin Osman | - | 11,225,000 | - | 11,225,000 |

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

**Directors' Benefits**

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by Directors or the fixed salary of a full-time employee of the Company as shown in Note 30(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# Directors' Report (Cont'd)

**Indemnity and Insurance Costs**

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM5,000,000 and RM15,910 respectively. No indemnity was given to or insurance effected for auditors of the Company.

**Other Statutory Information**

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

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

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

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

(c) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

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

**Other Statutory Information (Cont'd)**

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

(a) 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

(b) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the Directors, 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 operations of the Group and of the Company in the financial year in which this report is made.

**Subsidiary Companies**

The details of the subsidiary companies are disclosed in Note 8 to the financial statements.

# Directors' Report (Cont'd)

**Auditors**

The auditors, UHY have indicated their willingness to continue in office.

**Auditors' Remuneration**

The amount paid as remuneration of the auditors for the financial year ended 31 December 2021 is as disclosed in Note 25 to the financial statements.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

EDWIN SILVESTER DAS

DATO' IR LIM SIANG CHAI

KUALA LUMPUR

29 APRIL 2022

# STATEMENT BY DIRECTORS

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

The Directors of Jiankun International Berhad state that, in their opinion, the accompanying financial statements 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 of 31 December 2021 and of the financial performance and of the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

EDWIN SILVESTER DAS

DATO' IR LIM SIANG CHAI

KUALA LUMPUR

29 APRIL 2022

# STATUTORY DECLARATION

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

**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY**

I, Wong Kok Fong (MIA Membership No: 28396), the Officer primarily responsible for the financial management of Jiankun International Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

WONG KOK FONG

Subscribed and solemnly declared by the abovenamed Wong Kok Fong at Kuala Lumpur in Federal Territory, this 29 April 2022.

Before me,

**COMMISSIONER FOR OATHS**

# INDEPENDENT AUDITORS' REPORT

## To The Members of Jiankun International Berhad

### Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Jiankun International Berhad**, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and 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 61 to 170.

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 the IESBA Code.

# Independent Auditors' Report
To The Members of Jiankun International Berhad (Cont'd)

## Key Audit Matters

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

| Key Audit Matters | How we addressed the key audit matters |
|---|---|
| 1. <u>Investment properties</u> | |
| The investment properties of the Group amounted to RM27.6 million are situated in HuiZhou, China. and audited by a component auditors.<br><br>Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.<br><br>The fair value of the investment properties were determined by the Directors based on valuations advised by the independent valuers by reference to market evidence of transaction prices of similar properties or comparable available market data. | - We have obtained an understanding of and assessed the component auditors' professional competence, operating environment and compliance with ethical requirements and relevant to the group audit.<br><br>- We have issued Group Audit Instruction ("GAI") and further communicated and discussed with the component auditors' on identified audit risks, audit approach, audit findings and results relating to the investment properties.<br><br>- We have discussed with component auditors and reviewed audit working papers prepared by component auditors to:<br><br>• assessed sufficiency and appropriateness of audit procedures performed;<br>• evaluated the independent valuer's competence, capabilities, independence and objectivity; and<br>• assessed the reasonableness of the methodologies used and the appropriateness of the key assumptions used in performing the valuation. |

# Independent Auditors' Report

To The Members of Jiankun International Berhad (Cont'd)

| Key Audit Matters | How we addressed the key audit matters |
|---|---|
| 1. Investment properties (Cont'd) | - We have obtained the GAI deliverables from component auditors and evaluated whether sufficient appropriate audit evidence has been obtained to base the group audit opinion. |
| 2. Revenue and cost recognition for property development activities<br><br>The Group are involved in property development activities which span more than one accounting period. The revenue from property development activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The Group uses the percentage of completion method in accounting for the progress towards complete satisfaction of the performance obligations.<br><br>We identified revenue and property development costs as key audit matters as significant management judgement and estimates are involved in estimating in total property development costs. | - We obtained an understanding of the relevant controls put in place by the Group in respect of revenue recognition of property development activities and performed procedures to evaluate design and implementation of such controls.<br><br>- We performed a range of audit procedures which included assessing contract documentation, variation orders and enquiring of key personnel regarding status of on-going contracts, adjustments for job costing and adjustments for job costing.<br><br>- In relation to property development revenue and costs, we amongst others and where applicable, agreed this to original signed contracts, letter of awards and approved variation orders. We evaluated the project progress include but not limited to verifying third party surveyors' certificates, progress report and interviews with the project team. |

# Independent Auditors' Report

To The Members of Jiankun International Berhad (Cont'd)

**Key Audit Matters (Cont'd)**

| **Key Audit Matters** | **How we addressed the key audit matters** |
|---|---|
| 2. <u>Revenue and cost recognition for property development activities (Cont'd)</u><br><br>Key management judgements and estimate include:<br><br>• Reasonableness of the estimated total property development costs and estimated the budgeted costs to complete each project; and<br>• The future profitability of each project<br><br>Changes in theses judgements could lead to a material change in the value of revenue recognised. | - Reviewed management prepared budgets for property development projects and ensured that budgets are appropriate and reflected cost incurred and cost to complete, current cost of operations and computation of profit recognition.<br><br>- Challenged management assumptions used in the preparation of the respective budgets, and performed a retrospective review to establish the reliability of management-prepared budgets and considered the implication of any changes in assumption used in the budgets.<br><br>- In assessing management's assumptions in estimating the costs to completion for contracts, we challenged the management prepared budget to sub-contractors' contracts. We verified the property development costs incurred to-date to sub-contractors' progress claims and recalculated the percentage of completion at the reporting date.<br><br>- We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 *Revenue from Contracts with Customers*. |

**Information Other Than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

**Responsibilities of the Directors for the Financial Statements**

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

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

# Independent Auditors' Report

To The Members of Jiankun International Berhad (Cont'd)

**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:

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

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

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

**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)

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

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

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

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

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

# Independent Auditors' Report

To The Members of Jiankun International Berhad (Cont'd)

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

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.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

**Other Matters**

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

UHY
Firm Number: AF 1411
Chartered Accountants

HO SIEW CHAN
Approved Number: 03485/02/2024 J
Chartered Accountant

KUALA LUMPUR

29 APRIL 2022

# STATEMENTS OF FINANCIAL POSITION
## As At 31 December 2021

| | Note | Group 31.12.2021 RM | 31.12.2020 RM Restated | 1.1.2020 RM Restated |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 4 | 622,333 | 123,816 | 143,813 |
| Goodwill | 5 | - | - | - |
| Investment properties | 6 | 27,653,614 | 28,861,410 | 27,571,868 |
| Right-of-use assets | 7 | - | - | 196,532 |
| Other receivables | 9 | - | 4,244,728 | 3,964,832 |
| | | 28,275,947 | 33,229,954 | 31,877,045 |
| **Current assets** | | | | |
| Inventories | 10 | 28,177,253 | 17,251,923 | 33,128,906 |
| Contract assets | 11 | 45,415,233 | 12,981,438 | 15,613,843 |
| Trade receivables | 12 | 7,298,985 | 5,400,762 | 6,588,109 |
| Other receivables | 9 | 6,593,491 | 1,696,059 | 2,277,414 |
| Tax recoverable | | 384,663 | 554,952 | 537,903 |
| Deposits, bank and cash balances | 14 | 6,277,102 | 18,951,802 | 11,421,254 |
| | | 94,146,727 | 56,836,936 | 69,567,429 |
| **Total assets** | | 122,422,674 | 90,066,890 | 101,444,474 |
| **EQUITY** | | | | |
| Share capital | 15 | 41,640,651 | 45,291,145 | 44,655,645 |
| Reserves | 16 | 39,097,042 | 14,589,775 | 10,010,877 |
| **Total equity** | | 80,737,693 | 59,880,920 | 54,666,522 |

# Statements of Financial Position
## As At 31 December 2021 (Cont'd)

| | Note | Group 31.12.2021 RM | Group 31.12.2020 RM Restated | Group 1.1.2020 RM Restated |
|---|---|---|---|---|
| **Non-current liabilities** | | | | |
| Deferred tax liabilites | 17 | 8,622,842 | 7,053,764 | 6,303,908 |
| | | 8,622,842 | 7,053,764 | 6,303,908 |
| **Current liabilities** | | | | |
| Trade payables | 18 | 1,792,203 | 5,150,006 | 6,119,851 |
| Other payables | 19 | 30,071,126 | 17,634,781 | 16,405,008 |
| Bank borrowings | 20 | - | - | 17,570,872 |
| Lease liabilities | 21 | - | - | 200,070 |
| Amount due to Directors | 22 | - | 21,097 | - |
| Provision for taxation | | 1,198,810 | 326,322 | 178,243 |
| | | 33,062,139 | 23,132,206 | 40,474,044 |
| **Total liabilities** | | 41,684,981 | 30,185,970 | 46,777,952 |
| **Total equity and liabilities** | | 122,422,674 | 90,066,890 | 101,444,474 |

# Statements of Financial Position
## As At 31 December 2021 (Cont'd)

| | | Company | | |
|---|---|---|---|---|
| | | **31.12.2021** | **31.12.2020** | **1.1.2020** |
| | **Note** | **RM** | **RM** | **RM** |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 4 | 3,997 | 5,676 | 10,193 |
| Investment in subsidiary companies | 8 | 17,443,627 | 17,443,627 | 18,392,161 |
| | | 17,447,624 | 17,449,303 | 18,402,354 |
| **Current assets** | | | | |
| Other receivables | 9 | 176,851 | 65,921 | 29,029 |
| Amount due from subsidiary companies | 13 | 35,133,189 | 21,953,765 | 22,306,956 |
| Cash and bank balances | 14 | 1,603,024 | 521,633 | 240,376 |
| | | 36,913,064 | 22,541,319 | 22,576,361 |
| **Total assets** | | 54,360,688 | 39,990,622 | 40,978,715 |
| **EQUITY** | | | | |
| Share capital | 15 | 41,640,651 | 45,291,145 | 44,655,645 |
| Reserves | 16 | 9,138,393 | (9,135,032) | (7,489,818) |
| **Total equity** | | 50,779,044 | 36,156,113 | 37,165,827 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Other payables | 19 | 348,534 | 64,102 | 63,778 |
| Amount due to directors | 22 | - | 21,097 | - |
| Amount due to subsidiary companies | 13 | 3,233,110 | 3,749,310 | 3,749,110 |
| **Total liabilities** | | 3,581,644 | 3,834,509 | 3,812,888 |
| **Total equity and liabilities** | | 54,360,688 | 39,990,622 | 40,978,715 |

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## For the Financial Year Ended 31 December 2021

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM | 2020 RM Restated | 2021 RM | 2020 RM |
| Revenue | 23 | 59,939,948 | 58,744,809 | - | - |
| Cost of sales | | (39,534,322) | (49,405,767) | - | - |
| Gross profit | | 20,405,626 | 9,339,042 | - | - |
| Other income | | 619,918 | 2,398,541 | 1,304 | 162,816 |
| Administrative expenses | | (12,122,380) | (3,737,894) | (3,407,936) | (1,579,250) |
| Distribution costs | | (114,014) | (229,423) | - | - |
| Net loss on impairment of financial instruments | | (4,244,728) | - | - | - |
| Profit/(Loss) from operations | | 4,544,422 | 7,770,266 | (3,406,632) | (1,416,434) |
| Finance costs | 24 | (7,239) | (360,533) | - | - |
| Profit/(Loss) before tax | 25 | 4,537,183 | 7,409,733 | (3,406,632) | (1,416,434) |
| Taxation | 26 | (2,386,282) | (2,164,480) | - | - |
| Profit/(Loss) for the financial year | | 2,150,901 | 5,245,253 | (3,406,632) | (1,416,434) |

# Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2021 (Cont'd)

| | Note | Group 2021 RM | Group 2020 RM Restated | Company 2021 RM | Company 2020 RM |
|---|---|---|---|---|---|
| **Other comprehensive income** | | | | | |
| **Items that are or may be reclassified subsequently to profit or loss** | | | | | |
| Exchange translation differences for foreign operations | | 676,309 | (437,575) | - | - |
| **Total comprehensive income/(loss) for the financial year** | | 2,827,210 | 4,807,678 | (3,406,632) | (1,416,434) |
| **Profit/(Loss) for the financial year attributable to owners of the parent** | | 2,150,901 | 5,245,253 | (3,406,632) | (1,416,434) |
| **Total comprehensive income/(loss) attributable to owners of the parent** | | 2,827,210 | 4,807,678 | (3,406,632) | (1,416,434) |
| Earning per share (sen) | | | | | |
| Basic | 27(a) | 1.27 | 3.14 | - | - |
| Diluted | 27(b) | 1.23 | 2.87 | - | - |

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

# STATEMENTS OF CHANGES IN EQUITY

## For the Financial Year Ended 31 December 2021

| | Attributable to the owners of the parent | | | | | |
|---|---|---|---|---|---|---|
| | Non-Distributable | | | | | |
| | Share Capital RM | Foreign Currency Translation Reserve RM | Warrants Reserve RM | Share Issuance Scheme Option Reserve RM | Retained Earnings/ Accumulated Losses RM | Total Equity RM |
| **Group** | | | | | | |
| At 1 January 2021 | 45,291,145 | 3,870,568 | 13,376,860 | - | (2,657,653) | 59,880,920 |
| Profit for the financial year | - | - | - | - | 2,150,901 | 2,150,901 |
| Foreign exchange translation reserve | - | 676,309 | - | - | - | 676,309 |
| Total comprehensive income for the financial year | - | 676,309 | - | - | 2,150,901 | 2,827,210 |
| Balance carried forward | - | 676,309 | - | - | 2,150,901 | 2,827,210 |

# Statements of Changes in Equity

For the Financial Year Ended 31 December 2021 (Cont'd)

| | | Attributable to the owners of the parent | | | | | |
|---|---|---|---|---|---|---|---|
| | | Non-Distributable | | | | | |
| | Note | Share Capital RM | Foreign Currency Translation Reserve RM | Warrants Reserve RM | Share Issuance Scheme Option Reserve RM | Retained Earnings/ Accumulated Losses RM | Total Equity RM |
| Balance brought forward | | - | 676,309 | - | - | 2,150,901 | 2,827,210 |
| **Transaction with owners:** | | | | | | | |
| Issuance of ordianry shares: | | | | | | | |
| - private placement | 15 | 12,687,367 | - | - | - | - | 12,687,367 |
| - expenses on private placement | 15 | (210,086) | - | - | - | - | (210,086) |
| - exercise of warrant | 15 | 5,372,225 | - | (1,934,001) | - | - | 3,438,224 |
| - warrant expired | 15 | - | - | (11,442,859) | - | 11,442,859 | - |
| Grant of SIS options | 16 | - | - | - | 2,114,058 | - | 2,114,058 |
| Share capital reduction | 15 | (21,500,000) | - | - | - | 21,500,000 | - |
| Total transactions with owners | | (3,650,494) | - | (13,376,860) | 2,114,058 | 32,942,859 | 18,029,563 |
| At 31 December 2021 | | 41,640,651 | 4,546,877 | - | 2,114,058 | 32,436,107 | 80,737,693 |

# Statements of Changes in Equity
## For the Financial Year Ended 31 December 2021 (Cont'd)

| | | Attributable to the owners of the parent | | | | |
|---|---|---|---|---|---|---|
| | | Non-Distributable | | | | |
| | **Note** | **Share Capital RM** | **Foreign Currency Translation Reserve RM** | **Warrants Reserve RM** | **Accumulated Losses RM** | **Total Equity RM** |
| **Group** | | | | | | |
| At 1 January 2020, as previously reported | | 44,655,645 | 4,308,143 | 13,605,640 | (7,881,597) | 54,687,831 |
| Effect on adoption of the Agenda Decision | 38 | - | - | - | (21,309) | (21,309) |
| At 1 January 2020, as restated | | 44,655,645 | 4,308,143 | 13,605,640 | (7,902,906) | 54,666,522 |
| Profit for the financial year | | - | - | - | 5,245,253 | 5,245,253 |
| Foreign exchange translation reserve | | - | (437,575) | - | - | (437,575) |
| Total comprehensive (loss)/income for the financial year | | - | (437,575) | - | 5,245,253 | 4,807,678 |
| **Transaction with owners:** | | | | | | |
| Issuance of shares pursuant to warrants | | 635,500 | - | (228,780) | - | 406,720 |
| At 31 December 2020 | | 45,291,145 | 3,870,568 | 13,376,860 | (2,657,653) | 59,880,920 |

# Statements of Changes in Equity
For the Financial Year Ended 31 December 2021 (Cont'd)

| | | Attributable to the owners of the parent | | | | |
|---|---|---|---|---|---|---|
| | | Non-Distributable | | | | |
| | Note | Share Capital RM | Warrants Reserve RM | Share Issuance Scheme Option Reserve RM | Retained Earnings/ Accumulated Losses RM | Total Equity RM |
| **Company** | | | | | | |
| At 1 January 2021 | | 45,291,145 | 13,376,860 | - | (22,511,892) | 36,156,113 |
| Loss for the financial year, representing total comprehensive loss for the financial year | | - | - | - | (3,406,632) | (3,406,632) |
| **Transactions with owners:** | | | | | | |
| Issuance of ordianry shares: | | | | | | |
| - private placement | 15 | 12,687,367 | - | - | - | 12,687,367 |
| - expenses on private placement | 15 | (210,086) | - | - | - | (210,086) |
| - exercise of warrant | 15 | 5,372,225 | (1,934,001) | - | - | 3,438,224 |
| - warrant expired | 15 | - | (11,442,859) | - | 11,442,859 | - |
| Grant of SIS options | 16 | - | - | 2,114,058 | - | 2,114,058 |
| Share capital reduction | 15 | (21,500,000) | - | - | 21,500,000 | - |
| Total transactions with owners | | (3,650,494) | (13,376,860) | 2,114,058 | 32,942,859 | 18,029,563 |
| At 31 December 2021 | | 41,640,651 | - | 2,114,058 | 7,024,335 | 50,779,044 |

# Statements of Changes in Equity

For the Financial Year Ended 31 December 2021 (Cont'd)

| | Attributable to the owners of the parent | | | |
|---|---|---|---|---|
| | Non-Distributable | | | |
| | Share Capital RM | Warrants Reserve RM | Accumulated Losses RM | Total Equity RM |
| **Company** | | | | |
| At 1 January 2020 | 44,655,645 | 13,605,640 | (21,095,458) | 37,165,827 |
| Loss for the financial year, representing total comprehensive loss for the financial year | - | - | (1,416,434) | (1,416,434) |
| **Transactions with owners:** | | | | |
| Issuance of shares pursuant to warrants | 635,500 | (228,780) | - | 406,720 |
| At 31 December 2020 | 45,291,145 | 13,376,860 | (22,511,892) | 36,156,113 |

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

# STATEMENTS OF CASH FLOWS
## For the Financial Year Ended 31 December 2021

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM Restated | 2021 RM | 2020 RM |
| **Cash Flows From Operating Activities** | | | | |
| Profit/(Loss) before tax | 4,537,183 | 7,409,733 | (3,406,632) | (1,416,434) |
| Adjustments for: | | | | |
| Depreciation of : | | | | |
| - property, plant and equipment | 53,503 | 50,255 | 1,679 | 4,517 |
| - right-of-use assets | 201,935 | 196,532 | - | - |
| Fair value loss/(gain) on investment properties | 3,076,533 | - | ` | - |
| Finance costs | 7,239 | 360,533 | - | - |
| Finance income | (133,164) | (127,510) | (1,304) | (260) |
| Gain on termination of lease contract | (11,174) | - | - | - |
| Impairment loss on goodwill | 2,399,998 | - | - | - |
| Impairment loss on investment of subsidiary | - | - | - | 1,048,534 |
| Impairment loss on other receivables | 4,244,728 | - | - | - |
| Property, plant and equipment written off | 119 | - | - | - |
| Reversal of allowance for impairment loss on investment in subsidiary company | - | - | - | (100,000) |
| Reversal of allowance for impairment loss on amount due from subsidiary company | - | - | - | (62,556) |
| Share based payments expenses | 2,114,058 | - | 2,114,058 | - |
| Unrealised loss/(gain) on foreign exchange | (1,868,737) | 1,289,542 | - | - |
| Operating profit/(loss) before working capital changes | 14,622,221 | 9,179,085 | (1,292,199) | (526,199) |

# Statements of Cash Flows

## For the Financial Year Ended 31 December 2021 (Cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM Restated | 2021 RM | 2020 RM |
| **Changes in working capital:** | | | | |
| Inventories | (10,925,330) | 15,876,983 | - | - |
| Trade receivables | (1,898,223) | 1,187,347 | - | - |
| Other receivables | (4,897,432) | 301,459 | (110,930) | (36,892) |
| Trade payables | (3,357,801) | (969,845) | - | - |
| Other payables | 12,436,346 | 873,170 | 284,432 | 324 |
| Amount due to directors | (21,097) | 21,097 | (21,097) | 21,097 |
| Contract (liabilities)/assets | (32,433,795) | 2,632,405 | - | - |
| | (41,097,332) | 19,922,616 | 152,405 | (15,471) |
| Cash (used in)/generated from operations | (26,475,111) | 29,101,701 | (1,139,794) | (541,670) |
| Interest received | 133,164 | 127,510 | 1,304 | 260 |
| Interest paid | (7,239) | (3,930) | - | - |
| Tax refunded | 204,617 | - | - | - |
| Tax paid | (2,594,946) | (1,156,884) | - | - |
| | (2,264,404) | (1,033,304) | 1,304 | 260 |
| Net cash (used in)/generated from operating activities | (28,739,515) | 28,068,397 | (1,138,490) | (541,410) |
| **Cash Flows From Investing Activities** | | | | |
| Acquisition of property, plant and equipment, representing net cash used in investing activities | (552,139) | (30,258) | - | - |

# Statements of Cash Flows

For the Financial Year Ended 31 December 2021 (Cont'd)

| | Note | Group 2021 RM | Group 2020 RM Restated | Company 2021 RM | Company 2020 RM |
|---|---|---|---|---|---|
| **Cash Flows From Financing Activities** | | | | | |
| (Repayment to)/Advances from subsidiary companies | | - | - | (13,695,624) | 415,947 |
| Increased in fixed deposit pledge | | - | (3,830,000) | - | - |
| Payment of lease liabilities | | (190,761) | (200,070) | - | - |
| Repayment of borrowings | | - | (17,570,872) | - | - |
| Proceeds from issuance of ordinary shares: | | | | | |
| - private placement | | 12,687,367 | - | 12,687,367 | - |
| - expenses on private placement | | (210,086) | - | (210,086) | - |
| Proceeds from exercise of warrants | | 3,438,224 | 406,720 | 3,438,224 | 406,720 |
| Net cash generated from/ (used in) financing activities | | 15,724,744 | (21,194,222) | 2,219,881 | 822,667 |
| **Net (decrease)/increase in cash and cash equivalents** | | (13,566,910) | 6,843,917 | 1,081,391 | 281,257 |
| **Cash and cash equivalents at the beginning of the financial year** | | 15,121,802 | 11,421,254 | 521,633 | 240,376 |
| Effect of exchange translation differences | | 892,210 | (3,143,369) | - | - |
| **Cash and cash equivalents at the end of the financial year** | | 2,447,102 | 15,121,802 | 1,603,024 | 521,633 |

# Statements of Cash Flows
For the Financial Year Ended 31 December 2021 (Cont'd)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021<br>RM | 2020<br>RM<br>Restated | 2021<br>RM | 2020<br>RM |
| **Cash and cash equivalents at the end of the financial year comprises:** | | | | | |
| Cash and bank balances | 14 | 2,147,131 | 1,994,375 | 1,603,024 | 521,633 |
| Housing Development Accounts | 14 | 299,971 | 9,513,862 | - | - |
| Fixed deposits with licensed banks | 14 | 3,830,000 | 7,443,565 | - | - |
| | | 6,277,102 | 18,951,802 | 1,603,024 | 521,633 |
| Less: Fixed deposits pledged to licensed banks | 14 | (3,830,000) | (3,830,000) | - | - |
| | | 2,447,102 | 15,121,802 | 1,603,024 | 521,633 |

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

# 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 the Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Unit 106, Block G, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11 Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan. With effective from 15 November 2021, the Company's principal place of business have been relocated to L21-03, Level 21, PJX-HM Shah Tower, No. 16A, Persiaran Barat, 46050 Petaling Jaya, Selangor.

The registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor. With effective from 4 October 2021, the Company's registered office have been relocated to Unit 1119, 11th Floor, Block A, Damansara Intan, No.1 Jalan SS 20/27, 47400 Petaling Jaya, Selangor. With effective from 5 April 2022, the Company's registered office have been relocated to Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor.

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 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 financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

# Notes To The Financial Statements

31 December 2021 (Cont'd)

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

| | |
|---|---|
| Amendment to MFRS 16 | Covid-19 - Related Rent Concessions |
| Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 | Interest Rate Benchmark Reform - Phase 2 |

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and the Company, except for:

IFRS Interpretations Committee ("IFRIC") Agenda Decision on MFRS 123 *Borrowing Costs* relating to over time transfer of constructed goods ("Agenda Decision")

In March 2019, the IFRIC published on agenda decision on borrowing costs confirming receivables, contract assets and inventories for which revenue is recognised over time are not qualifying assets. On 20 March 2019, the MASB decided that an entity shall apply the change in accounting policy as a result of the Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020. As a result, finance cost can no longer be capitalised on the Group's ongoing development project for which revenue is recognised over time.

Effective 1 January 2020, the Group had retrospectively applied the Agenda Decision and comparative figures have been restated as a result of transition requirement under Agenda Decision. The effects of the adoption of the Agenda Decision are disclosed in Note 38.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

**Standards issued but not yet effective**

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and the Company:

| | | Effective dates for financial periods beginning on or after |
|---|---|---|
| Amendments to MFRS 16 | Covid-19 - Related Rent Concessions 30 June 2021 | 1 April 2021 |
| Amendments to MFRS 3 | Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 116 | Property, Plant and Equipment - Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137 | Onerous Contracts - Cost of Fulfilling a Contract | 1 January 2022 |
| Amendments to MFRSs | Annual Improvements to MFRS Standards 2018 - 2020 | 1 January 2022 |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 101 | Disclosure of Accounting Policies | 1 January 2023 |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Initial Application of MFRS 17 and MFRS 9 – Comparative Information | 1 January 2023 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

**Standards issued but not yet effective (Cont'd)**

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and the Company: (Cont'd)

| | | Effective dates for financial periods beginning on or after |
|---|---|---|
| Amendments to MFRS 108 | Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128 | Sale of Contribution of Assets between an Investor and its Associates or Joint Venture | Deferred until further notice |

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions

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

**Judgements**

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and

(c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

**Judgements (Cont'd)**

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group excludes the renewal period as part of the lease term for leases of building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will not be a significant effect on operation and a replacement asset can be readily available.

**Key sources of estimation uncertainty**

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

Useful lives of property, plant and equipment and right-of-use ('ROU') assets

The Group regularly review the estimated useful lives of property, plant and equipment and ROU based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment. The details of property, plant and equipment and ROU assets are disclosed in Notes 4 and 7 respectively.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

**Key sources of estimation uncertainty (Cont'd)**

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 5.

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2021 for investment properties. For investment properties, a valuation methodology based on sales comparison approach was used. The investment properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The key assumptions used to determine the fair value of the properties are provided in Note 6.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 17.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

**Key sources of estimation uncertainty (Cont'd)**

<u>Inventories valuation</u>

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10.

<u>Revenue from property development contracts</u>

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgements are required in determining the completeness and accuracy of the total property development costs as estimates of future property development costs are inherently uncertain, which involve management's estimation of future cost to completion of the development. Substantial changes in cost estimates in future periods may affect the profitability of the respective property development projects. In making the estimation, the Group evaluates based on past experiences and by relying on the work of specialists. Where the actual total property development costs are different from the estimated total property development costs, such difference will impact the property development profits/(losses) recognised.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Notes 10(a) and 11 respectively.

<u>Determination of transaction prices</u>

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

**Key sources of estimation uncertainty (Cont'd)**

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Provision for expected credit loss of financial assets at amortised cost

The Group review the recoverability of its receivables and contract assets, include trade and other receivables, amounts due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 9, 11 and 12 respectively.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2021, the Group has tax recoverable and payable of RM384,663 (31.12.2020: RM554,952; 1.1.2020: RM537,903) and RM1,198,810 (31.12.2020: RM326,322; 1.1.2020: RM178,243) respectively.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

3. **Significant Accounting Policies (Cont'd)**

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(b) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(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 profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

3. **Significant Accounting Policies (Cont'd)**

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

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 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 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 recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

| | |
|---|---|
| Computer and software | 20% |
| Motor vehicles | 20% |
| Office equipment and fixtures | 10%-20% |
| Renovation | 25% |

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

## 3. Significant Accounting Policies (Cont'd)

### (d) Leases

#### (i) As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU 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 ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) to the financial statements on impairment of non-financial assets.

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

| | |
|---|---|
| Buildings | Over the remaining lease period |

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' 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 and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

3. **Significant Accounting Policies (Cont'd)**

(d) Leases (Cont'd)

(i) As lessee (Cont'd)

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 or the Company 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 profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of MFRS 9 *Financial Instrument*, recognising an allowance for expected credit losses ("ECLs") on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

# Notes To The Financial Statements
31 December 2021 (Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(d) Leases (Cont'd)

(ii) As lessor (Cont'd)

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Investment properties

Investment properties, including right-of-use assets held by lessee, are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

3. **Significant Accounting Policies (Cont'd)**

(e) Investment properties (Cont'd)

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(f) Financial assets

Financial assets are 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 financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiary companies and deposits, bank and cash balances.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets (Cont'd)

(b) Financial assets at fair value through other comprehensive income ("FVTOCI")

Debt instruments

A debt security is measured at fair value through other comprehensive income ("FVTOCI") if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value adjustment reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVTOCI.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or 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 FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets (Cont'd)

(c) Financial assets at fair value through profit or loss (Cont'd)

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

The Group and the Company have not designated any financial assets at FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(g) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(h) Offsetting the financial instruments

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

(i) 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 when the guaranteed debtor fails to make a payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

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

(j) Inventories

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

<u>Property under development and completed property</u>

Property under development consists of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including common costs such as the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition. Cost is determined on a specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

3. **Significant Accounting Policies (Cont'd)**

(k) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where 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 asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated each period at the same time.

3. **Significant Accounting Policies (Cont'd)**

(m) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(m) Impairment of assets (Cont'd)

(ii) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-months expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

Loss rates are based on actual credit loss experience over the past three years. At every reporting date, the historial observed default rates are updated and changes in forwardlooking estimates are analysed.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(m) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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

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 and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

(n) Share capital

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 its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

3. **Significant Accounting Policies (Cont'd)**

(o) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

Any reimbursement that the Group 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 expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(p) Employee benefits

(i) Short term employee benefits

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

# Notes To The Financial Statements
31 December 2021 (Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(p) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit and loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises, the impact of the revision of original estimates, if any, in the profit and loss, with a corresponding adjustment to the equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings or accumulated losses.

3. **Significant Accounting Policies (Cont'd)**

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method (or cost-to-cost method) to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from sales of completed properties is recognised at a point in time, being when the control of the properties has been passed 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 properties sold.

# Notes To The Financial Statements

31 December 2021 (Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(q) Revenue recognition (Cont'd)

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

(a) Revenue from property development (Cont'd)

The Group provides warranties for general repairs of defects as required by law. These assurance-type warranties are accounted for under MFRS 137 *Provision, contingent Liabilities and Contingent Assets*, please refer to accounting policy on warranty provisions in Note 3(o) to the financial statements.

(b) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

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

3. **Significant Accounting Policies (Cont'd)**

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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.

(s) Income taxes

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

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

# Notes To The Financial Statements
31 December 2021 (Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(s) Income taxes (Cont'd)

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts 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 in a 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 be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

3. **Significant Accounting Policies (Cont'd)**

(u) Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

# Notes To The Financial Statements

31 December 2021 (Cont'd)

## 4. Property, Plant and Equipment

| | Computer and software RM | Moter vehicles RM | Office equipment and fixtures RM | Renovation RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **31.12.2021** | | | | | |
| **At cost** | | | | | |
| At 1 January 2021 | 204,294 | 6,302 | 170,721 | 76,796 | 458,113 |
| Additions | 14,366 | - | 247,535 | 290,238 | 552,139 |
| Written off | - | - | (901) | - | (901) |
| At 31 December 2021 | 218,660 | 6,302 | 417,355 | 367,034 | 1,009,351 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2021 | 191,777 | 3,990 | 77,162 | 61,368 | 334,297 |
| Charge for the financial year | 18,767 | 1,260 | 21,146 | 12,330 | 53,503 |
| Written off | - | - | (782) | - | (782) |
| At 31 December 2021 | 210,544 | 5,250 | 97,526 | 73,698 | 387,018 |
| **Carrying amount** | | | | | |
| At 31 December 2021 | 8,116 | 1,052 | 319,829 | 293,336 | 622,333 |
| **31.12.2020** | | | | | |
| **At cost** | | | | | |
| At 1 January 2020 | 187,857 | 6,302 | 156,900 | 76,796 | 427,855 |
| Additions | 16,437 | - | 13,821 | - | 30,258 |
| At 31 December 2020 | 204,294 | 6,302 | 170,721 | 76,796 | 458,113 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2020 | 172,603 | 2,730 | 61,932 | 46,777 | 284,042 |
| Charge for the financial year | 19,174 | 1,260 | 15,230 | 14,591 | 50,255 |
| At 31 December 2020 | 191,777 | 3,990 | 77,162 | 61,368 | 334,297 |
| **Carrying amount** | | | | | |
| At 31 December 2020 | 12,517 | 2,312 | 93,559 | 15,428 | 123,816 |
| At 1 January 2020 | 15,254 | 3,572 | 94,968 | 30,019 | 143,813 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

4. **Property, Plant and Equipment (Cont'd)**

| | Computer and software RM | Office equipment and fixtures RM | Renovation RM | Total RM |
|---|---|---|---|---|
| **Company** | | | | |
| **31.12.2021** | | | | |
| **At cost** | | | | |
| At 1 January 2021/ At 31 December 2021 | 167,272 | 7,511 | 450 | 175,233 |
| **Accumulated depreciation** | | | | |
| At 1 January 2021 | 165,995 | 3,562 | - | 169,557 |
| Charge for the financial year | 645 | 1,034 | - | 1,679 |
| At 31 December 2021 | 166,640 | 4,596 | - | 171,236 |
| **Carrying amount** | | | | |
| At 31 December 2021 | 632 | 2,915 | 450 | 3,997 |
| **31.12.2020** | | | | |
| **At cost** | | | | |
| At 1 January 2020/ At 31 December 2020 | 167,272 | 7,511 | 450 | 175,233 |
| **Accumulated depreciation** | | | | |
| At 1 January 2020 | 162,154 | 2,886 | - | 165,040 |
| Charge for the financial year | 3,841 | 676 | - | 4,517 |
| At 31 December 2021 | 165,995 | 3,562 | - | 169,557 |
| **Carrying amount** | | | | |
| At 31 December 2021 | 1,277 | 3,949 | 450 | 5,676 |
| At 1 January 2020 | 5,118 | 4,625 | 450 | 10,193 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 5. Goodwill

| | Group | | |
|---|---|---|---|
| | 31.12.2021 RM | 31.12.2020 RM | 1.1.2020 RM |
| **Cost** | | | |
| At 1 January | 68,195 | 68,195 | 68,195 |
| Addition | 2,399,998 | - | - |
| At 31 December | 2,468,193 | 68,195 | 68,195 |
| **Accumulated impairment losses** | | | |
| At 1 January | 68,195 | 68,195 | 68,195 |
| Impairment loss during the financial year | 2,399,998 | - | - |
| At 31 December | 2,468,193 | 68,195 | 68,195 |
| **Carrying amounts** | | | |
| At 31 December | - | - | - |

During the financial year, goodwill arose upon the acquisition of a subsidiary company, Limpah Restu Development Sdn. Bhd. ("LRDSB") principally engaged in real property and housing developer.

The management carried out a review of the recoverable amount of the goodwill. The recoverable amount of goodwill is assessed by discounting the future cash flows projected based on actual operating results and management's assessment of future trends in respective industries of the subsidiary companies. During the financial year, an impairment loss amounting to RM2,399,998 was recognised.

The impairment loss was recognised in administrative expenses in the statements of profit or loss.

(a) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the financial year was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of the cash generating unit ("CGU") and was based on the following assumptions:

(i) Pre-tax cash flow projections based on the most recent financial budgets covering a 5 (five) years period.

(ii) The anticipated annual revenue growth rate used in the financial budgets and plans of the CGU is ranging from 0% to 100%.

(iii) Pre-tax discount rate of 20% per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

5. **Goodwill (Cont'd)**

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

(b) Sensitivity to changes in assumption

The management believes that a reasonably possible changes in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

6. **Investment Properties**

| | | **Group** | |
|---|---|---|---|
| | **31.12.2021** | **31.12.2020** | **1.1.2020** |
| | **RM** | **RM** | **RM** |
| **At fair value** | | | |
| At 1 January | 28,861,410 | 27,571,868 | 28,193,140 |
| Change in fair value recognised in profit or loss | (3,076,533) | - | - |
| Foreign currency translation differences | 1,868,737 | 1,289,542 | (621,272) |
| At 31 December | 27,653,614 | 28,861,410 | 27,571,868 |
| **At fair value** | | | |
| Commercial properties | 27,653,614 | 28,861,410 | 27,571,868 |

(a) Investment properties under leases

Investment properties comprise a number of leasehold commercial properties that are leased to third parties. Each of the leases contains a cancellable period ranging from 4 to 10 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

(b) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuer amounting to RMB42,169,200 (31.12.2020: RMB46,868,400; 1.1.2020: RMB46,868,400). The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the market comparison approach. Sales prices of comparable commercial properties in close proximity are adjusted for differences in key attributes such as property size.

There were no transfers between levels during current and previous financial year.

The decrease in fair values of RM3,076,533 (31.12.2020: RMNil; 1.1.2020: RMNil) has been recognised in the profit or loss during the financial year.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 6. Investment Properties (Cont'd)

(c) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

| | Group | |
|---|---|---|
| | 31.12.2021 RM | 31.12.2020 RM |
| Rental income | 124,464 | 102,470 |
| Direct operating expenses: | | |
| - Income generating investment properties | 7,930 | 6,379 |
| - Non-income generating investment properties | 21,606 | 20,816 |

## 7. Right-of-use Assets

| | | Group | |
|---|---|---|---|
| | 31.12.2021 RM | 31.12.2020 RM | 1.1.2020 RM |
| **Buildings** | | | |
| **At cost** | | | |
| At 1 January | 393,064 | 393,064 | - |
| Addition | 421,574 | - | 393,064 |
| Expiration of lease contract | (196,532) | - | - |
| Termination of lease contract | (522,257) | - | - |
| At 31 December | 95,849 | 393,064 | 393,064 |
| **Accumulated impairment losses** | | | |
| At 1 January | 393,064 | 196,532 | - |
| Charge for the financial year | 201,935 | 196,532 | 196,532 |
| Expiration of lease contract | (196,532) | - | - |
| Termination of lease contract | (302,618) | - | - |
| At 31 December | 95,849 | 393,064 | 196,532 |
| **Carrying amounts** | | | |
| At 31 December | - | - | 196,532 |

## 8. Investment in Subsidiary Companies

| | Company | | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **1.1.2020 RM** |
| **In Malaysia** | | | |
| **At cost** | | | |
| Unquoted shares | 10,750,004 | 10,750,004 | 10,750,004 |
| Less: Accumulated impairment losses | (1,869,377) | (1,869,377) | (920,843) |
| | 8,880,627 | 8,880,627 | 9,829,161 |
| **Outside Malaysia** | | | |
| **At cost** | | | |
| Unquoted shares | 8,563,000 | 8,563,000 | 8,563,000 |
| | 17,443,627 | 17,443,627 | 18,392,161 |

Movements in the allowance for impairment loses of investment in subsidiary companies are as follows:

| | Company | | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **1.1.2020 RM** |
| At 1 January | 1,869,377 | 920,843 | 920,843 |
| Impairment loss recognised | - | 1,048,534 | - |
| Reversal of impairment loss | - | (100,000) | - |
| At 31 December | 1,869,377 | 1,869,377 | 920,843 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 8. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

| Name of company | Place of business/ Country of incorporation | Equity interest 31.12.2021 % | 31.12.2020 % | 1.1.2020 % | Principal activities |
|---|---|---|---|---|---|
| Nagamas Venture Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Project management and consultation |
| Nagamas Bizworks Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Property development and construction |
| JKI Construction Sdn. Bhd. | Malaysia | 100 | 100 | 100 | General contractor of and for all buildings |
| JKI Development Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Property development and construction |
| JKI Resources Sdn. Bhd. (Formerly known as Nadi Pancar Sdn. Bhd.) | Malaysia | 100 | 100 | 100 | General trading, real property holding and investment holding |
| Key Success Development Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Property development and investment |
| Nagamas International (HK) Ltd* | Hong Kong | 100 | 100 | 100 | Property development and investment |
| **Held by Nagamas Ventures Sdn. Bhd.:** | | | | | |
| Limpah Restu Development Sdn. Bhd. | Malaysia | 100 | - | - | Real property and housing developer |

** Subsidiary companies not audited by UHY Malaysia*

8. **Investment in Subsidiary Companies (Cont'd)**

Acquisition during the financial year

On 3 March 2021, the Company announce that its wholly-owned subsidiary, Nagamas Venture Sdn Bhd ("NVSB" or "the Purchaser"), had on 3 March 2021 entered into a conditional share sale and purchase agreement ("SSPA") with Mr Sit Yew Hing and Mr Loh Siew Jiann ("the Vendors") for the acquisition of 2 ordinary shares in Limpah Restu Development Sdn Bhd ("LRDSB")("Sale Shares"), representing 100% equity interest in LRDSB for a total cash purchase consideration of RM10,000,000 ("Proposed Acquisition").

9. **Other Receivables**

| | | | **Group** | |
|---|---|---|---|---|
| | | **31.12.2021** | **31.12.2020** | **1.1.2020** |
| | **Note** | **RM** | **RM** | **RM** |
| **Non-current** | | | | |
| Other receivables | (a) | 4,244,728 | 4,244,728 | 3,964,832 |
| Less: Accumulated impairment losses | | (4,244,728) | - | - |
| | | - | 4,244,728 | 3,964,832 |
| **Current** | | | | |
| Other receivables | | 1,037,311 | 510,564 | 908,227 |
| Less: Accumulated impairment losses | | - | - | (20,000) |
| | | 1,037,311 | 510,564 | 888,227 |
| Deposits | (b) | 5,370,159 | 896,763 | 1,162,000 |
| Prepayments | | 186,021 | 288,732 | 227,187 |
| | | 6,593,491 | 1,696,059 | 2,277,414 |
| Presented as: | | | | |
| Non-current | | - | 4,244,728 | 3,964,832 |
| Current | | 6,593,491 | 1,696,059 | 2,277,414 |
| | | 6,593,491 | 5,940,787 | 6,242,246 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 9. Other Receivables (Cont'd)

| | Company | | |
|---|---|---|---|
| | 31.12.2021 | 31.12.2020 | 1.1.2020 |
| | RM | RM | RM |
| **Current** | | | |
| Other receivables | 4,391 | 11,867 | 14,808 |
| Deposits | 146,550 | 1,150 | 1,150 |
| Prepayments | 25,910 | 52,904 | 13,071 |
| | 176,851 | 65,921 | 29,029 |

(a) This represents deposit paid by a wholly-owned subsidiary company, Nagamas Venture Sdn. Bhd. to Silverland Capital Sdn. Bhd. Management foreseen that the amount is not recoverable and has provided full impairment during the financial year.

(b) Included in deposits is an amount of RM1,568,160 (31.12.2020: RMNil; 1.1.2020: RMNil) is refundable and paid to State Government of Melaka to secure the reclamation and development project.

Movements in the accumulated impairment losses in other receivables are as follows:

| | Group and Company | | |
|---|---|---|---|
| | 31.12.2021 | 31.12.2020 | 1.1.2020 |
| | RM | RM | RM |
| **Non-Current** | | | |
| At 1 Janaury | - | - | - |
| Impairment loss recognised during the financial year | 4,244,728 | - | - |
| At 31 December | 4,244,728 | - | - |
| **Current** | | | |
| At 1 Janaury | - | 20,000 | 20,000 |
| Written off | - | (20,000) | - |
| At 31 December | - | - | 20,000 |

## 10. Inventories

| | | Group | | |
|---|---|---|---|---|
| | | 31.12.2021 | 31.12.2020 | 1.1.2020 |
| | Note | RM | RM | RM |
| Property development costs | (a) | 28,177,253 | 17,251,923 | 33,128,906 |

10. **Inventories (Cont'd)**

(a) Property development costs

| | Freehold land RM | Leasehold land RM | Development expenditure RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **31.12.2021** | | | | |
| **Cumulative property development costs** | | | | |
| At 1 January 2021 | 37,481,624 | - | 84,526,910 | 122,008,534 |
| Costs incurred during the financial year | - | 23,000,000 | 27,298,525 | 50,298,525 |
| At 31 December 2021 | 37,481,624 | 23,000,000 | 111,825,435 | 172,307,059 |
| **Less: Cumulative costs recognised in profit or loss** | | | | |
| At 1 January 2021 | (24,209,380) | - | (80,547,231) | (104,756,611) |
| Costs incurred during the financial year | (10,554,826) | - | (28,818,369) | (39,373,195) |
| At 31 December 2021 | (34,764,206) | - | (109,365,600) | (144,129,806) |
| **Carrying amount** | | | | |
| At 31 December 2021 | 2,717,418 | 23,000,000 | 2,459,835 | 28,177,253 |

# Notes To The Financial Statements

31 December 2021 (Cont'd)

## 10. Inventories (Cont'd)

(a) Property development costs (Cont'd)

| | Freehold land RM | Development expenditure RM | Total RM RM |
|---|---|---|---|
| **Group** | | | |
| **31.12.2020 (Restated)** | | | |
| **Cumulative property development costs** | | | |
| At 1 January 2020, as previously reported, | 37,481,624 | 52,640,729 | 90,122,353 |
| Effect on adopting of the Agenda Decision (Note 38) | - | (4,711,008) | (4,711,008) |
| At 1 January 2020, as restated | 37,481,624 | 47,929,721 | 85,411,345 |
| Costs incurred during the financial year | - | 36,597,189 | 36,597,189 |
| At 31 December 2020 | 37,481,624 | 84,526,910 | 122,008,534 |
| **Less: Cumulative costs recognised in profit or loss** | | | |
| At 1 January 2020, as previously reported, | (12,672,537) | (44,299,601) | (56,972,138) |
| Effect on adopting of the Agenda Decision (Note 38) | - | 4,333,096 | 4,333,096 |
| At 1 January 2020, as restated | (12,672,537) | (39,966,505) | (52,639,042) |
| Recognised during the financial year | (11,536,843) | (40,580,726) | (52,117,569) |
| At 31 December 2020 | (24,209,380) | (80,547,231) | (104,756,611) |
| **Carrying amount** | | | |
| At 31 December 2020 | 13,272,244 | 3,979,679 | 17,251,923 |
| At 1 January 2020 | 24,809,087 | 8,319,819 | 33,128,906 |

During the financial year, the following costs are capitalised to property development costs:

| | Group 31.12.2021 RM | Group 31.12.2020 RM Restated |
|---|---|---|
| Sales commission | 908,853 | 166,262 |
| Staff costs (Note 28) | 428,300 | 910,488 |

10. **Inventories (Cont'd)**

(a) Property development costs (Cont'd)

The Group capitalised sales commission in relation to the property development contracts entered into as incremental costs of obtaining contracts with customers in property development costs. These costs are expected to be recoverable and are amortised to profit or loss as cost of sales when the related revenue are recognised. In the comparative period, such commissions were recognised as selling and marketing expenses when incurred. In the current financial year, RM1,714,947 (31.12.2020: RM1,874,506; 1.1.2020: RM2,059,034) was amortised and no impairment was recorded.

Freehold land with an aggregate carrying amount of RMNil (31.12.2020: RM13,272,244; 1.1.2020: RM24,809,807) was pledged as securities for bank borrowings as disclosed in Note 20 to the financial statements. The bank borrowings have been fully settled in previous financial year and discharged during the year.

(b) Right-of-use assets

Included in the net carrying amount of leasehold land of the Group are right-of-use assets amounted to RM23,000,000 (31.12.2020: RMNil; 1.1.2020: RMNil).

(c) Leasehold land

The remaining lease term of leasehold land is ranging from 88 years to 99 years.

11. **Contract Assets**

| | | **Group** | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **1.1.2020 RM** |
| **Current** | | | |
| Contract assets | | | |
| Property development activities (a) | 45,415,233 | 12,981,438 | 15,613,843 |
| At 31 December: | | | |
| Contract assets | 45,415,233 | 12,981,438 | 15,613,843 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 11. Contract Assets (Cont'd)

(a) Property development activities

| | Group 31.12.2021 RM | Group 31.12.2020 RM |
|---|---|---|
| At 1 January | 12,981,438 | 15,613,843 |
| Property development revenue recognised during the financial year | 54,344,682 | 58,463,037 |
| Less: Billings during the financial year | (21,910,887) | (61,095,442) |
| At 31 December | 45,415,233 | 12,981,438 |
| Presented as: | | |
| Contract assets | 45,415,233 | 12,981,438 |

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its property development activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

(b) Contract value yet to be recognised as revenue

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM13,499,350 (31.12.2020: RM67,844,032; 1.1.2020: RM127,815,843). The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 1-12 months.

## 12. Trade Receivables

| | Group 31.12.2021 RM | 31.12.2020 RM | 1.1.2020 RM |
|---|---|---|---|
| Trade receivables | 7,304,267 | 5,406,044 | 6,593,391 |
| Less: Accumulated impairment losses | (5,282) | (5,282) | (5,282) |
| | 7,298,985 | 5,400,762 | 6,588,109 |

Trade receivables are non-interest bearing and are generally on 30 to 90 days (31.12.2020: 30 to 90 days; 1.1.2020: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

| | Group 31.12.2021 RM | 31.12.2020 RM | 1.1.2020 RM |
|---|---|---|---|
| At 1 January/31 December | 5,282 | 5,282 | 5,282 |

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The aged analysis of trade receivables as at the end of the reporting period are as follow:

| | Gross amount RM | Loss allowance RM | Net amount RM |
|---|---|---|---|
| **Group** | | | |
| **31.12.2021** | | | |
| Not past due | 7,283,091 | - | 7,283,091 |
| Past due : | | | |
| More than 90 days | 21,176 | (5,282) | 15,894 |
| | 7,304,267 | (5,282) | 7,298,985 |
| **31.12.2020** | | | |
| Not past due | 3,649,073 | - | 3,649,073 |
| Past due : | | | |
| More than 90 days | 1,756,971 | (5,282) | 1,751,689 |
| | 5,406,044 | (5,282) | 5,400,762 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 12. Trade Receivables (Cont'd)

The aged analysis of trade receivables as at the end of the reporting period are as follow: (Cont'd)

| | Gross amount RM | Loss allowance RM | Net amount RM |
|---|---|---|---|
| **Group** | | | |
| **1.1.2020** | | | |
| Not past due | 4,883,863 | - | 4,883,863 |
| Past due : | | | |
| 61 to 90 days | 1,709,528 | (5,282) | 1,704,246 |
| | 6,593,391 | (5,282) | 6,588,109 |

Trade receivables that are not past due are creditworthy receivables with good payment records with the Group.

As at 31 December 2021, trade receivables of RM15,894 (31.12.2020: RM1,751,689; 1.1.2020: RM1,704,246) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

## 13. Amount Due from/(to) Subsidiary Companies

| | | Company | |
|---|---|---|---|
| | 31.12.2021 RM | 31.12.2020 RM | 1.1.2020 RM |
| **Amount due from subsidiary companies** | | | |
| Non-trade related | | | |
| Non-interest bearing | 35,209,919 | 22,030,495 | 22,446,242 |
| Less: Accumulated impairment losses | (76,730) | (76,730) | (139,286) |
| | 35,133,189 | 21,953,765 | 22,306,956 |
| **Amount due to subsidiary companies** | | | |
| Non-trade related | | | |
| Non-interest bearing | (3,233,110) | (3,749,310) | (3,749,110) |

13. **Amount Due from/(to) Subsidiary Companies (Cont'd)**

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

| | | Company | |
|---|---|---|---|
| | 31.12.2021 RM | 31.12.2020 RM | 1.1.2020 RM |
| At 1 January | 76,730 | 139,286 | 139,286 |
| Reversal of impairment loss | - | (62,556) | - |
| At 31 December | 76,730 | 76,730 | 139,286 |

Amount due from /(to) subsidiary companies are unsecured and repayable on demand.

14. **Deposits, Bank and Cash Balances**

| | | Group | |
|---|---|---|---|
| | 31.12.2021 RM | 31.12.2020 RM | 1.1.2020 RM |
| Cash and bank balances | 2,147,131 | 1,994,375 | 1,618,480 |
| Housing Development Accounts | 299,971 | 9,513,862 | 6,266,150 |
| Deposits with license banks | 3,830,000 | 7,443,565 | 3,536,624 |
| | 6,277,102 | 18,951,802 | 11,421,254 |
| Less: Deposits pledged with license banks | (3,830,000) | (3,830,000) | - |
| Total deposits, bank and cash balances | 2,447,102 | 15,121,802 | 11,421,254 |

| | | Company | |
|---|---|---|---|
| | 31.12.2021 RM | 31.12.2020 RM | 1.1.2020 RM |
| Cash and bank balances | 1,603,024 | 521,633 | 240,376 |

Housing Development Accounts pursuant to Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Fixed deposits pledged with licensed banks of the Company amounting to RM3,830,000 are pledged as performance bond guarantee favouring Kementerian Kesejahteraan Bandar, Perumahan dan Kerajaan Tempatan, Jabatan Perumahan (KPKT) for the development of Amani Residence located in Bandar Puteri Puchong.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 14. Deposits, Bank and Cash Balances (Cont'd)

The effective interest rates and maturity period of deposits with licensed banks of the Group as at the end of the reporting period is 2.9% (31.12.2020: 1.57% - 2.98%; 1.1.2020: 2.9%) per annum and 1 month (31.12.2020: 1 month; 1.1.2020: 1 month) respectively.

## 15. Share Capital

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of shares | | Amount | |
| | 31.12.2021 Unit | 31.12.2020 Unit | 31.12.2021 RM | 31.12.2020 RM |
| **Issued and fully paid:** | | | | |
| At 1 January | 168,116,219 | 166,845,219 | 45,291,145 | 44,655,645 |
| Issuance of shares pursuant to: | | | | |
| - private placement | 34,845,400 | - | 12,687,367 | - |
| - expenses on private placement | - | - | (210,086) | - |
| - exercise of warrant | 10,744,450 | 1,271,000 | 3,438,224 | 406,720 |
| Warrants reserve | - | - | 1,934,001 | 228,780 |
| Share capital reduction | - | - | (21,500,000) | - |
| At 31 December | 213,706,069 | 168,116,219 | 41,640,651 | 45,291,145 |

During the financial year, the Company issued:

(a) 34,845,400 new ordinary shares at issue price of ranging RM0.27 to RM0.4150 per ordinary share for a total cash consideration of RM12,687,367 through private placement; and

(b) 10,744,450 new ordinary shares pursuant to the conversion of Warrants 2014/2021 at the exercise price of RM0.32 per ordinary shares.

During the financial year, the Company completed a reduction of share capital via the cancellation of issued share capital of RM21,500,000 and the credit arising from such share reduction to be utilised to eliminate the accumulated.

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

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

## 16. Reserves

| | Note | Group<br>31.12.2021<br>RM | <br>31.12.2020<br>RM<br>Restated | <br>1.1.2020<br>RM<br>Restated |
|---|---|---|---|---|
| Warrants reserve | (a) | - | 13,376,860 | 13,605,640 |
| Foreign currency translation reserve | (b) | 4,546,877 | 3,870,568 | 4,308,143 |
| Share Issuance Scheme Option reserve | (c) | 2,114,058 | - | - |
| Accumulated losses | | 32,436,107 | (2,657,653) | (7,902,906) |
| | | 39,097,042 | 14,589,775 | 10,010,877 |

| | Note | Company<br>31.12.2021<br>RM | <br>31.12.2020<br>RM | <br>1.1.2020<br>RM |
|---|---|---|---|---|
| Warrants reserve | (a) | - | 13,376,860 | 13,605,640 |
| Share Issuance Scheme Option reserve | (c) | 2,114,058 | - | - |
| Accumulated losses | | 7,024,335 | (22,511,892) | (21,095,458) |
| | | 9,138,393 | (9,135,032) | (7,489,818) |

(a) Warrants reserve

On 24 December 2014, 75,586,889 units of Warrants 2014/2021 were issued for free by the Company to the subscribers of the rights issue of the Company's ordinary shares. The Warrants are constituted by a deed poll dated 2 December 2014. The Warrants were listed on Bursa Malaysia on 31 December 2014.

Salient features of the Warrants are as follows:

(i) Each warrant entitles the registered holder at any time during the exercise period to subscribe for one (1) new ordinary share of RM0.25 in the Company at the exercise price of RM0.32 per ordinary share.

(ii) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital by the Company in accordance with the conditions provided in the deed poll.

16. **Reserves (Cont'd)**

(a) Warrants reserve (Cont'd)

Salient features of the Warrants are as follows: (Cont'd)

(iii) The Warrants shall be exercisable at any time within the period commencing on and including the date of issue on 24 December 2014 of the Warrants and ending on the date preceding the seventh anniversary of the date of issue of the Warrants.

(iv) Upon exercise of the Warrants into new ordinary shares, such shall rank pari passu in all respects with the existing shares of the Company in issue at the time of exercise except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the Warrants are exercised or any interim dividend declared prior to the date of exercise of the Warrants.

(v) At the expiry of the exercise period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose

The warrants expired on 23 December 2021. Pursuant to that, warrants reserve in relation to the unexercised warrants has been transferred to retained earnings.

(b) Foreign currency translation reserve

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

(c) Share Issuance Scheme Option reserve

Share Issuance Scheme Option reserve represents an equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. Share Issuance Scheme Option is disclosed in Note 32.

## 17. Deferred Tax Liabilities

| | Group | |
|---|---|---|
| | 31.12.2021 | 31.12.2020 |
| | RM | RM |
| At 1 January | 7,053,764 | 6,303,908 |
| Recognised in profit or loss (Note 26) | (1,046,823) | 876,566 |
| Arising from acquisition of a subsidiary company | 2,400,000 | - |
| Exchange differences | 215,901 | (126,710) |
| At 31 December | 8,622,842 | 7,053,764 |

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 |
| | RM | RM | RM | RM |
| Deferred tax liabilites | 8,623,615 | 7,054,823 | 113 | 61 |
| Deferred tax assets | (773) | (1,059) | (113) | (61) |
| | 8,622,842 | 7,053,764 | - | - |

The components and movements of deferred tax assets and liabilities prior to offsetting are as follows:

| | Revaluation of investment property | Accelerated capital allowances | Others | Total |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| **Group** | | | | |
| **Deferred tax liabilities** | | | | |
| At 1 January 2021 | 7,053,764 | 1,059 | - | 7,054,823 |
| Recognised in profit or loss | (1,046,823) | (286) | - | (1,047,109) |
| Arising from acquisition of a subsidiary company | - | - | 2,400,000 | 2,400,000 |
| Effect on changes in exchange rate | 215,901 | - | - | 215,901 |
| At 31 December 2021 | 6,222,842 | 773 | 2,400,000 | 8,623,615 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 17. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax assets and liabilities prior to offsetting are as follows: (Cont'd)

| | Revaluation of investment property RM | Accelerated capital allowances RM | Others RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **Deferred tax liabilities** | | | | |
| At 1 January 2020 | 6,303,908 | 9,165 | - | 6,313,073 |
| Recognised in profit or loss | 876,566 | (7,120) | - | 869,446 |
| Effect on changes in exchange rate | (126,710) | - | - | (126,710) |
| Over provision in prior years | - | (986) | - | (986) |
| At 31 December 2020 | 7,053,764 | 1,059 | - | 7,054,823 |

| | Unutilised tax losses RM | Unabsorbed capital allowances RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| **Deferred tax assets** | | | |
| At 1 January 2021 | - | (1,059) | (1,059) |
| Recognised in profit or loss | - | 286 | 286 |
| At 31 December 2021 | - | (773) | (773) |
| At 1 January 2020 | (8,554) | (611) | (9,165) |
| Recognised in profit or loss | 8,554 | (448) | 8,106 |
| At 31 December 2020 | - | (1,059) | (1,059) |

17. **Deferred Tax Liabilities (Cont'd)**

The components and movements of deferred tax assets and liabilities prior to offsetting are as follows: (Cont'd)

| | **Accelerated capital allowances RM** |
|---|---|
| **Company** | |
| **Deferred tax liabilities** | |
| At 1 January 2021 | 61 |
| Recognised in profit or loss | 52 |
| At 31 December 2021 | 113 |
| At 1 January 2020 | 588 |
| Recognised in profit or loss | (527) |
| At 31 December 2020 | 61 |

| | **Unabsorbed capital allowances RM** |
|---|---|
| **Company** | |
| **Deferred tax assets** | |
| At 1 January 2021 | (61) |
| Recognised in profit or loss | (52) |
| At 31 December 2021 | (113) |
| At 1 January 2020 | (588) |
| Recognised in profit or loss | 527 |
| At 31 December 2020 | (61) |

Deferred tax assets have not been recognised in respect of the following items:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **31.12.2021 RM** | **31.12.2020 RM** |
| Unabsorbed capital allowances | 130,124 | 125,952 | 126,647 | 125,124 |
| Unutilised tax losses | 5,339,055 | 4,607,650 | 4,170,116 | 3,517,947 |
| | 5,469,179 | 4,733,602 | 4,296,763 | 3,643,071 |

# Notes To The Financial Statements

31 December 2021 (Cont'd)

## 17. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the unused tax losses of the Group and of the Company will be imposed with a time limit of utilisation. Any accumulated unused tax losses brought forward can be carried forward for a maximum period of 7 consecutive years of assessment. With effect from year of assessment 2022, unutilised tax losses that were allowed to be carried forward up to seven consecutive years was extended to a maximum of ten consecutive years of assessment under the current tax legislation. This can be utilised against income from the same business source for unabsorbed capital allowances and utilised against income from any business source for unutilised tax losses.

## 18. Trade Payables

| | | Group | |
|---|---|---|---|
| | 31.12.2021<br>RM | 31.12.2020<br>RM | 1.1.2020<br>RM |
| Third parties | 1,792,203 | 5,150,006 | 6,119,851 |

Credit terms of trade payables of the Group ranged from 30 to 90 days (31.12.2020: 30 to 90 days; 1.1.2020: 30 to 90 days) depending on the terms of the contracts.

## 19. Other Payables

| | | Group | |
|---|---|---|---|
| | 31.12.2021<br>RM | 31.12.2020<br>RM | 1.1.2020<br>RM |
| Other payables | 29,250,569 | 17,342,278 | 15,682,931 |
| Accruals | 820,557 | 292,503 | 722,077 |
| | 30,071,126 | 17,634,781 | 16,405,008 |

| | | Company | |
|---|---|---|---|
| | 31.12.2021<br>RM | 31.12.2020<br>RM | 1.1.2020<br>RM |
| Other payables | 296,234 | 15,802 | 16,478 |
| Accruals | 52,300 | 48,300 | 47,300 |
| | 348,534 | 64,102 | 63,778 |

19. **Other Payables (Cont'd)**

Included in other payables are RM12,030,639 (31.12.2020: RM12,030,639; 1.1.2020: RM12,030,639) being the balance of land owner entitlement payable to Fivestar Development (Puchong) Sdn. Bhd.. That amount is subject to payment upon completion and receive of Certificate Completion and Compliance for project Amani Residence.

20. **Bank Borrowings**

| | | **Group** | |
|---|---|---|---|
| | **31.12.2021** | **31.12.2020** | **1.1.2020** |
| | **RM** | **RM** | **RM** |
| **Secured** | | | |
| Bridging loans | - | - | 17,570,872 |
| **Current** | | | |
| Bridging loans | - | - | 17,570,872 |

In previous financial year, the loan had been fully settled and discharge during the year.

(a) The banking facilities are secured by the following:

(i) Third party legal charge over the freehold commercial land held under title HS(D) 298325 PT81833, Mukim Petaling, Daerah Petaling, Negeri Selangor Darul Ehsan of the subsidiary company as disclosed in Note 10 to the financial statements;
(ii) Corporate guarantee by the Company; and
(iii) Individual guarantee by a Director of the Company.

(b) The average effective interest rates per annum are as follow:

| | **Group** | |
|---|---|---|
| | **31.12.2020** | **1.1.2020** |
| | **%** | **%** |
| Bridging loans | 6.65 | 8.10 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 21. Lease Liabilities

| | Group | | |
|---|---|---|---|
| | 31.12.2021 RM | 31.12.2020 RM | 1.1.2020 RM |
| At 1 January | - | 200,070 | - |
| Additions | 421,574 | - | 393,064 |
| Payments | (198,000) | (204,000) | (204,000) |
| Interest expense recognised in profit or loss | 7,239 | 3,930 | 11,006 |
| Termination of lease contract | (230,813) | - | - |
| At 31 December | - | - | 200,070 |
| Presented as: | | | |
| Current | - | - | 200,070 |

The maturity analysis of lease liabilities of the Group at the end of the reporting period.

| | Group | | |
|---|---|---|---|
| | 31.12.2021 RM | 31.12.2020 RM | 1.1.2020 RM |
| Within one year | - | - | 204,000 |
| Less: Future finance charges | - | - | (3,930) |
| Present value of lease liabilities | - | - | 200,070 |

The Group leases a building. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

## 22. Amount Due to Directors

This represents unsecured advances, non-interest bearing and is repayable on demand.

## 23. Revenue

| | Group 2021 RM | Group 2020 RM |
|---|---|---|
| **Revenue from contracts with customers, recognised over time:** | | |
| - Property development and construction | 59,815,477 | 58,642,340 |
| | 59,815,477 | 58,642,340 |
| **Revenue from other sources, recognised point at time:** | | |
| - Rental income from investment properties | 124,471 | 102,469 |
| | 59,939,948 | 58,744,809 |

Breakdown of the Group's revenue from contracts with customers:

| | Property development and construction RM |
|---|---|
| **2021** | |
| **Major goods and services** | |
| Property development, representing total revenue from contracts with customers | 59,815,477 |
| **Geographical market** | |
| Malaysia, representing total revenue from contracts with customers | 59,815,477 |
| **Timing of revenue recognition** | |
| Over time, representing total revenue from contracts with customers | 59,815,477 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 23. Revenue (Cont'd)

Breakdown of the Group's revenue from contracts with customers: (Cont'd)

| | Property development and construction RM |
|---|---|
| **2020** | |
| **Major goods and services** | |
| Property development, representing total revenue from contracts with customers | 58,642,340 |
| **Geographical market** | |
| Malaysia, representing total revenue from contracts with customers | 58,642,340 |
| **Timing of revenue recognition** | |
| Over time, representing total revenue from contracts with customers | 58,642,340 |

## 24. Finance Costs

| | Group | |
|---|---|---|
| | **2021 RM** | **2020 RM Restated** |
| **Interest expenses on:** | | |
| -Bridging loans | - | 325,037 |
| -Lease liabilities | 7,239 | 3,930 |
| -Term loans | - | 31,566 |
| | 7,239 | 360,533 |

## 25. Profit/(Loss) Before Tax

Profit/(Loss) before tax is determined after charging/(crediting) amongst other, the following items:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Auditors' remuneration | | | | |
| Statutory audit | | | | |
| - Current year provision | 152,079 | 119,390 | 41,000 | 34,000 |
| - Non-audit services | 5,000 | 5,000 | 5,000 | 5,000 |
| Depreciation of: | | | | |
| - property, plant and equipment | 53,503 | 50,255 | 1,679 | 4,517 |
| - right-of-use assets | 201,935 | 196,532 | - | - |
| Fair value loss/(gain) on investment properties | 3,076,533 | - | - | - |
| Foreign exchange loss/(gain) | | | | |
| - Unrealised | (1,868,737) | 1,289,542 | - | - |
| Gain on termination of lease contract | (11,174) | - | - | - |
| Government subsidy | (69,176) | (46,200) | - | - |
| Interest income | (133,164) | (127,510) | (1,304) | (260) |
| Impairment loss on goodwill | 2,399,998 | - | - | - |
| Impairment loss on other receivable | 4,244,728 | - | - | - |
| Impairment loss on investment of subsidiary company | - | - | - | 1,048,534 |
| Lease expenses relating to | | | | |
| - Short-term leases | 26,500 | 111,900 | - | - |
| - Low-value assets | 49,680 | 69,251 | - | - |
| Non-executive Directors' remuneration | | | | |
| - Fees | 260,500 | 157,097 | 260,500 | 137,500 |
| - Other emoluments | 4,000 | 9,500 | 4,000 | 8,000 |
| Property, plant and equipment written off | 119 | - | - | - |

## 25. Profit/(Loss) Before Tax (Cont'd)

Profit/(Loss) before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM | RM | RM | RM |
| Reversal of interest expense at amortised costs non-current other receivable | - | (279,896) | - | - |
| Reversal of impairment loss on | | | | |
| - investment in subsidiary company | - | - | - | (100,000) |
| - amount due from subsidiary company | - | - | - | (62,556) |
| Share based payments expenses | 2,114,058 | - | 2,114,058 | - |
| Waiver of rental | - | (17,000) | - | - |

During the financial year, government grants of RM69,176 (2020: RM46,200) to the Group and the Company were received as part of a Government initiative to provide immediate financial support as a result of Wage Subsidy Program. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

## 26. Taxation

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM | RM | RM | RM |
| **Tax expenses recognised in profit or loss** | | | | |
| Current tax provision | | | | |
| - Malaysia income tax | 3,628,096 | 1,276,645 | - | - |
| (Over)/Under provision in prior years | (194,991) | 11,269 | - | - |
| | 3,433,105 | 1,287,914 | - | - |
| Deferred tax (Note 17) | | | | |
| Origination and reversal of temporary differences | (1,046,823) | 876,566 | - | - |
| | 2,386,282 | 2,164,480 | - | - |

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

26. **Taxation (Cont'd)**

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM Restated | 2021 RM | 2020 RM |
| Profit/(Loss) before tax | 4,537,183 | 7,409,733 | (3,406,632) | (1,416,434) |
| At Malaysian statutory tax rate of 24% (2020: 24%) | 1,088,924 | 1,778,336 | (817,592) | (339,944) |
| Effects of different tax rates in other jurisdictions | 154,491 | (132,409) | - | - |
| | 1,243,415 | 1,645,927 | (817,592) | (339,944) |
| Expenses not deductible for tax purposes | 2,418,916 | 530,966 | 660,706 | 316,218 |
| Effect of group relief | (156,806) | - | - | - |
| Income not subject to tax | (53,968) | (6,125) | - | (39,013) |
| Deferred tax movement arising from investment property | (1,046,823) | 876,566 | - | - |
| Deferred tax assets not recognised during the financial year | 176,539 | 137,494 | 156,886 | 62,739 |
| Utilisation of previously unrecognised deferred tax assets | - | (1,031,617) | - | - |
| (Over)/Under provision of tax in prior years | (194,991) | 11,269 | - | - |
| | 2,386,282 | 2,164,480 | - | - |

The Group and the Company have the following estimated unutilised tax losses and unabsorbed capital allowances available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Unabsorbed capital allowances | 133,351 | 130,107 | 127,119 | 125,380 |
| Unutilised tax losses | 5,339,055 | 4,607,650 | 4,170,116 | 3,517,947 |
| | 5,472,406 | 4,737,757 | 4,297,235 | 3,643,327 |

## 27. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| | | **Restated** |
| Profit attributable to owners of the parent | 2,150,901 | 5,245,253 |
| Weighted average number of ordinary shares in issue | | |
| Issued ordinary shares at 1 January | 166,930,069 | 166,845,219 |
| Effect of ordinary shares issued during the financial year | 2,903,606 | 84,850 |
| Weighted average number of ordinary shares at 31 December | 169,833,675 | 166,930,069 |
| Basic earnings per shares (in sen) | 1.27 | 3.14 |

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| | | **Restated** |
| Profit attributable to owners of the parent | 2,150,901 | 5,245,253 |
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 169,833,675 | 166,930,069 |
| Effect of potential exercise of warrants | - | 15,536,689 |
| Effect of share options on issue | 4,837,699 | - |
| Weighted average number of ordinary shares at 31 December (diluted) | 174,671,374 | 182,466,758 |
| Basic earnings per ordinary shares (in sen) | 1.23 | 2.87 |

## 28. Staff Costs

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

| | Group and Company 2021 RM | 2020 RM |
|---|---|---|
| Salaries and other emoluments | 2,961,402 | 2,708,252 |
| Defined contribution plans | 337,389 | 279,238 |
| Social security contributions | 20,022 | 10,347 |
| Employee Insurance Scheme | 2,127 | 297 |
| Other employee benefits | - | 7,991 |
| | 3,320,940 | 3,006,125 |
| Less: Staff costs capitalised in property development costs (Note 10) | (428,300) | (910,488) |
| | 2,892,640 | 2,095,637 |

Included in staff cost is aggregate amount of remuneration received and receivable by the Executive Directors of the Company during the financial year as below:

| | Group and Company 2021 RM | 2020 RM |
|---|---|---|
| **Executive Directors** | | |
| Existing Directors of the Company | | |
| Salaries and other emoluments | 683,974 | 351,607 |
| Defined contribution plans | 81,065 | 13,316 |
| Social security contributions | 1,186 | 50 |
| | 766,225 | 364,973 |
| Past Directors of the Company | | |
| Salaries and other emoluments | - | 663,600 |
| Defined contribution plans | - | 73,608 |
| Social security contributions | - | 1,687 |
| Employee Insurance Scheme | - | 190 |
| | - | 739,085 |

## 29. Related Party Disclosures

(a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Note 13.

(c) Compensation of key management personnel

The remuneration of key management personnel is same as the Directors' remuneration as disclosed in Notes 25 and 28 respectively.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 30. Reconciliation of Liabilities Arising from Financing Activities

The table below shows the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | At 1 January | Financing cash flows (i) | New lease (Note 21) | Other changes (ii) | At 31 December |
| **Group** | RM | RM | RM | RM | RM |
| **2021** | | | | | |
| Lease liabilities | - | (190,761) | 421,574 | (230,813) | - |
| **2020** | | | | | |
| Lease liabilities | 200,070 | (200,070) | - | - | - |
| Bank borrowings | 17,570,872 | (17,570,872) | - | - | - |
| | 17,770,942 | (17,770,942) | - | - | - |

| | At 1 January | Financing cash flows (i) | Other changes(ii) | At 31 December |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| **Company** | | | | |
| **2021** | | | | |
| Amount due from subsidiary companies | (18,204,455) | (13,695,624) | - | (31,900,079) |
| **2020** | | | | |
| Amount due from subsidiary companies | (18,557,846) | 415,947 | (62,556) | (18,204,455) |

## 30. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

(i) The net amount of the financing cash flows were make-up from the followings:

   (a) proceeds from and repayment of borrowings;

   (b) repayment of finance lease liabilities and lease liabilities; and

   (c) proceeds from and repayment of amount owing (from)/to subsidiary companies.

(ii) Other changes include reversal of allowance for impairment loss on amount due from subsidiary and termination of lease contracts.

## 31. Share Issuance Scheme ("SIS")

At an Extraordinary General Meeting held on 24 March 2021, the Company's shareholders approved the establishment of SIS for eligible Directors and employees of the Group.

The salient features of the SIS Options are as follows:

(a) Any employee of the Group shall be eligible if as at the date of offer, the employee:

   (i) has attained at least eighteen (18) years of age;
   (ii) is an employee in a company within the Group, which is not dormant belonging to such categories of employment as determined by the Option Committee; and
   (iii) who falls under such categories and criteria that the Option Committee may decide as its absolute discretion from time to time.

(b) Any Director of the Group shall be eligible if as at the date of offer, the Director

   (i) is at least eighteen (18) years of age; and
   (ii) has been appointed as a Director of a company within the Group, which is not dormant.

(c) The maximum number of new shares to be issued pursuant to the exercise of the SIS Options which may be granted under the SIS Scheme shall not exceed fifteen percent (15%) of the total issued and paid-up share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the SIS.

(d) The options granted may be exercised any time upon the satisfaction of vesting conditions of each offer.

(e) The SIS shall be in force for a period of five (5) years from the first grant date.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

31. **Share Issuance Scheme ("SIS") (Cont'd)**

The salient features of the SIS Options are as follows: (Cont'd)

(f) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of and not less than 100 shares.

The terms and conditions relating to the grants of the new share option programme are as follows; all options are to be settled by physical delivery of shares:

| Granted date | Number of options | Vesting conditions | Contractual life of options |
|---|---|---|---|
| 3 August 2021 | 31,180,800 | Not applicable | 5 years |

Movement in the number of share options and the weighted average exercise price ("WAEP") are as follows:

| | Number of options over ordinary shares | | | |
|---|---|---|---|---|
| | At 01.01.2021 | Granted | Exercised | At 31.12.2021 |
| **2021** | | | | |
| **SIS** | | | | |
| First Grant | - | 31,180,800 | - | 31,180,800 |
| WAEP | - | 0.27 | - | 0.27 |

The fair values of share options granted were estimated using a binomial option pricing model taking into account the terms and conditions upon which the options were granted.

32. **Material Litigations**

Nagamas Venture Sdn. Bhd. ("Plaintiff" or "NVSB") vs Silverland Capital Sdn Bhd. ("Defendant" or "SCSB")

NVSB had on 28 July 2021 commenced a civil litigation via Writ of Summons dated 28 July 2021 against SCSB.

NVSB is claiming the following from SCSB through the Writ of Summon and Statement of Claim:

(a) SCSB pays NVSB a sum of RM4,430,000.00;

## 32. Material Litigations (Cont'd)

Nagamas Venture Sdn. Bhd. ("Plaintiff" or "NVSB") vs Silverland Capital Sdn Bhd. ("Defendant" or "SCSB") (Cont'd)

NVSB is claiming the following from SCSB through the Writ of Summon and Statement of Claim: (Cont'd)

(b) SCSB shall transfer and/or cause the registration of ownership and title of the property units in Silverlakes Brands Village, that is identified and chosen by the NVSB and equivalent to the developer selling price of RM4,430,000.00, in the name of the NVSB and/or its nominees within Thirty (30) days of issuance of the Certificate of Completion and Compliance toward the said Development;

(c) Interest at the rate of 5% per annum on the judgment sum from the date of judgment till full and final settlement;

(d) Costs; and

(e) Any other relief that this Honourable Court thinks fit and proper.

## 33. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable segments as follows:

| | |
|---|---|
| Property development and construction | Develop and provides construction services for residential, industrial and commercial property |
| Property management and investment holding | Provision of management, marketing and consultancy services |

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 33. Segment Information (Cont'd)

| | Property development and construction RM | Property management and investment holding RM | Total segments RM | Adjustments and elimination RM | Consolidated RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2021** | | | | | |
| **Revenue** | | | | | |
| External customers | | | | | |
| - Property development | 59,815,477 | - | 59,815,477 | - | 59,815,477 |
| - Rental income from investment properties | - | 124,471 | 124,471 | - | 124,471 |
| | 59,815,477 | 124,471 | 59,939,948 | - | 59,939,948 |
| Inter-segment | 17,868,909 | - | 17,868,909 | (17,868,909) | - |
| Total Revenue | 77,684,386 | 124,471 | 77,808,857 | (17,868,909) | 59,939,948 |
| **Results** | | | | | |
| Segment result | 15,333,179 | (9,914,933) | 5,418,246 | (1,006,868) | 4,411,378 |
| Finance costs | (7,239) | - | (7,239) | - | (7,239) |
| Finance income | 131,860 | 1,304 | 133,164 | - | 133,164 |
| Profit/(Loss) before tax | 15,457,800 | (9,913,629) | 5,544,171 | (1,006,868) | 4,537,303 |
| Taxation | (3,433,105) | 1,046,823 | (2,386,282) | - | (2,386,282) |
| Profit/(Loss) for the financial year | 12,024,695 | (8,866,806) | 3,157,889 | (1,006,868) | 2,151,021 |

33. **Segment Information (Cont'd)**

| | Property development and construction RM | Property management and investment holding RM | Total segments RM | Adjustments and elimination RM | Consolidated RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2021** | | | | | |
| **Segment assets** | 83,335,349 | 107,699,735 | 191,035,084 | (68,612,290) | 122,422,794 |
| Including in the measurement of assets are: | | | | | |
| Capital expenditure relating to: | | | | | |
| -property, plant and equipment | 552,139 | - | 552,139 | - | 552,139 |
| **Segment liabilities** | 49,349,530 | 39,107,098 | 88,456,628 | (46,771,646) | 41,684,982 |
| **Other non-cash items** | | | | | |
| Depreciation of: | | | | | |
| - property, plant and equipment | 51,636 | 1,867 | 53,503 | - | 53,503 |
| - right-of-use assets | 201,935 | - | 201,935 | - | 201,935 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 33. Segment Information (Cont'd)

| | Property development and construction RM | Property management and investment holding RM | Total segments RM | Adjustments and elimination RM | Consolidated RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2020 (Restated)** | | | | | |
| **Revenue** | | | | | |
| External customers | | | | | |
| - Property development | 58,642,340 | - | 58,642,340 | - | 58,642,340 |
| - Rental income from investment properties | - | 102,469 | 102,469 | - | 102,469 |
| | 58,642,340 | 102,469 | 58,744,809 | - | 58,744,809 |
| Inter-segment | 45,747,584 | - | 45,747,584 | (45,747,584) | - |
| Total Revenue | 104,389,924 | 102,469 | 104,492,393 | (45,747,584) | 58,744,809 |
| **Results** | | | | | |
| Segment result | 8,734,363 | 579,392 | 9,313,755 | (1,670,999) | 7,642,756 |
| Finance costs | (360,533) | - | (360,533) | - | (360,533) |
| Finance income | 127,510 | - | 127,510 | - | 127,510 |
| Profit/(Loss) before tax | 8,501,340 | 579,392 | 9,080,732 | (1,670,999) | 7,409,733 |
| Taxation | (1,280,031) | (884,449) | (2,164,480) | - | (2,164,480) |
| Profit/(Loss) for the financial year | 7,221,309 | (305,057) | 6,916,252 | (1,670,999) | 5,245,253 |

33. **Segment Information (Cont'd)**

| | Property development and construction RM | Property management and investment holding RM | Total segments RM | Adjustments and elimination RM | Consolidated RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2020 (Restated)** | | | | | |
| **Segment assets** | 56,082,461 | 37,319,126 | 93,401,587 | (3,334,697) | 90,066,890 |
| Including in the measurement of assets are: | | | | | |
| Capital expenditure relating to: | | | | | |
| -property, plant and equipment | 30,258 | - | 30,258 | - | 30,258 |
| **Segment liabilities** | 22,623,001 | 7,562,969 | 30,185,970 | - | 30,185,970 |
| **Other non-cash items** | | | | | |
| Depereciation of: | | | | | |
| - property, plant and equipment | 45,738 | 4,517 | 50,255 | - | 50,255 |
| - right-of-use assets | 196,532 | - | 196,532 | - | 196,532 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

33. **Segment Information (Cont'd)**

Geographic information

Breakdown of the Group's revenue from contract with customers:

| | Property development and construction RM | Property management and investment holding RM | Total segments RM | Adjustments and elimination RM | Consolidated RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Revenue** | | | | | |
| **Geographical market:** | | | | | |
| **2021** | | | | | |
| Malaysia | | | | | |
| - Property development | 77,684,386 | - | 77,684,386 | (17,868,909) | 59,815,477 |
| People's Republic of China | - | 124,471 | 124,471 | - | 124,471 |
| | 77,684,386 | 124,471 | 77,808,857 | (17,868,909) | 59,939,948 |
| **2020** | | | | | |
| Malaysia | | | | | |
| - Property development | 104,389,924 | - | 104,389,924 | (45,747,584) | 58,642,340 |
| People's Republic of China | - | 102,469 | 102,469 | - | 102,469 |
| | 104,389,924 | 102,469 | 104,492,393 | (45,747,584) | 58,744,809 |

## 33. Segment Information (Cont'd)

Geographic information (Cont'd)

Non-current assets information based on the geographical location of assets are as follows:

| | Group 2021 RM | Group 2020 RM |
|---|---|---|
| **Non-current assets** | | |
| Malaysia | 622,333 | 4,368,544 |
| People's Republic of China | 27,653,614 | 28,861,410 |
| | 28,275,947 | 33,229,954 |

## 34. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

| **Group** | **At amortised cost RM** |
|---|---|
| **31.12.2021** | |
| **Financial assets** | |
| Trade receivables | 7,298,985 |
| Other receivables | 6,407,470 |
| Deposits, bank and cash balances | 6,277,102 |
| | 19,983,557 |
| | |
| **Financial liabilities** | |
| Trade payables | 1,792,203 |
| Other payables | 30,071,126 |
| | 31,863,329 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 34. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

| **Group** | **At amortised cost RM** |
|---|---|
| **31.12.2020** | |
| **Financial assets** | |
| Trade receivables | 5,400,762 |
| Other receivables | 5,652,055 |
| Deposits, bank and cash balances | 18,951,802 |
| | 30,004,619 |
| | |
| **Financial liabilities** | |
| Trade payables | 5,150,006 |
| Other payables | 17,634,781 |
| Amount due to Directors | 21,097 |
| | 22,805,884 |
| | |
| **1.1.2020** | |
| Trade receivables | 6,588,109 |
| Other receivables | 6,015,059 |
| Deposits, bank and cash balances | 11,421,254 |
| | 24,024,422 |
| | |
| **Financial liabilities** | |
| Bank borrowings | 17,570,872 |
| Trade payables | 6,119,851 |
| Other payables | 16,405,008 |
| Lease liabilities | 200,070 |
| | 40,295,801 |

## 34. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

| Company | At amortised cost RM |
|---|---|
| **31.12.2021** | |
| **Financial assets** | |
| Other receivables | 150,941 |
| Amount due from subsidiary companies | 35,133,189 |
| Deposits, bank and cash balances | 1,603,024 |
| | 36,887,154 |
| **Financial liabilities** | |
| Other payables | 348,534 |
| Amount due to subsidiary companies | 3,233,110 |
| | 3,581,644 |
| **31.12.2020** | |
| **Financial assets** | |
| Other receivables | 13,017 |
| Amount due from subsidiary companies | 21,953,765 |
| Deposits, bank and cash balances | 521,633 |
| | 22,488,415 |
| **Financial liabilities** | |
| Other payables | 64,102 |
| Amount due to Directors | 21,097 |
| Amount due to subsidiary companies | 3,749,310 |
| | 3,834,509 |

34. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

| **Company** | **At amortised cost RM** |
|---|---|
| **1.1.2020** | |
| **Financial assets** | |
| Other receivables | 15,958 |
| Amount due from subsidiary companies | 22,306,956 |
| Deposits, bank and cash balances | 240,376 |
| | 22,563,290 |
| | |
| **Financial liabilities** | |
| Other payables | 63,778 |
| Amount due to subsidiary companies | 3,749,110 |
| | 3,812,888 |

(b) Financial risk management objectives and policies

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

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

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with licensed banks. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to previous financial year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with licensed banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when 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. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies.

The Company's maximum exposure in this respect is RMNil (31.12.2020: RM22,892,266; 1.1.2020: RM RM22,892,266), representing the outstanding banking facilities to the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period. Nevertheless, the loan had been fully settled in subsidiary and pending bank for release of pledge.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

There are no significant changes as compared to previous financial year.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. 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 funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

| | **On demand or within 1 year RM** | **Total contractual cash flows RM** | **Total carrying amount RM** |
|---|---|---|---|
| **Group** | | | |
| **31.12.2021** | | | |
| Non-derivative financial liabilities | | | |
| Trade payables | 1,792,203 | 1,792,203 | 1,792,203 |
| Other payables | 30,071,126 | 30,071,126 | 30,071,126 |
| | 31,863,329 | 31,863,329 | 31,863,329 |
| **31.12.2020** | | | |
| Non-derivative financial liabilities | | | |
| Trade payables | 5,150,006 | 5,150,006 | 5,150,006 |
| Other payables | 17,634,781 | 17,634,781 | 17,634,781 |
| Amount due to directors | 21,097 | 21,097 | 21,097 |
| | 22,805,884 | 22,805,884 | 22,805,884 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

| | On demand or within 1 year RM | Total contractual cash flows RM | Total carrying amount RM |
|---|---|---|---|
| **Group** | | | |
| **1.1.2020** | | | |
| Non-derivative financial liabilities | | | |
| Bank borrowings | 18,783,678 | 18,783,678 | 17,570,872 |
| Trade payables | 6,119,851 | 6,119,851 | 6,119,851 |
| Other payables | 16,405,008 | 16,405,008 | 16,405,008 |
| Lease liabilities | 204,000 | 204,000 | 200,070 |
| | 41,512,537 | 41,512,537 | 40,295,801 |

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

| | **On demand or within 1 year RM** | **Total contractual cash flows RM** | **Total carrying amount RM** |
|---|---|---|---|
| **Company** | | | |
| **31.12.2021** | | | |
| Non-derivative financial liabilities | | | |
| Other payables | 348,534 | 348,534 | 348,534 |
| Amount due to subsidiary companies | 3,233,110 | 3,233,110 | 3,233,110 |
| | 3,581,644 | 3,581,644 | 3,581,644 |
| **31.12.2020** | | | |
| Non-derivative financial liabilities | | | |
| Other payables | 64,102 | 64,102 | 64,102 |
| Amount due to subsidiary companies | 3,749,310 | 3,749,310 | 3,749,310 |
| Amount due to directors | 21,097 | 21,097 | 21,097 |
| Financial guarantee liabilities* | 22,892,266 | 22,892,266 | - |
| | 26,726,775 | 26,726,775 | 3,834,509 |

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

| | **On demand or within 1 year RM** | **Total contractual cash flows RM** | **Total carrying amount RM** |
|---|---|---|---|
| **Company** | | | |
| **1.1.2020** | | | |
| Non-derivative financial liabilities | | | |
| Other payables | 63,778 | 63,778 | 63,778 |
| Amount due to subsidiary companies | 3,749,110 | 3,749,110 | 3,749,110 |
| Financial guarantee liabilities* | 22,892,266 | 22,892,266 | - |
| | 26,705,154 | 26,705,154 | 3,812,888 |

* Based on the maximum amount that can be called for under financial guarantee contract.

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk though fair value valuation of investment properties that denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily Renminbi (RMB).

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

| | **Denominated in RMB** | | |
|---|---|---|---|
| | **31.12.2021** | **31.12.2020** | **1.1.2020** |
| | **RM** | **RM** | **RM** |
| **Group** | | | |
| Investment properties | 27,653,614 | 28,861,410 | 27,571,868 |
| Trade receivables | 2,598 | 2,446 | 3,355 |
| Other receivables | 622,465 | 493,739 | 409,748 |
| Trade payables | - | (215,045) | (254,771) |
| Other payables | (361,390) | (56,055) | (36,413) |
| | 27,917,287 | 29,086,495 | 27,693,787 |

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

# Notes To The Financial Statements

31 December 2021 (Cont'd)

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis (Cont'd)

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the RMB exchange rates against RM, with all other variables held constant.

| | Change in currency rate RM | Effect on profit/(loss) before tax RM |
|---|---|---|
| **31.12.2021** | | |
| RMB | Strengthened 1% | 279,173 |
| | Weakened 1% | (279,173) |
| **31.12.2020** | | |
| RMB | Strengthened 1% | 290,865 |
| | Weakened 1% | (290,865) |
| **1.1.2020** | | |
| RMB | Strengthened 1% | 276,938 |
| | Weakened 1% | (276,938) |

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(c) Interest rate risks

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages its interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rate obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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** | **31.12.2020** | **1.1.2020** |
| | **RM** | **RM** | **RM** |
| **Fixed rate instruments** | | | |
| Financial assets | 3,830,000 | 7,443,565 | 3,536,624 |
| Financial liabilities | - | - | 200,070 |
| **Floating rate instrument** | | | |
| Bank borrowings | - | - | 17,570,872 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risks (Cont'd)

**Interest rate risk sensitivity analysis**

<u>Fair value sensitivity analysis for fixed rate instruments</u>

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

34. **Financial Instruments (Cont'd)**

(c) Fair value of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

35. **Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital of the Group consists of issued share capital and cash and cash equivalent.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to any externally imposed capital requirements.

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 36. Significant Events

(a) Effect of outbreak of coronavirus pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ('COVID-19') infection in Malaysia that may affect the business performance, financial performance and financial position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Group and Company business operations, as at the date of this report, the directors have assessed the overall impact of this situation towards the Group's and the Company's operations, financial performance and cashflows and concluded there is no material adverse effect on the Group's and the Company's financial statements for the financial year ended 31 December 2021. Nevertheless, the directors will closely monitor the current developments of Covid-19 pandemic and at the present the facilities and site works activities of the Group and Company are in normal and stable operation.

(b) On 14 January 2021, the company announced the proposal to private placement exercises of up to 20% of the total number of issued shares of the Company to third party investors and submitted the plan to Bursa Malaysia Securities Berhad ("Bursa").

On 19 January 2021, Bursa approved the above plan subject to inter alia, the following conditions:

(i) The Company or its advisor must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Private Placement;

(ii) The Company and the advisor to inform Bursa upon completion of the Private Placement; and

(iii) The Company and TA Securities to furnish Bursa with a written confirmation of its compliance with the terms and conditions of Bursa's approval once the Private Placement is completed.

On 18 March 2021, the Board had on to-date ("Price-fixing Date") fixed the issue price for the placement of 14,000,000 Placement Shares at RM0.3720 per Placement Share ("Issue Price"). The Issue Price represents a discount of approximately 9.99% to the 5-day VWAP of Jiankun Shares up to and including 17 March 2021 of RM0.4133, being the last market day immediately preceding the Price-fixing Date.

On 26 April 2021, the Board had on to-date ("Price-fixing Date") fixed the issue price for the placement of 10,645,400 Placement Shares at RM0.3213 per Placement Share ("Issue Price"). The Issue Price represents a discount of 10.00% to the 5-day VWAP of Jiankun Shares up to and including 23 April 2021 of RM0.3570, being the last market day immediately preceding the Price-fixing Date.

36. **Significant Events (Cont'd)**

(c) On 22 January 2021, the Company announced the proposal to undertake the following:

(i) Establishment of a share issuance scheme of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries ("Proposed SIS"); and

(ii) Proposed reduction of the issued share capital of the Company pursuant to Section 116 of the Companies Act 2016 ("Proposed Share Capital Reduction"),

On 8 February 2021, Bursa approved the listing and quotation of up to 15% of the total number of issued Shares (excluding treasury shares) to be issued pursuant to the Proposed SIS subject to the following conditions:

(i) TA Securities is required to submit a confirmation to Bursa of full compliance of the Proposed SIS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the Shareholders in general meeting approving the Proposed SIS; and

(ii) Company is required to furnish Bursa on a quarterly basis a summary of the total number of Shares listed pursuant to the Proposed SIS, as at the end of each quarter together with a detailed computation of listing fees payable.

On 24 March 2021, the Proposed SIS and share capital reduction were approved by the shareholders at the Extraordinary General Meeting.

On 28 April 2021, the Board filed the petition to the Court in relation to the Proposed Share Capital Reduction via its legal counsel.

(d) On 17 March 2021, the Company announce that its wholly-owned subsidiary, Nagamas Bizworks Sdn Bhd ("NBSB" or "the Purchaser") had on 17 March 2021 entered into a Conditional Share Sale and Purchase Agreement ("SSPA") with Encik Abu Hurairah Bin Abdul Aziz and Encik Muhammad Shafiq Bin Jamuri ("the Vendors") for the acquisition of 1,000,000 ordinary shares in Embon Global Venture Sdn Bhd ("EGVSB")("Sale Shares"), representing 100% equity interest in EGVSB for a total cash purchase consideration of RM5,749,920.00 ("Proposed Acquisition").

After signing of SSPA in 2021, EGVSB has become a wholly-owned subsidiary of NBSB and indirect subsidiary of Jiankun upon issuance of the title from vendors to Nagamas Bizworks Sdn. Bhd..

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 37. Subsequent Events

The following significant and subsequent events took place for the Company and its subsidiary companies subsequent to the financial year:

(a) On 17 January 2022, the Company has entered into a Heads of Agreement with 5G Infra Tech Solutions Sdn Bhd (formerly known as NMS Engineering Sdn Bhd) to invest through redeemable convertible preference shares ("RCPS") led by SM Track Berhad in 5G Infra Tech.

(b) On 26 January 2022, the Company has entered into a Joint Venture Agreement ("JVA") with Menara Rezeki Sdn. Bhd. ("MRSB") to develop the mixed residential and retail development in 3 phases at Jalan Tun Razak, Kampung Baru, Wilayah Persekutuan on a leasehold land measuring approximately 3.69 acres in area subject to and upon the terms and conditions of the JVA.

On 21 March 2022, the Company has received the notice of termination of the JVA from Menara Rezeki Sdn. Bhd. for development the mixed residential and retail development in 3 phases at Jalan Tun Razak, Kampung Baru, Wilayah Persekutuan on a leasehold land measuring approximately 3.69 acres in area due to the Company fails to meet the term of the payment of first advance of RM2 million set out in the Joint Venture Agreement within 30 days from the date of the letter of demand dated 4 February 2022 to MRSB.

## 38. Effects on Adoption of the Agenda Decision

The effects on adoption of the Agenda Decision on the financial statements of the Group are summarised as follows:

Statements of Financial Position

| | As As previously stated RM | Effect on adoption of the Agneda Decision RM | As restated RM |
|---|---|---|---|
| **Group** | | | |
| **31.12.2020** | | | |
| **Current Assets** | | | |
| Inventories | 17,629,835 | (377,912) | 17,251,923 |
| **Equity** | | | |
| Accumulated losses | (7,902,906) | (21,309) | (7,924,215) |
| **1.1.2020** | | | |
| **Current Assets** | | | |
| Inventories | 33,150,215 | (21,309) | 33,128,906 |
| **Equity** | | | |
| Accumulated losses | (7,881,597) | (21,309) | (7,902,906) |

Statements of Profit or Loss and Other Comprehensive Income

| | As As previously stated RM | Effect on adoption of the Agneda Decision RM | As restated RM |
|---|---|---|---|
| **Group** | | | |
| **31.12.2020** | | | |
| Finance Cost | 3,930 | 356,603 | 360,533 |

# Notes To The Financial Statements
31 December 2021 (Cont'd)

## 38. Effects on Adoption of the Agenda Decision (Cont'd)

The effects on adoption of the Agenda Decision on the financial statements of the Group are summarised as follows: (Cont'd)

Statements of Cash Flows

| | As<br>As previously<br>stated<br>RM | Effect on<br>adoption of<br>the Agneda<br>Decision<br>RM | As<br>restated<br>RM |
|---|---|---|---|
| **Group** | | | |
| **31.12.2020** | | | |
| **Operating Activities** | | | |
| Profit before tax | 7,766,336 | (356,603) | 7,409,733 |
| Adjustment for: | | | |
| Finance cost | 3,930 | 356,603 | 360,533 |
| Changes in working capital: | | | |
| Inventories | 15,520,380 | 377,912 | 15,898,292 |

## 39. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 April 2022.

# LIST OF PROPERTIES

| Location | Description, Built-Up Area & Usage | Age of Building | Tenure | Net Book Value (RM) | Date of Revaluation (Acquisition Date) |
|---|---|---|---|---|---|
| Unit No. 3,4,5 & 6 on Level 1 and Unit No. 2,3,4,5,6 & 7 on Level 2 of Block 1 (Long Xian Ge) and Unit No. 2 & 3 on Level 1 and Unit No. 3 & 4 on Level 2 of Block 2 (Long He Ge), Dragon Mall, Danshui, Bai Yun 2nd Road, Huiyang District, Huizhou City, Guangdong Province, the People's Republic of China | The properties comprise 14 shops in two buildings completed in 2010<br><br>The properties have a total gross floor area of approximately 1,467.39 square meter<br><br>The properties are partial rented | 10 years | The land use rights were granted for a term of 70 years commencing from 1 December 2004 until 1 December 2074 for commercial and residential uses | 27,653,614 | 28 December 2021 / 29 December 2009 |
| No. H.S.(D) 70546, PT 498, Pekan Klebang Sek. II, Daerah Melaka Tengah, Negeri Melaka | The land is measuring 18,387 square meters<br><br>The land currently is vacant | 11 years | Leasehold land for a term of 99 years commencing from 13 January 2012 until 12 January 2111 | 13,000,000 | 17 January 2021 / 31 December 2020 |
| No. H.S.(D) 932488, PT 19204, Mukim Belanja, Kinta, Negeri Perak | The land is measuring 64,736 square meters<br><br>The land currently is vacant | 1 years | Leasehold land for a term of 99 years commencing from 6 July 2021 until 5 July 2120 | 10,000,000 | 19 March 2022 / 3 March 2021 |

# ANALYSIS OF SHAREHOLDINGS
AS AT 22 ARIL 2022

## SHARE CAPITAL

| | | |
|---|---|---|
| Total Number of Issued Shares | : | 213,706,069 |
| Class of Shares | : | Ordinary Shares |
| Voting Rights | : | One vote for each ordinary share held |

## DISTRIBUTION OF SHAREHOLDINGS AS AT 22 ARIL 2022

| Size of Holding | No. of shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 105 | 2.590 | 4,030 | 0.001 |
| 100 - 1,000 | 1,137 | 28.053 | 621,749 | 0.290 |
| 1,001 - 10,000 | 1,273 | 31.408 | 7,343,686 | 3.436 |
| 10,001 - 100,000 | 1,246 | 30.742 | 47,271,325 | 22.119 |
| 100,001 – 10,685,302* | 291 | 7.179 | 142,095,679 | 66.491 |
| 10,685,303 and above** | 1 | 0.024 | 16,369,600 | 7.659 |
| **Total** | **4,053** | **100.000** | **213,706,069** | **100.000** |

** Less than 5% of Issued Shares*
*** 5% and above of Issued Shares*

## DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows: -

| No. | Name of Directors | No. of Shares held Direct | % | No. of Shares held Indirect | % |
|---|---|---|---|---|---|
| 1 | Tan Sri Dato' Sri Mohamed Apandi Bin Ali | - | - | - | - |
| 2 | Dato' Ir Lim Siang Chai | - | - | - | - |
| 3 | Datuk Seri Tan Choon Hwa | 160,000 | 0.07% | | |
| 4 | Edwin Silvester Das | - | - | - | - |
| 5 | Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P | - | - | - | - |
| 6 | Kamil Bin Abdul Rahman | - | - | - | - |
| 7 | Azmi Bin Osman | - | - | - | - |

## SUBSTANTIAL SHAREHOLDER

The substantial shareholder (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows: -

| No. | Name of Substantial Shareholder | No. of Shares held Direct | % | No. of Shares held Indirect | % |
|---|---|---|---|---|---|
| 1 | Advance Information Marketing Berhad | 16,369,600 | 7.66% | - | - |

# Analysis Of Shareholdings (Cont'd)

As At 22 April 2022

**LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS**
**(According to the Record of Depository As At 22 April 2022)**

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1 | ADVANCE INFORMATION MARKETING BERHAD | 16,369,600 | 7.659 |
| 2 | TAN CHING CHING | 9,045,200 | 4.232 |
| 3 | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR WAI AI LOO | 5,345,800 | 2.501 |
| 4 | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TAN CHEE KEANG | 4,734,400 | 2.215 |
| 5 | YEAT SEW CHUONG | 3,883,200 | 1.817 |
| 6 | LOW PIT KOON | 3,647,800 | 1.706 |
| 7 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR MURUGA VADIVALE | 3,000,000 | 1.403 |
| 8 | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI TEH CHEE TEONG | 2,588,300 | 1.211 |
| 9 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR NG WYMIN (M09) | 2,511,200 | 1.175 |
| 10 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR WAI AI LOO | 2,500,000 | 1.169 |
| 11 | LEE KHIM HWA | 2,250,000 | 1.052 |
| 12 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR<br>VALUEVEST VENTURES SDN. BHD. (MY4453) | 2,077,000 | 0.971 |
| 13 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LOH HOI CHUAN (MP0469) | 1,805,500 | 0.844 |
| 14 | CHAI KOON KHOW | 1,798,400 | 0.841 |
| 15 | CHANG HUI KEE | 1,760,000 | 0.823 |
| 16 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR CHOU SING HOAN | 1,750,000 | 0.818 |
| 17 | CHOK PUI WOON | 1,694,000 | 0.792 |
| 18 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TEH CHEE TEONG | 1,573,300 | 0.736 |
| 19 | CH'NG EWE TEAT | 1,500,000 | 0.701 |
| 20 | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR ONG WEI DUN | 1,350,000 | 0.631 |
| 21 | NG BI YONG | 1,220,000 | 0.570 |
| 22 | CHIAM CHEE CHYE | 1,210,000 | 0.566 |
| 23 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR CHAN JIN CHOOI (M01) | 1,200,000 | 0.561 |
| 24 | LIM TUAN | 1,200,000 | 0.561 |
| 25 | POK SEE HOW | 1,180,000 | 0.552 |
| 26 | LIM CHEE SING | 1,100,000 | 0.514 |
| 27 | MUHAMMAD AFFAN BIN DAUD | 1,100,000 | 0.514 |
| 28 | TYE SOK CIN | 1,089,800 | 0.509 |
| 29 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHAI KUET FAR<br>(DAMANSARA UTAMA-CL) | 1,052,800 | 0.492 |
| 30 | MOHD ASNA BIN AMIN | 1,034,000 | 0.483 |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Eighth (38th) Annual General Meeting ("AGM") of Jiankun International Berhad ("Jiankun" or "the Company") will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at L21-03, Level 21, PJX-HM Shah Tower, No.16A, Persiaran Barat, 46050 Petaling Jaya, Selangor on Monday, 27June 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of transacting the following businesses:

**AGENDA**

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***

2. To approve the payment of Directors' fees up to RM450,000 and other benefits of up to RM50,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 38th AGM until the conclusion of the next AGM of the Company. *(Ordinary Resolution 1)*

3. To re-elect the following Directors who retire in accordance with Clause 105(1) of the Company's Constitution and being eligible, have offer themselves for re-election:

   i. Datuk Seri Tan Choon Hwa *(Ordinary Resolution 2)*
   ii. Azmi Bin Osman *(Ordinary Resolution 3)*

4. To re-elect the Madam Chew Huey Yen who retires pursuant to Clause 114 of the Company's Constitution and being eligible, have offered herself for re-election. *(Ordinary Resolution 4)*

5. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

**As Special Business:**
To consider and, if thought fit, to pass the following resolutions:

6. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016** *(Ordinary Resolution 6)*

   "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;

# Notice Of Annual General Meeting (Cont'd)

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."

7. **Proposed Renewal of Authority for the Company to purchase its own shares** *(Ordinary Resolution 7)*

"THAT, subject to the Act, the provisions of the Constitution of the Company, the MMLR of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

i) the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;

ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and

iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends;

AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

i) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

# Notice Of Annual General Meeting (Cont'd)

8. To transact any other business of which due notices shall have been given in accordance with the Act.

BY ORDER OF THE BOARD,

Tan Tong Lang (MAICSA 7045482/ SSM PC No. 202208000250)
Thien Lee Mee (LS0009760 / SSM PC No. 201908002254)
Company Secretaries

Selangor
Date: 29 April 2022

Notes:

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.

2. The proxy form must be duly completed and deposited at the Company's Poll Administrator office, Aldpro Corporate Services Sdn Bhd, Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting.

3. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.

4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors ("ROD") as at 20 June 2022 and only a member whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

# Notice Of Annual General Meeting (Cont'd)

***EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:***

1. **Audited Financial Statements for the Financial Year Ended 31 December 2021**

   *This Agenda item is meant for discussion only as Section 340(1) (a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.*

2. **Payment of Directors' Fees and Other Benefits Payable**

   *The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' Fees and Other Benefits payable to Directors.*

   *The other benefits comprise the allowances and other benefits. The total estimated amount of other benefits payable is calculated based on the number of scheduled Board's and Board Committees' meetings for the period from the conclusion of the 38th AGM until the next AGM of the Company.*

3. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Act**

   *The proposed Ordinary Resolution 6, 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 Companies Act, 2016 from its shareholders at the forthcoming 25th 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.*

   *After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the basis that it is the most optimum and cost efficient method of fund raising for the Company.*

   *The Company had been granted a general mandate by its shareholders at the last AGM held on 30 June 2022 of which lapse at the conclusion of the 38th AGM ("hereinafter referred to as the "Previous Mandate"). As at the date of this Notice, the Previous Mandate granted by the shareholders had not been utilised and hence, no proceeds were raised therefrom.*

# Notice Of Annual General Meeting (Cont'd)

4. **Proposed Renewal of Share Buy-Back Authority**

*The proposed Ordinary Resolution 7, if passed, will empower the Directors to purchase the Company's shares through Bursa Securities up to ten percent (10%) of the issued and paid-up capital of the Company for the time being. This authority will be expired at the conclusion of the next AGM unless earlier revoked or varied by ordinary resolution passed by shareholders at a general meeting.*

*For further information on this resolution, please refer to the Statement to Shareholders dated 29 April 2022 which is despatched together with the Company's Annual Report 2021 for further information.*

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

**(Pursuant to Paragraph 8.27(2) of MMLR of Bursa Securities)**

1. As at date of this Notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming AGM.

2. The renewal of General Mandate for issue of securities in accordance with Paragraph 6.03(3) of the MMLR of Bursa Securities.

3. Details of the renewal of the General Mandate to issue securities in the Company pursuant to Sections 75 & 76 of the Act are set out in Note 3 of the Explanatory Notes of this Notice.

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**JIANKUN INTERNATIONAL BERHAD**
[Registration No.198301015973 (111365-U)]
(Incorporated in Malaysia)

FORM OF PROXY

| No. of Shares held | |
|---|---|
| CDS Account No. | |

I/We, ______________________________ (Full Name in Block Letters) NRIC No. / Passport No. / Company Registration No. ____________________ of ____________________________________________

________________________________________________________________ (Full Address)

______________________________ [Email Address] ______________________________ [Contact No.]

being a member(s) of JIANKUN INTERNATIONAL BERHAD, hereby appoint

| | | |
|---|---|---|
| Full Name in Block Letters | | Proportion of shareholdings to be presented % |
| Email Address | | |
| Contact No. | | |
| NRIC No. / Passport No. | | |
| Full Address | | |

| | | |
|---|---|---|
| Full Name in Block Letters | | Proportion of shareholdings to be presented % |
| Email Address | | |
| Contact No. / Passport No. | | |
| NRIC No. | | |
| Full Address | | |
| | | 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 Thirty-Eighth (38th) Annual General Meeting of the Company to be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at L21-03, Level 21, PJX-HM Shah Tower, No.16A, Persiaran Barat, 46050 Petaling Jaya, Selangor on Monday, 27 June 2022 at 10.00 a.m. or at any adjournment thereof, on the following resolutions in the manner indicated below:-

My/Our proxy is to vote as indicated below:-

| No. | Agenda | Resolutions | For | Against |
|---|---|---|---|---|
| 1. | To approve the payment of Directors' fees up to RM450,000 and other benefits of up to RM50,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 38th AGM until the next AGM of the Company. | Ordinary Resolution 1 | | |
| 2. | To re-elect Datuk Seri Tan Choon Hwa as Director of the Company. | Ordinary Resolution 2 | | |
| 3. | To re-elect Azmi Bin Osman as Director of the Company. | Ordinary Resolution 3 | | |
| 4. | To re-elect Madam Chew Huey Yen as Director of the Company. | Ordinary Resolution 4 | | |
| 5. | To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 | | |
| As Special Business: | | | | |
| 11. | Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016. | Ordinary Resolution 6 | | |
| 12. | Proposed Renewal of Authority for the Company to purchase its own shares | Ordinary Resolution 7 | | |

**(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)**

Signed this __________ day of ____________________, 2022.

Signature : ____________________________________________

*(If shareholder is a corporation, this form should be executed under seal)*

Notes:
1. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
2. The proxy form must be duly completed and deposited at the Company's Poll Administrator office, Aldpro Corporate Services Sdn Bhd, Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors ("ROD") as at 20 June 2022 and only a member whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Fold this flap for sealing

AFFIX
STAMP

The Poll Administrator of
**JIANKUN INTERNATIONAL BERHAD**
**[Registration No. 198301015973 (111365-U)]**
c/o Aldpro Corporate Services Sdn. Bhd.
Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam, Selangor Darul Ehsan.

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**JIANKUN INTERNATIONAL BERHAD**
[Registration No. 198301015973 (111365-U)]

Unit 106, Block G, Pusat Dagangan Phileo Damansara 1,
No. 9, Jalan 16/11, Off Jalan Damansara,
46350 Petaling Jaya, Selangor, Malaysia.
Tel : +603 7932 3666
Fax : +603 7932 2866

www.jki.com.my