

RADIUM DEVELOPMENT BERHAD
201301009006 (1038848-V)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022

Registration No. 201301009006 (1038848-V)

RADIUM DEVELOPMENT BERHAD
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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RADIUM DEVELOPMENT BERHAD
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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include property development, provision of management services and hotel business.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, net of tax	101,436	228,862
Attributable to:		
Owners of the Company	99,086	228,862
Non-controlling interests	2,350	-
	<u>101,436</u>	<u>228,862</u>

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM'000
Single-tier interim dividend of RM0.0208 per ordinary share in respect of the financial year ended 31 December 2022, paid on 8 September 2022	50,000
Single-tier interim dividend of RM0.0058 per ordinary share in respect of the financial year ended 31 December 2022, paid on 27 December 2022	15,000
	<u>65,000</u>

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DIRECTORS' REPORT (CONTINUED)

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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DIRECTORS' REPORT (CONTINUED)

CONTINGENT AND OTHER LIABILITIES (CONTINUED)

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company during the financial year were RM160,000 and RM20,000 respectively.

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

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DIRECTORS' REPORT (CONTINUED)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 200,000,000 new ordinary shares from the conversion of Irredeemable Convertible Preference Shares ("ICPS") with the conversion ratio of two (2) ICPS into one (1) new ordinary share and no additional cash payment is required for the conversion of the ICPS by holder(s) of the ICPS.

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Datuk Gan Kah Siong*	
Gan Tiong Kian*	
Gan Kok Peng*	
Datuk Sydney Lim Tau Chin *	
Chai Woon Hou*	
Tan Sri Mhd Amin Nordin bin Abd Aziz	(Appointed on 1 March 2023)
Nurazlin binti A. Samad	(Appointed on 24 March 2023)
Phang Sweet Lee	(Appointed on 24 March 2023)
Nor Zaemah binti Zainuddin	(Appointed on 24 March 2023)
Koay Lean Lee	(Appointed on 24 March 2023)

* Directors of the Company and certain subsidiaries

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

Tan Sri Datuk Leow Chong Howa
Mark Wing Kong (alternate to Tan Sri Datuk Leow Chong Howa)
Wan Shafie bin Abdul Rashid
Sim Guan Yu

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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

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

Interests in the Company

	At 1 January 2022	Number of ordinary shares Conversion of ICPS into ordinary share	Sold	At 31 December 2022
Direct interest:				
Datuk Gan Kah Siong	504,000,000	42,000,000	-	546,000,000
Gan Tiong Kian	240,000,000	20,000,000	-	260,000,000
Gan Kok Peng	240,000,000	20,000,000	-	260,000,000
Indirect interest:				
Datuk Gan Kah Siong	1,200,000,000	100,000,000	-	1,300,000,000
Gan Tiong Kian	72,000,000	6,000,000	-	78,000,000
Gan Kok Peng	36,000,000	3,000,000	-	39,000,000

	At 1 January 2022	Number of preference shares Alloted	Conversion of ICPS* into ordinary share	At 31 December 2022
Direct interest:				
Datuk Gan Kah Siong	84,000,000	-	(84,000,000)	-
Gan Tiong Kian	40,000,000	-	(40,000,000)	-
Gan Kok Peng	40,000,000	-	(40,000,000)	-
Indirect interest:				
Datuk Gan Kah Siong	200,000,000	-	(200,000,000)	-
Gan Tiong Kian	12,000,000	-	(12,000,000)	-
Gan Kok Peng	6,000,000	-	(6,000,000)	-

* On 26 June 2022, the RCPS was converted into ICPS. On 18 October 2022, the Company issued new ordinary shares from the conversion of ICPS with the conversion ratio of two (2) ICPS into one (1) new ordinary share.

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Datuk Gan Kah Siong is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

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

The directors' benefits of the Group and of the Company are as follows:

	Group RM'000	Company RM'000
Directors		
- Salaries, allowances and bonuses	2,097	9
- Defined contribution plans	308	-
- Other staff related benefits	17	-
	<hr/> 2,422	<hr/> 9

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage for the directors of the Company was RM8,710,000.

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2022 %	2021 %	
Ambanang Development Sdn. Bhd.	Malaysia	100	100	Property development
Constant Premium Sdn. Bhd.	Malaysia	100	100	Property development

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DIRECTORS' REPORT (CONTINUED)

SUBSIDIARIES (CONTINUED)

The details of the Company's subsidiaries are as follows: (continued)

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2022 %	2021 %	
Fitrah Resources Sdn. Bhd. ("Fitrah Resources")	Malaysia	80	80	Property development #
Idaman Sejiwa (Ampang) Sdn. Bhd.	Malaysia	100	100	Property development
Montanica Development Sdn. Bhd. ("Montanica Development")	Malaysia	100	100	Property development
Omega Edisi Sdn. Bhd.	Malaysia	100	100	Provision of management services
Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity")	Malaysia	80	80	Property development
Rasa Wangi Development Sdn. Bhd. ("Rasa Wangi")	Malaysia	100	100	Property development
Total Solid Holdings Sdn. Bhd.	Malaysia	100	100	Property development
Tradisi Emas Sdn. Bhd.	Malaysia	100	100	Hotel business
Vistarena Development Sdn. Bhd.	Malaysia	80	80	Property development

The principal activities of Fitrah Resources are general trading and property development. Fitrah Resources has ceased its general trading activities in FYE 31 December 2021.

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

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DIRECTORS' REPORT (CONTINUED)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Information about a lawsuit

6 Judicial Review Applications ("JR Applications") were filed by the several applicants against the Menteri Wilayah Persekutuan, Malaysia, Datuk Bandar Kuala Lumpur ("DBKL"), Kerajaan Malaysia and the subsidiary of the Company, Pavilion Integrity. Pavilion Integrity is the registered proprietor of Lot 810 and is developing a 46-storey building with 698 units of serviced apartments on Lot 810. Pavilion Integrity had obtained the development orders for the construction work.

When the applicants discovered that the Pavilion Integrity proposed to develop Lot 810, the applicants wrote to DBKL to reconsider the Pavilion Integrity's development project, specifically for DBKL to acquire a significant part of Lot 810 in order to build an access road known as Jalan Jejaka 1. Having failed to get DBKL to acquire part of Lot 810, the JR Applications were filed in respect of DBKL's refusal to acquire Lot 810.

The directors are of the opinion that provisions are not required in respect of these matters, as in the event the decision of the appeal at the Federal Court is not in Pavilion Integrity's favour, there will be a compulsory acquisition of Lot 810 by the relevant authority wherein Pavilion Integrity will be compensated in accordance with Sections 9A and the First Schedule of the Land Acquisition Act 1960. Thus, it is not probable that future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement. The directors do not expect the outcome of the action to have impact on the Group's financial position.

(b) Disposal of land

On 19 September 2022, Montanica Development entered into a sales and purchase agreement with a third party for disposal of a piece of freehold land measuring approximately 0.698 hectares for a disposal consideration of RM25,000,000. The disposal was completed on 30 September 2022.

(c) Joint venture agreement ("JVA")

On 20 September 2022, Rasa Wangi, a wholly-owned subsidiary of the Company, as the developer, entered into a JVA with a third party, as the landowner, to jointly develop for a proposed development consisting inter alia 404 units of Residensi Wilayah and 932 units of condominium ("Project") on a piece of leasehold land held under HSD No.123036, No. Lot: PT50316, Negeri Wilayah Persekutuan Kuala Lumpur, Daerah Kuala Lumpur, Mukim Batu measuring approximately 21,505 square metres ("Land"). Pursuant to the JVA, the landowner grants unto Rasa Wangi the exclusive right to carry out and implement the development on the Land, and the landowner shall be entitled, subject to the terms and conditions of the JVA, to receive the landowner's entitlement of 23% of the profit after tax of Rasa Wangi for the Project, and in the event there are any unsold units upon the delivery of vacant possession of the Project, Rasa Wangi shall at its discretion decide on the composition of the landowner's entitlement, that is, either fully in cash or a combination of cash and unsold units (based on the selling price as determined by Rasa Wangi) or an amount of RM32,000,000 whichever the higher.

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SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(c) JVA (continued)

The JVA is pending fulfilment of conditions precedent by Rasa Wangi.

(d) Listing of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing")

On 30 September 2022, the Company has submitted an application to the Securities Commission Malaysia ("Securities Commission") for the purpose of the Listing.

On 14 December 2022, the Company has received approval from the Securities Commission to undertake an initial public offering ("IPO") for the Listing.

On 27 April 2023, the Company launched the Prospectus in relation to the IPO comprising the public issue of 868,000,000 new ordinary shares in the Company at an IPO price of RM0.50 per share. The Listing will be on 31 May 2023.

(e) Recoupment of investment cost in Jayyid Land Sdn. Bhd. ("Jayyid Land")

On 21 October 2022, the Company received the recoupment income of RM47,000,000 from a related party, which is the adjustment for the subsequent compensation for the fair value of the dilution of the Company's effective ownership in Jayyid Land from 49% to 4.9%. The fair value of the compensation is determined by the directors of the Company with reference to the valuation performed by an independent valuer.

On 9 December 2022, the Company mutually agreed with the related party to increase the recoupment income from RM47,000,000 to RM60,000,000. The outstanding sum of RM13,000,000 will be paid by the related party within 12 months from 9 December 2022, failing which late payment interest of 10% per annum on daily basis will be imposed after 10 December 2023.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Letter of intent

On 6 February 2023, the Company issued letter of intent to a third party for the purpose of jointly developing on all that piece of land held under H.S.(D) 123157, PT 50174, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 40,467 square meter with the third party by subscribing for 300,000 ordinary shares in the third party such that the Company will hold 75% of the enlarged issued share capital of the third party on a fully diluted basis as at the date such shares are subscribed.

AUDITORS


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

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DIRECTORS' REPORT (CONTINUED)

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



.....
DATUK GAN KAH SIONG
Director



.....
GAN TIONG KIAN
Director

Date: 22 MAY 2023

RADIUM DEVELOPMENT BERHAD
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STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Group	
	Note	2022 RM'000	2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,070	4,278
Inventories	6	-	8,054
Goodwill	7	1,590	1,590
Other investment	9	10,584	29,313
Trade and other receivables	10	3,800	-
Total non-current assets		21,044	43,235
Current assets			
Inventories	6	262,080	232,069
Current tax assets		7,024	5,007
Trade and other receivables	10	114,825	96,176
Contract assets	11	102,396	324,838
Cash and short-term deposits	12	105,002	128,747
Total current assets		591,327	786,837
TOTAL ASSETS		612,371	830,072
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	42,400	2,400
Preference shares	14	-	40,000
Retained earnings		340,208	306,122
		382,608	348,522
Non-controlling interests		3,252	20,902
TOTAL EQUITY		385,860	369,424

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STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONTINUED)

		Group	
	Note	2022 RM'000	2021 RM'000
Non-current liabilities			
Loans and borrowings	15	51,133	73,612
Deferred tax liabilities	16	751	758
Total non-current liabilities		51,884	74,370
Current liabilities			
Loans and borrowings	15	48,433	17,985
Current tax liabilities		14,228	6,518
Trade and other payables	17	111,966	361,775
Total current liabilities		174,627	386,278
TOTAL LIABILITIES		226,511	460,648
TOTAL EQUITY AND LIABILITIES		612,371	830,072

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STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONTINUED)

		Company	
	Note	2022 RM'000	2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,122	788
Investment in subsidiaries	8	8,454	8,454
Other investment	9	10,584	29,313
Total non-current assets		20,160	38,555
Current assets			
Current tax assets		-	80
Trade and other receivables	10	306,118	158,437
Cash and short-term deposits	12	27,706	8
Total current assets		333,824	158,525
TOTAL ASSETS		353,984	197,080
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	42,400	2,400
Preference shares	14	-	40,000
Retained earnings		270,939	107,077
TOTAL EQUITY		313,339	149,477
Non-current liability			
Loans and borrowings	15	-	43
Total non-current liability		-	43
Current liabilities			
Loans and borrowings	15	30,000	153
Trade and other payables	17	737	47,407
Current tax liabilities		9,908	-
Total current liabilities		40,645	47,560
TOTAL LIABILITIES		40,645	47,603
TOTAL EQUITY AND LIABILITIES		353,984	197,080

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

RADIUM DEVELOPMENT BERHAD
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**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	18	336,410	563,691	198,000	107,000
Cost of sales		(197,316)	(385,589)	-	-
Gross profit		139,094	178,102	198,000	107,000
Other income	19	61,132	4,034	67,334	854
Marketing expenses		(15,445)	(15,671)	(143)	(69)
Administrative expenses		(13,012)	(10,787)	(2,008)	(2,741)
Other operating expenses		(21,175)	(1,789)	(19,416)	(119)
Operating profit		150,594	153,889	243,767	104,925
Finance costs	20	(3,338)	(6,052)	(850)	(26)
Share of results of associate, net of tax		-	(2,546)	-	-
Profit before tax	21	147,256	145,291	242,917	104,899
Income tax expense	23	(45,820)	(35,951)	(14,055)	-
Profit for the financial year, representing total comprehensive income for the financial year		101,436	109,340	228,862	104,899
Profit/Total comprehensive income attributable to:					
Owners of the Company		99,086	101,979	228,862	104,899
Non-controlling interests		2,350	7,361	-	-
		101,436	109,340	228,862	104,899

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

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RADIUM DEVELOPMENT BERHAD
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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital RM'000	Attributable to owners of the Company			Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Redeemable convertible preference shares RM'000	Irredeemable convertible preference shares RM'000					
Group								
At 1 January 2022	2,400	40,000	-	306,122	348,522	20,902	369,424	
Total comprehensive income for the financial year								
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	99,086	99,086	2,350	101,436	
Transactions with owners								
Conversion of redeemable convertible preference shares into irredeemable convertible preference shares	14	(40,000)	40,000	-	-	-	-	
Issuance of ordinary shares pursuant to conversion of irredeemable convertible preference shares	13, 14	40,000	(40,000)	-	-	-	-	
Dividend								
- Owners of the Company	24	-	-	(65,000)	(65,000)	-	(65,000)	
- Non-controlling interests	24	-	-	-	-	(20,000)	(20,000)	
Total transactions with owners		40,000	(40,000)	(65,000)	(65,000)	(20,000)	(85,000)	
At 31 December 2022	42,400	-	-	340,208	382,608	3,252	385,860	

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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Group	Attributable to owners of the Company						Total equity RM'000
	Share capital RM'000	Redeemable convertible preference shares RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000		
At 1 January 2021	*	-	239,631	239,631	18,853	258,484	
Total comprehensive income for the financial year							
Profit for the financial year, representing total comprehensive income for the financial year	-	-	101,979	101,979	7,361	109,340	
Transactions with owners							
Issue of ordinary shares	2,400	-	-	2,400	-	2,400	
Issue of redeemable convertible preference shares	-	40,000	-	40,000	-	40,000	
Changes in ownership interests in subsidiaries	-	-	4,512	4,512	(5,312)	(800)	
Dividend	-	-	(40,000)	(40,000)	-	(40,000)	
Total transactions with owners	2,400	40,000	(35,488)	6,912	(5,312)	1,600	
At 31 December 2021	2,400	40,000	306,122	348,522	20,902	369,424	

* Less than 1,000

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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Company	Share capital RM'000	Attributable to owners of the Company			Retained earnings RM'000	Total equity RM'000
		Redeemable convertible preference shares RM'000	Irredeemable convertible preference shares RM'000			
At 1 January 2022	2,400	40,000	-	107,077	149,477	
Total comprehensive income for the financial year						
Profit for the financial year, representing	-	-	-	228,862	228,862	
total comprehensive income for the financial year						
Transactions with owners						
Conversion of redeemable convertible preference shares into irredeemable convertible preference shares	14	(40,000)	40,000	-	-	
Issuance of ordinary shares pursuant to conversion of irredeemable convertible preference shares	13, 14	-	(40,000)	-	-	
Dividend	24	-	-	(65,000)	(65,000)	
Total transactions with owners		(40,000)	-	(65,000)	(65,000)	
At 31 December 2022	42,400	-	-	270,939	313,339	

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

		Attributable to owners of the Company			
		Share capital	Redeemable convertible preference shares	Retained earnings	Total equity
	Note	RM'000	RM'000	RM'000	RM'000
Company					
At 1 January 2021		*	-	42,178	42,178
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income for the financial year		-	-	104,899	104,899
Transactions with owners					
Issue of ordinary shares	13	2,400	-	-	2,400
Issue of redeemable convertible preference shares	14	-	40,000	-	40,000
Dividend	24	-	-	(40,000)	(40,000)
Total transactions with owners		2,400	40,000	(40,000)	2,400
At 31 December 2021		2,400	40,000	107,077	149,477

* Less than 1,000

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

RADIUM DEVELOPMENT BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities				
Profit before tax	147,256	145,291	242,917	104,899
Adjustments for:				
Depreciation of property, plant and equipment	1,999	1,789	241	119
Gain on disposal of property, plant and equipment	(161)	-	-	-
Gain on deemed disposal of an associate	-	(2,936)	-	-
Gain on lease modification	(9)	(4)	(2)	-
Finance costs	3,338	6,052	850	26
Finance income	(619)	(249)	(7,299)	(854)
Dividend income	-	-	(198,000)	(107,000)
Share of results of an associate	-	2,546	-	-
Recoupment income	(60,000)	-	(60,000)	-
Fair value adjustment on other investment	18,729	-	18,729	-
Operating profit/(loss) before changes in working capital	110,533	152,489	(2,564)	(2,810)
Changes in working capital:				
Inventories	(21,802)	59,708	-	-
Trade and other receivables	(9,494)	(24,767)	(12,206)	(12,287)
Contract assets	222,442	147,518	-	-
Trade and other payables	(35,452)	(137,029)	589	951
Net cash generated from/(used in) operations	266,227	197,919	(14,181)	(14,146)
Income tax paid	(40,133)	(45,744)	(4,067)	(80)
Income tax refunded	-	3,348	-	-
Interest received	619	249	7,299	854
Interest paid	(523)	(681)	-	-
Net cash from/(used in) operating activities	226,190	155,091	(10,949)	(13,372)

RADIUM DEVELOPMENT BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	(1,574)	(1,842)	(717)	(614)
Proceeds from disposal of property, plant and equipment		161	-	-	-
Acquisition of a subsidiary, net of cash acquired		-	-	-	*
Acquisition of interest in a subsidiary		-	(800)	-	(800)
Dividend received		-	-	290,000	15,000
Recoupment income received		47,000	-	47,000	-
Change in pledged deposits		(5,512)	(1,136)	-	-
Net cash from/(used in) investing activities		40,075	(3,778)	336,283	13,586
Cash flows from financing activities					
	(b)				
Proceeds from issuance of ordinary shares		-	2,400	-	2,400
Drawdown of term loans		37,092	47,000	-	-
Repayment of term loans		(32,932)	(28,817)	-	-
Drawdown of bridging loans		-	40,938	-	-
Repayment of bridging loans		(12,684)	(70,348)	-	-
Drawdown of revolving credit		30,000	-	30,000	-
Payment of lease liabilities		(1,357)	(1,212)	(52)	(97)
Net change in amount owing by/to former holding company		-	11,528	-	11,284
Net change in amount owing by/to subsidiaries		-	-	(229,518)	(50,927)
Net change in amount owing by/to related parties		(200,120)	(63,890)	(18,024)	29,610
Net change in amount owing to directors		(14,192)	513	(14,192)	7,532
Dividend paid to:					
- Owners of the Company		(65,000)	-	(65,000)	-
- Non-controlling interests		(20,000)	-	-	-
Interest paid		(2,814)	(5,152)	(850)	(26)
Net cash used in financing activities		(282,007)	(67,040)	(297,636)	(224)
Net (decrease)/increase in cash and cash equivalents		(15,742)	84,273	27,698	(10)
Cash and cash equivalents at the beginning of the financial year		111,571	27,298	8	18
Cash and cash equivalents at the end of the financial year	12	95,829	111,571	27,706	8

* Less than 1,000

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

(a) Purchase of property, plant and equipment:

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Purchase of property, plant and equipment	5	2,985	4,235	717	907
Operating lease recognised as right-of-use assets		(1,411)	(2,393)	-	(293)
Cash payments on purchase of property, plant and equipment		1,574	1,842	717	614

(b) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1.1.2022 RM'000	Cash flows		Non-cash	31.12.2022 RM'000
		Advance/ Drawdown RM'000	Repayment/ Receipt RM'000	Others RM'000	
Group					
Term loans	63,081	37,092	(32,932)	155	67,396
Bridging loans	12,684	-	(12,684)	-	-
Lease liabilities	2,291	-	(1,357)	1,210	2,144
Revolving credit	-	30,000	-	-	30,000
Amount owing to/by related parties	196,178	14,698	(214,818)	(9,058)	(13,000)
Amount owing to a director	14,193	-	(14,192)	(1)	-
	288,427	81,790	(275,983)	(7,694)	86,540

	1.1.2021 RM'000	Cash flows		Non-cash	31.12.2021 RM'000
		Advance/ Drawdown RM'000	Repayment/ Receipt RM'000	Others RM'000	
Group					
Term loans	44,679	47,000	(28,817)	219	63,081
Bridging loans	42,094	40,938	(70,348)	-	12,684
Lease liabilities	1,250	-	(1,212)	2,253	2,291
Amount owing by former holding company	(11,528)	(18,528)	30,056	-	-
Amount owing to related parties	246,407	73,719	(137,609)	13,661	196,178
Amount owing to directors	25,225	20,177	(19,664)	(11,545)	14,193
	348,127	163,306	(227,594)	4,588	288,427

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

- (b) Reconciliation of changes in liabilities arising from financing activities are as follows:
(continued)

	1.1.2022 RM'000	Cash flows		Non-cash	31.12.2022 RM'000
		Advance/ Drawdown RM'000	Repayment/ Receipt RM'000	Others RM'000	
Company					
Lease liabilities	196	-	(52)	(144)	-
Revolving credit	-	30,000	-	-	30,000
Amount owing by subsidiaries	(50,647)	(253,643)	24,125	(11,950)	(292,115)
Amount owing to/by a related party	18,000	-	(18,024)	(12,976)	(13,000)
Amount owing to a director	14,193	-	(14,192)	(1)	-
	<u>(18,258)</u>	<u>(223,643)</u>	<u>(8,143)</u>	<u>(25,071)</u>	<u>(275,115)</u>

	1.1.2021 RM'000	Cash flows		Non-cash	31.12.2021 RM'000
		Advance/ Drawdown RM'000	Repayment/ Receipt RM'000	Others RM'000	
Company					
Lease liabilities	-	-	(97)	293	196
Amount owing by former holding company	(11,284)	(18,528)	29,812	-	-
Amount owing to/by subsidiaries	231	(28,654)	(22,273)	49	(50,647)
Amount owing by/to related parties	(11,621)	19,198	10,412	11	18,000
Amount owing to a director	17,482	19,777	(12,245)	(10,821)	14,193
	<u>(5,192)</u>	<u>(8,207)</u>	<u>5,609</u>	<u>(10,468)</u>	<u>(18,258)</u>

- (c) Total cash outflows for leases

During the financial year, the Group and the Company have total cash outflow for leases of RM3,799,614 (2021: RM4,878,756) and RM55,870 (2021: RM102,000) respectively.

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

Registration No. 201301009006 (1038848-V)

RADIUM DEVELOPMENT BERHAD

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NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Radium Development Berhad (the "Company") was incorporated on 19 March 2013 as a private limited liability company and domiciled in Malaysia. The Company was converted to a public company limited by shares and assumed its present name on 14 September 2021. The registered office of the Company is located at 62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 7-2, PV7, Jalan Melati Utama 2, Taman Melati Utama, Setapak, 53100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 May 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of MFRSs
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

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

RADIUM DEVELOPMENT BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

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

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of MFRSs	1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2023 [#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#] / 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]

[#] Consequential amendments of MFRS 17 Insurance Contracts

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

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

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

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

Amendments to MFRS 101 Presentation of Financial Statements

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

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

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

- (c) The initial application of the above applicable new MFRS and amendments/improvements to MFRSs are not expected to have any material impact on the prior and current periods of financial statements.

RADIUM DEVELOPMENT BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combinations

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combinations (continued)

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

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

The accounting policy for goodwill is set out in Note 3.7.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combinations (continued)

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

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

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

(b) Non-controlling interests

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

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

(c) Associates

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(c) Associates (continued)

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

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

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

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

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Separate financial statements

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

3.3 Financial instruments

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

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as FVPL. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income ("FVOCI") with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at FVPL

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

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows:
(continued)

(i) Financial assets (continued)

Debt instruments (continued)

• **FVOCI**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

• **FVPL**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows:
(continued)

(i) Financial assets (continued)

Equity instruments

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

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

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows:
(continued)

(ii) Financial liabilities (continued)

Financial liabilities at FVPL (continued)

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Company has not designated any financial liability as at FVPL.

Financial liabilities at amortised cost

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

(b) Financial guarantee contracts

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(c) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(d) Derecognition (continued)

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

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

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment

(a) Recognition and measurement

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

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(b) Subsequent costs

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

(c) Depreciation

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

	Useful lives (years)
Computer hardware and software	5
Furniture and fittings	10
Office equipment	10
Motor vehicles	5
Renovation	5

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

(d) Derecognition

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

3.5 Leases

(a) Definition of a lease

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessee accounting

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

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 5 and lease liabilities in Note 15.

Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

Lease liability

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessee accounting (continued)

Lease liability (continued)

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

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessee accounting (continued)

Lease liability (continued)

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

Short-term leases and leases of low value assets

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

(c) Lessor accounting

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

When the Group and the Company are an intermediate lessors, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group and the Company apply the exemption described in Note 3.5(b), then they classify the sub-lease as an operating lease.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Inventories

Inventories are measured at lower of cost and net realisable value.

Land held for development

Land held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditures.

Land held for development will be reclassified to property under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

Property under development

Cost includes:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

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

3.7 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

In respect of equity-accounted associates, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Contract assets/(liabilities)

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

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

3.9 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.10 Impairment of asset

a) Impairment of financial assets and contract assets

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (continued)

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

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.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 30 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (continued)

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

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

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

(b) Impairment of non-financial assets

The carrying amount of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill that have indefinite useful life, the recoverable amount is estimated at each reporting date.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (continued)

(b) Impairment of non-financial assets (continued)

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 non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs 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 CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset of a CGU is the higher of its fair value less costs of disposal and its value-in-use. 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 CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds the recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Preference shares

Preference shares are classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividend payments are discretionary. Dividends thereon are recognised as distributions within the equity.

Preference shares are classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

3.12 Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any transaction costs that are directly attributable are allocated to the liability and equity components in proportion to the allocated proceeds.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

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

3.14 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date 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.

3.15 Revenue and other income

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (continued)

Revenue recognition of the Group and of the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

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

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

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

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (continued)

(a) Property development

The Group develops and sells residential properties as well as sales of land. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin approach.

Revenue from residential properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

Revenue from sale of land are recognised at a point in time when the control of the land has been transferred to the purchaser.

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group recognises a contract liability for the difference.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (continued)

(a) Property development (continued)

Based on the Group's customary business practice, the customers' legal fees are borne by the Group. Revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees. The Group uses its experience in estimating the legal fees to be incurred. The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which they will be entitled. The amount of revenue recognised does not include any customers' legal fees which is constrained.

For residential properties, as part of the statutory requirements, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision.

(b) Sales of goods

The Group sells a range of furniture and fittings to customers. Revenue from sale of furniture and fittings are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

A receivable is recognised when the customer accepts the delivery of goods as the consideration is unconditional other than the passage of time before the payment is due.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Rental income

Rental income is recognised on a straight-line basis over the term of the leases.

(e) Dividend income

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Borrowing costs

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

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

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

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

3.17 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (continued)

(b) Deferred tax (continued)

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination that affects neither the taxable nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary differences arises from the initial recognition of goodwill.

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (continued)

(c) Sales and services tax

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

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

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

3.18 Fair value measurements

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

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Contingencies

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

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

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

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

3.20 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

- (a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- (b) the costs generate or enhance resources of the Group and of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Contract costs (continued)

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- (a) the remaining amount of consideration that the Group and the Company expect to receive in exchange for the goods or services to which the asset relates; less
- (b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognised any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount to the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that CGU.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining contracts as an expense when incurred if the amortisation periods of the asset that the Group and the Company otherwise would have recognised are one year or less.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Determination of lease term

The Group and the Company determine 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 and the Company have lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether they are reasonably certain to exercise the option to renew or terminate the lease. The Group and the Company consider all relevant factors that create an economic incentive for them to exercise the renewal or termination. After the commencement date, the Group and the Company reassessed 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.

(b) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's statements financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different CGU, are disclosed in Note 7.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(c) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history and existing market conditions at the end of each reporting period.

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

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Note 25(b).

(d) Measurement of income taxes

Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the tax payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Group and of the Company are disclosed in Note 23.

(e) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be irrecoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The Group and the Company use fair value less cost to sell as the recoverable amount. Fair values are arrived at using comparison method and valuation technique method to suit the assets characteristic of the Group and of the Company.

The carrying amount of non-financial assets are disclosed in Notes 5, 7 and 8.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(f) Property development revenue and expenses

The Group recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The property development revenue is disclosed in Note 18.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Computer hardware and software RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Right-of-use assets RM'000	Total RM'000
Cost								
At 1 January 2022		417	256	192	1,261	654	3,564	6,344
Additions		205	96	160	220	718	1,586	2,985
Disposal		-	-	-	-	-	(351)	(351)
Written off		-	-	-	-	-	(458)	(458)
Derecognition due to end of lease term		-	-	-	-	-	(821)	(821)
At 31 December 2022		622	352	352	1,481	1,372	3,520	7,699
Accumulated depreciation								
At 1 January 2022		210	96	76	302	34	1,348	2,066
Depreciation charge for the financial year	21	92	30	25	267	198	1,387	1,999
Disposal		-	-	-	-	-	(351)	(351)
Written off		-	-	-	-	-	(264)	(264)
Derecognition due to end of lease term		-	-	-	-	-	(821)	(821)
At 31 December 2022		302	126	101	569	232	1,299	2,629
Carrying amount								
At 1 January 2022		207	160	116	959	620	2,216	4,278
At 31 December 2022		320	226	251	912	1,140	2,221	5,070

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Computer hardware and software RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Right-of-use assets RM'000	Total RM'000
Cost								
At 1 January 2021		299	224	186	229	-	2,435	3,373
Additions		118	32	6	1,032	654	2,393	4,235
Written off		-	-	-	-	-	(273)	(273)
Derecognition due to end of lease term		-	-	-	-	-	(991)	(991)
At 31 December 2021		417	256	192	1,261	654	3,564	6,344
Accumulated depreciation								
At 1 January 2021		145	73	57	84	-	1,046	1,405
Depreciation charge for the financial year	21	65	23	19	218	34	1,430	1,789
Written off		-	-	-	-	-	(137)	(137)
Derecognition due to end of lease term		-	-	-	-	-	(991)	(991)
At 31 December 2021		210	96	76	302	34	1,348	2,066
Carrying amount								
At 1 January 2021		154	151	129	145	-	1,389	1,968
At 31 December 2021		207	160	116	959	620	2,216	4,278

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company Cost	Note	Computer hardware and software RM'000	Furniture and fittings RM'000	Renovation RM'000	Office equipment RM'000	Right-of-use assets RM'000	Total RM'000
At 1 January 2022		44	14	556	-	293	907
Additions		-	-	697	20	-	717
Written off		-	-	-	-	(293)	(293)
At 31 December 2022		44	14	1,253	20	-	1,331
Accumulated depreciation							
At 1 January 2022		1	*	19	-	99	119
Depreciation charge for the financial year	21	9	2	178	*	52	241
Written off		-	-	-	-	(151)	(151)
At 31 December 2022		10	2	197	*	-	209
Carrying amount							
At 1 January 2022		43	14	537	-	194	788
At 31 December 2022		34	12	1,056	20	-	1,122

* Less than 1,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company Cost	Note	Computer hardware and software RM'000	Furniture and fittings RM'000	Renovation RM'000	Right-of-use assets RM'000	Total RM'000
At 1 January 2021		-	-	-	-	-
Additions		44	14	556	293	907
At 31 December 2021		44	14	556	293	907
Accumulated depreciation						
At 1 January 2021		-	-	-	-	-
Depreciation charge for the financial year	21	1	*	19	99	119
At 31 December 2021		1	*	19	99	119
Carrying amount						
At 1 January 2021		-	-	-	-	-
At 31 December 2021		43	14	537	194	788

* Less than 1,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Right-of-use assets

Information about leases for which the Group and the Company are lessees are presented below:

Group	Buildings RM'000	Motor vehicles RM'000	Total RM'000
Carrying amount			
At 1 January 2021	1,318	71	1,389
Additions	2,393	-	2,393
Depreciation charge for the financial year	(1,359)	(71)	(1,430)
Written off	(136)	-	(136)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	2,216	-	2,216
Additions	861	725	1,586
Depreciation charge for the financial year	(1,334)	(53)	(1,387)
Written off	(194)	-	(194)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	1,549	672	2,221
			Buildings RM'000
Company			
Carrying amount			
At 1 January 2021			-
Additions			293
Depreciation charge for the financial year			(99)
			<hr/>
At 31 December 2021			194
Depreciation charge for the financial year			(52)
Written off			(142)
			<hr/>
At 31 December 2022			-
			<hr/>

The Group and the Company lease buildings for its office and sales gallery. The leases are mainly for an initial lease of a year. The Group has option to renew one of the lease building for another two (2) year. The Company has included the potential future cash flows of exercising the extension option in the lease liability.

The Group also leases certain motor vehicles with lease term of 5 years and has the option to purchase the asset at the end of the contract term.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. INVENTORIES

	Note	Group	
		2022 RM'000	2021 RM'000
At cost:			
Non-current			
Land held for development		-	8,054
Current			
Property under development costs		260,907	231,687
Completed properties		1,173	382
		262,080	232,069
Total inventories (non-current and current)		262,080	240,123
Cumulative property under development costs			
At 1 January			
- Freehold land		117,864	117,740
- Leasehold land		256,359	254,740
- Development costs		1,211,916	888,441
		1,586,139	1,260,921
Reversal of land cost	(a)	-	(246)
Transfer from land held for development			
Transfer to completed properties		(791)	(382)
Costs incurred during the financial year			
- Freehold land		3,282	124
- Leasehold land		2,188	1,865
- Development costs		225,502	323,857
		230,972	325,846
Cumulative costs recognised in statements of comprehensive income			
At 1 January		(1,354,452)	(969,144)
Recognised during the financial year		(200,961)	(385,308)
At 31 December		(1,555,413)	(1,354,452)
Property under development costs at 31 December		260,907	231,687

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. INVENTORIES (CONTINUED)

- (a) Reversal of land cost for financial year ended ("FYE") 31 December 2021 is pertaining to the changes of landowner's entitlement.
- (b) The inventories are pledged as security to secure loans and borrowings granted to the Group as disclosed in Note 15.
- (c) Included in property under development at the reporting date are:

	Group	
	2022	2021
	RM'000	RM'000
Borrowing costs	45,182	41,531

7. GOODWILL

	Group	
	2022	2021
	RM'000	RM'000
At 1 January/31 December	1,590	1,590

Impairment of goodwill

Management reviews the business performance based on the type of services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the Group's CGU which is also reportable operating segment, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The carrying amount of goodwill allocated to the CGU of the Group is as follow:

	Group	
	2022	2021
	RM'000	RM'000
Property development	1,590	1,590

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. GOODWILL (CONTINUED)

Impairment of goodwill (continued)

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each CGU.

The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by management covering a three-year period, and an estimated discount rate of 8.96% (2021: 8.80%).

There is no reasonably possible change in any of the key assumptions used that would cause the carrying value of the CGU to exceed its recoverable amounts.

At the end of the reporting period, the Group assessed the recoverable amount of goodwill, and determined that no impairment of goodwill associated with sales of development properties is required, management expects future cash flows will be generated from this CGU.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
At cost:		
Unquoted shares	8,454	8,454

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2022 %	2021 %	
Ambanang Development Sdn. Bhd.	Malaysia	100	100	Property development
Constant Premium Sdn. Bhd.	Malaysia	100	100	Property development

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2022 %	2021 %	
Fitrah Resources Sdn. Bhd. ("Fitrah Resources")	Malaysia	80	80	Property development #
Idaman Sejiwa (Ampang) Sdn. Bhd. ("Idaman Sejiwa (Ampang)")	Malaysia	100	100	Property development
Montanica Development Sdn. Bhd. ("Montanica Development")	Malaysia	100	100	Property development
Omega Edisi Sdn. Bhd. ("Omega Edisi")	Malaysia	100	100	Provision of management services
Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity")	Malaysia	80	80	Property development
Rasa Wangi Development Sdn. Bhd. ("Rasa Wangi")	Malaysia	100	100	Property development
Total Solid Holdings Sdn. Bhd.	Malaysia	100	100	Property development
Tradisi Emas Sdn. Bhd. ("Tradisi Emas")	Malaysia	100	100	Hotel business
Vistarena Development Sdn. Bhd. ("Vistarena Development")	Malaysia	80	80	Property development

The principal activities of Fitrah Resources are general trading and property development. Fitrah Resources has ceased its general trading activities in FYE 31 December 2021.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of Tradisi Emas

On 10 March 2021, the Company acquired the entire equity interest, representing 1 ordinary share in Tradisi Emas for a total purchase consideration of RM1.

(b) Acquisition of additional equity interests in Omega Edisi

On 15 March 2021, the Company acquired an additional 20% equity interest, representing 200,000 ordinary shares in Omega Edisi for a total purchase consideration of RM200,000. The Company's effective ownership in Omega Edisi increased from 80% to 100% as a result of the additional shares acquired.

Effect of the increase in the Company's ownership interest is as follows:

	RM'000
Fair value of consideration transferred	200
Increase in share of net assets	(140)
	<hr/>
Excess charged directly to equity	60
	<hr/>

(c) Acquisition of additional equity interests in Idaman Sejiwa (Ampang)

On 13 July 2021, the Company acquired an additional 25% equity interest, representing 500,000 ordinary shares in Idaman Sejiwa (Ampang) for a total purchase consideration of RM500,000. The Company's effective ownership in Idaman Sejiwa (Ampang) increased from 75% to 100% as a result of the additional shares acquired.

Effect of the increase in the Company's ownership interest is as follows:

	RM'000
Fair value of consideration transferred	500
Increase in share of net assets	(127)
	<hr/>
Excess charged directly to equity	373
	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Acquisition of additional equity interests in Vistarena Development

On 13 July 2021, the Company acquired an additional 5% equity interest, representing 100,000 ordinary shares in Vistarena Development for a total purchase consideration of RM100,000. The Company's effective ownership in Vistarena Development increased from 75% to 80% as a result of the additional shares acquired.

Effect of the increase in the Company's ownership interest is as follows:

	RM'000
Fair value of consideration transferred	100
Increase in share of net assets	(5,045)
Deficit charged directly to equity	<u>(4,945)</u>

(e) Non-controlling interests in subsidiaries

The financial information of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

Equity interest held by non-controlling interests:

Name of company	Ownership interest	
	2022	2021
	%	%
Vistarena Development	20	20
Pavilion Integrity	20	20
Fitrah Resources	20	20

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Non-controlling interests in subsidiaries (continued)

The financial information of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows: (continued)

Carrying amount of material non-controlling interests:

Name of company	2022 RM'000	2021 RM'000
Vistarena Development	4,207	21,853
Pavilion Integrity	(570)	(834)
Fitrah Resources	(385)	(117)

Profit or loss allocated to material non-controlling interests:

Name of company	2022 RM'000	2021 RM'000
Idaman Sejiwa (Ampang)	-	(*)
Vistarena Development	2,354	7,548
Omega Edisi	-	(*)
Pavilion Integrity	264	(122)
Fitrah Resources	(268)	(65)

* Less than 1,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(f) Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

	Vistarena Development RM'000	Pavilion Integrity RM'000	Fitrah Resources RM'000
Summarised statement of financial position As at 31 December 2022			
Assets and liabilities:			
Non-current assets	59	133	678
Current assets	34,239	67,414	76,024
Non-current liabilities	(630)	(5,472)	(18,486)
Current liabilities	(12,632)	(64,929)	(60,138)
Net assets/(liabilities)	<u>21,036</u>	<u>(2,854)</u>	<u>(1,922)</u>
Summarised statement of comprehensive income FYE 31 December 2022			
Revenue	47,805	19,589	-
Profit/(Loss) for the financial year	<u>11,768</u>	<u>1,318</u>	<u>(1,337)</u>
Summarised cash flow information FYE 31 December 2022			
Cash flows from/(used in)			
operating activities	153,050	(2,046)	(19,718)
Cash flows used in			
investing activities	(503)	(392)	(26)
Cash flows (used in)/from			
financing activities	<u>(125,915)</u>	<u>2,344</u>	<u>23,595</u>
Net increase/(decrease) in cash and cash equivalents	<u>26,632</u>	<u>(94)</u>	<u>3,851</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(f) Summarised financial information of material non-controlling interests (continued)

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows: (continued)

	Vistarena Development RM'000	Pavilion Integrity RM'000	Fitrah Resources RM'000
Summarised statement of financial position			
As at 31 December 2021			
Assets and liabilities:			
Non-current assets	84	40	860
Current assets	180,954	51,432	39,552
Non-current liabilities	(13,404)	(5,424)	(23,647)
Current liabilities	(58,366)	(50,219)	(17,350)
Net assets/(liabilities)	<u>109,268</u>	<u>(4,171)</u>	<u>(585)</u>
Summarised statement of comprehensive income			
FYE 31 December 2021			
Revenue	115,514	6,901	287
Profit/(Loss) for the financial year	<u>31,869</u>	<u>(611)</u>	<u>(323)</u>
Summarised cash flow information			
FYE 31 December 2021			
Cash flows used in operating activities	(27,983)	(285)	(1,711)
Cash flows used in investing activities	(6)	(14)	(1,032)
Cash flows from financing activities	9,814	619	2,809
Net (decrease)/increase in cash and cash equivalents	<u>(18,175)</u>	<u>320</u>	<u>66</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. OTHER INVESTMENT

	Group and Company	
	2022	2021
	RM'000	RM'000
Financial assets designated at FVPL		
At fair value:		
Unquoted shares		
- Jayyid Land Sdn. Bhd. ("Jayyid Land")	10,584	29,313

Deemed disposal of Jayyid Land

On 22 November 2021, Jayyid Land issued 9,000,000 new ordinary shares at a price of RM0.10 per ordinary share for working capital purposes. The Company's effective ownership of Jayyid Land decreased from 49% to 4.9% as a result of the dilution of shares and Jayyid Land ceased to be an associate of the Company.

On 21 October 2022, the Company received the recoupment income from a related party, which is the adjustment for the subsequent compensation for the fair value of the dilution of the Company's effective ownership in Jayyid Land from 49% to 4.9%. The fair value of the compensation is determined by the directors of the Company with reference to the valuation performed by an independent valuer.

On 9 December 2022, the Company mutually agreed with the related party to increase the recoupment income from RM47,000,000 to RM60,000,000. The outstanding sum of RM13,000,000 will be paid by the related party within 12 months from 9 December 2022, failing which late payment interest of 10% per annum on daily basis will be imposed after 10 December 2023.

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Non-current:					
Non-trade					
Other receivable		3,800	-	-	-
Current:					
Trade					
Trade receivables	(a)	16,030	32,802	-	-
Retention sums		71,532	50,587	-	-
		<u>87,562</u>	<u>83,389</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current:					
Non-trade					
Other receivables		69	228	-	45
Deposits		6,907	5,171	7	53
Prepayments		2,838	2,315	996	625
Dividend receivable		-	-	-	92,000
Contract costs	(b)	4,449	5,073	-	-
Amount owing by subsidiaries	(c)	-	-	292,115	65,714
Amount owing by a related party	(d)	13,000	-	13,000	-
		<u>27,263</u>	<u>12,787</u>	<u>306,118</u>	<u>158,437</u>
Total trade and other receivables (current)		<u>114,825</u>	<u>96,176</u>	<u>306,118</u>	<u>158,437</u>
Total trade and other receivables (non-current and current)		<u>118,625</u>	<u>96,176</u>	<u>306,118</u>	<u>158,437</u>

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit term offered by the Group is 30 days (2021: 30 days) from the date of invoices.

(b) Contract costs

Contract costs represent costs to obtain contracts relating to incremental sales person and agent commission for obtaining property sales contracts which are expected to be recovered. These costs are subsequently expensed off as marketing expenses by reference to the performance completed to date, consistent with the revenue recognition pattern.

During the financial year, the total costs to obtain contracts recognised by the Group as marketing expenses in profit or loss amounting to RM5,952,984 (2021: RM8,419,238). There was no impairment loss in relation to the contract costs capitalised.

(c) Amount owing by subsidiaries

Amount owing by subsidiaries are unsecured, non-trade in nature, bearing interest rate of ranging 3.44% to 6.42% (2021: 3.44%), repayable on demand and are expected to be settled in cash.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Amount owing by a related party

Amount owing by a related party is unsecured, non-trade in nature, repayable on demand and is expected to be settled in cash.

The information about the credit exposures are disclosed in Note 25(b)(i).

11. CONTRACT ASSETS

	Group	
	2022	2021
	RM'000	RM'000
Contract assets relating to property development contracts	102,396	324,838

Significant changes in contract balances

	2022	2021
	Contract assets	Contract assets
	Increase/	Increase/
	(decrease)	(decrease)
Group	RM'000	RM'000
Increase due to unbilled revenue recognised during the financial year	311,410	563,404
Transfer from contract assets recognised to receivables	(533,852)	(710,922)

The information about the credit exposures are disclosed in Note 25(b)(i).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash in hand	11	9	3	3
Cash at bank	95,844	124,703	27,703	5
Short-term deposits	9,147	4,035	-	-
	<u>105,002</u>	<u>128,747</u>	<u>27,706</u>	<u>8</u>

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term deposits	9,147	4,035	-	-
Less: Pledged deposits	(9,147)	(3,635)	-	-
	-	400	-	-
Cash and bank balances	95,855	124,712	27,706	8
Bank overdrafts	(26)	(13,541)	-	-
	<u>95,829</u>	<u>111,571</u>	<u>27,706</u>	<u>8</u>

Included in cash and short-term deposits of the Group are amount of RM18,999,298 (2021: RM122,410,714) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Short-term deposits placed with licensed banks of the Group have been pledged to the licensed banks to secure credit facilities granted to the Group as disclosed in Note 15.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2022 Unit'000	2021 Unit'000	2022 RM'000	2021 RM'000
Group and Company Issued and fully paid-up (no par value):				
At 1 January	2,400,000	*	2,400	*
Issued during the financial year	-	2,400	-	2,400
Share split	-	2,397,600	-	-
Conversion from ICPS to ordinary shares	200,000	-	40,000	-
At 31 December	<u>2,600,000</u>	<u>2,400,000</u>	<u>42,400</u>	<u>2,400</u>

* Less than 1,000

On 19 February 2021, the Company issued 410,000 new ordinary shares at a price of RM1 per ordinary share for working capital purposes.

On 16 April 2021, the Company further issued 589,998 new ordinary shares at a price of RM1 per ordinary share for working capital purposes.

On 7 September 2021, the Company further issued 1,400,000 new ordinary shares at a price of RM1 per ordinary share for working capital purposes.

On 8 September 2021, the Company subdivided its number of ordinary shares from 2,400,000 to 2,400,000,000 by undertaking a subdivision of every one (1) existing ordinary share into one thousand (1,000) shares ("Share Split"). The Share Split were issued as fully paid, at nil consideration and without capitalisation of the Company's reserves.

On 18 October 2022, the Company issued 200,000,000 new ordinary shares from the conversion of Irredeemable Convertible Preference Shares ("ICPS") with the conversion ratio of two (2) ICPS is convert into one (1) new ordinary share and no additional cash payment is required for the conversion of the ICPS by holder(s) of the ICPS ("ICPS holder(s)").

The new ordinary shares issued during the financial year 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 declared from time to time and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. PREFERENCE SHARES

(a) Redeemable Convertible Preference Shares (“RCPS”)

	Note	Number of preference shares		Amount	
		2022 Unit'000	2021 Unit'000	2022 RM'000	2021 RM'000
Group and Company					
At beginning of the financial year		400,000	-	40,000	-
Issued during the financial year	(i)	-	400,000	-	40,000
Conversion of RCPS into ICPS	(ii)	(400,000)	-	(40,000)	-
At end of the financial year		-	400,000	-	40,000

(i) Issuance of RCPS

On 28 September 2021, the Company issued 400,000,000 units of RCPS to subscribers at an issue price of RM0.10 per unit, representing a total issue price of RM40,000,000.

The salient features of the RCPS are as follows:

- (a) tenure of 6 years to maturity date on 28 September 2027;
- (b) no dividend shall be paid during the tenure of the RCPS, unless otherwise declared by the Company;
- (c) the RCPS can only be converted from the first anniversary of the admission to the Official List and the listing of and quotation for the RCPS on the Main Market of Bursa Malaysia Securities Berhad;
- (d) Any RCPS which remained outstanding at the end of the tenure shall be converted automatically, whereby the corresponding amount of ordinary shares of the Company will be issued and allotted to the holders of the RCPS at no additional cost; and
- (e) Each RCPS shall be, at the sole option of the Company, be redeemed by the Company at the redemption price of RM0.50 per RCPS, on any date during the tenure and before the maturity date.

(ii) Conversion of RCPS into ICPS

On 26 June 2022, the 400,000,000 RCPS was converted into 400,000,000 ICPS.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. PREFERENCE SHARES (CONTINUED)

(b) ICPS

	Note	Number of preference shares 2022 Unit'000	Amount 2022 RM'000
Group and Company			
At beginning of the financial year		-	-
Conversion of RCPS into ICPS	(i)	400,000	40,000
Conversion of ICPS into ordinary share	(ii)	(400,000)	(40,000)
At end of the financial year		<u>-</u>	<u>-</u>

(i) Conversion of RCPS into ICPS

On 26 June 2022, the 400,000,000 RCPS was converted into 400,000,000 ICPS.

The salient features of the ICPS are as follows:

- (a) tenure of 6 years to maturity date on 28 September 2027;
- (b) the ICPS shall not be redeemable;
- (c) every two (2) ICPS can be converted to one (1) ordinary share and no additional cost or consideration shall be payable by the ICPS holders upon such exercise of the conversion rights;
- (d) the registered ICPS holders shall have the right to convert the ICPS into new shares at the conversion price only commencing from the issue date up to 5 p.m. on the market day immediately preceding the date which is the sixth (6th) anniversary from the issue date; and
- (e) any ICPS which remain outstanding at the end of six (6) years commencing from and including the issue date shall be automatically converted to ordinary shares in accordance with the terms herein.

(ii) Conversion of ICPS into ordinary share

On 18 October 2022, the Company issued 200,000,000 new ordinary shares from the conversion of ICPS with the conversion ratio of two (2) ICPS into one (1) new ordinary share and no additional cash payment is required for the conversion of the ICPS by ICPS holders.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current:					
Term loans	(a)	50,288	59,874	-	-
Bridging loan	(b)	-	12,684	-	-
Lease liabilities	(c)	845	1,054	-	43
		<u>51,133</u>	<u>73,612</u>	<u>-</u>	<u>43</u>
Current:					
Term loans	(a)	17,108	3,207	-	-
Lease liabilities	(c)	1,299	1,237	-	153
Bank overdrafts	(d)	26	13,541	-	-
Revolving credit	(e)	30,000	-	30,000	-
		<u>48,433</u>	<u>17,985</u>	<u>30,000</u>	<u>153</u>
Total loans and borrowings:					
Term loans	(a)	67,396	63,081	-	-
Bridging loan	(b)	-	12,684	-	-
Lease liabilities	(c)	2,144	2,291	-	196
Bank overdrafts	(d)	26	13,541	-	-
Revolving credit	(e)	30,000	-	30,000	-
		<u>99,566</u>	<u>91,597</u>	<u>30,000</u>	<u>196</u>

(a) Term loans

Term loan 1 of the Group of RM Nil (2021: RM27,383,766) bears interest at Bank Base Financing Rate ("BFR") add 0.5% per annum and is repayable after 4 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over inventories - land held for property development of the Group as disclosed in Note 6;
- (ii) Specific debenture over the project;
- (iii) Assignment over all sales proceeds in the designated Housing Development account of the project;
- (iv) Joint and several guarantee by certain directors of the Group; and
- (v) Corporate guarantee of former holding company.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (continued)

Term loan 2 of the Group of RM5,813,215 (2021: RM7,697,431) bears interest at Base Lending Rate ("BLR") per annum and is repayable by 60 monthly instalments of RM220,356 over 5 years commencing from the 25th month of first drawdown, there is a grace period from 4 November 2022 to 3 November 2023 which the Company only required to pay the interest and is secured and supported as follows:

- (i) Legal charge over the inventories - land held for property development of the Group as disclosed in Note 6;
- (ii) Legal charge over short-term deposits as disclosed in Note 12;
- (iii) Joint and several guarantee by certain directors of the Group; and
- (iv) Corporate guarantee of a related party.

Term loan 3 of the Group of RM Nil (2021: RM3,725,283) bears interest at BLR add 1% per annum and is repayable by monthly instalments of RM44,330 over 15 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) First party legal charge over inventories - land held for development of the Group as disclosed in Note 6;
- (ii) Joint and several guarantee by certain directors of the Group; and
- (iii) Corporate guarantee by a related party.

Term loan 4 of the Group of RM24,295,348 (2021: RM24,274,981) bears interest at BFR minus 2% per annum and is repayable by monthly instalments of RM702,188 over 5 years commencing from the 25th month of first drawdown and is secured and supported as follows:

- (i) First party legal charge over inventories - land held for development of the Group as disclosed in Note 6;
- (ii) Joint and several guarantee by certain directors of the Group; and
- (iii) Corporate guarantee by former holding company.

Term loan 5 of the Group of RM13,954,542 (2021: RM Nil) bears interest at BLR add 0.5% per annum and is repayable by 24 monthly instalments of RM579,000 over 2 years commencing from the 25th month of first drawdown and is secured and supported as follows:

- (i) Legal charge over the inventories - land held for property development of the Group as disclosed in Note 6;
- (ii) Debenture by way of fixed and floating charge over the project;
- (iii) Joint and several guarantee by certain directors of the Group; and
- (iv) Corporate guarantee by the Company.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (continued)

Term loan 6 of the Group of RM8,621,777 (2021: RM Nil) bears interest at BLR add 0.5% per annum and is repayable by 18 monthly instalments of RM1,667,000 over 1.5 years commencing from the 25th month of first drawdown and is secured and supported as follows:

- (i) Legal charge over the inventories - land held for property development of the Group as disclosed in Note 6;
- (ii) Debenture by way of fixed and floating charge over the project;
- (iii) Joint and several guarantee by certain directors of the Group; and
- (iv) Corporate guarantee by the Company.

Term loan 7 of the Group of RM10,910,819 (2021: RM Nil) bears interest at BLR per annum and is repayable by 60 monthly instalments of RM207,751 over 5 years commencing from 36 months from full drawdown date, whichever is earlier and is secured and supported as follows:

- (i) Legal charge over the land held for development of the Group disposed during the year, which the title of the land held for development transferred in the subsequent year;
- (ii) Legal charge over the short-term deposits as disclosed in Note 12;
- (iii) Joint and several guarantee by certain directors of the Group; and
- (iv) Corporate guarantee by the Company.

Term loan 8 of the Group of RM3,799,726 (2021: RM Nil) bears interest at BLR add 0.5% per annum and is repayable by 24 monthly instalments of RM212,000 over 2 years commencing from the 25th month of first drawdown and is secured and supported as follows:

- (i) Legal charge over the inventories - land held for property development of the Group as disclosed in Note 6;
- (ii) Debenture by way of fixed and floating charge over the project;
- (iii) Joint and several guarantee by certain directors of the Group; and
- (iv) Corporate guarantee by the Company.

(b) Bridging loan

Bridging loan of the Group of RM Nil (2021: RM12,683,785) bears interest at BLR add 1% per annum and is repayable by quarterly instalments of RM8,750,000 over 5 years commencing from the 40th month of first drawdown and is secured and supported as follows:

- (i) Legal charge over inventories - land held for property development of the Group as disclosed in Note 6;
- (ii) Debenture by way of fixed and floating charge over the project;
- (iii) Assignment over the surplus sales proceeds and charge over all monies available in the designated Housing Development account of the project;
- (iv) Joint and several guarantee by certain directors of the Group; and
- (v) Corporate guarantee of a related party.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(c) Lease liabilities

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Minimum lease payments:				
- Not later than one year	1,356	1,290	-	156
- Later than one year and not later than five years	883	1,073	-	44
	<u>2,239</u>	<u>2,363</u>	<u>-</u>	<u>200</u>
Less: Future finance charges	(95)	(72)	-	(4)
Present value of minimum lease payments	<u>2,144</u>	<u>2,291</u>	<u>-</u>	<u>196</u>
Present value of minimum lease payment:				
- Not later than one year	1,299	1,237	-	153
- Later than one year and not later than five years	845	1,054	-	43
	<u>2,144</u>	<u>2,291</u>	<u>-</u>	<u>196</u>
Less: Amount due within twelve months	(1,299)	(1,237)	-	(153)
Amount due after twelve months	<u>845</u>	<u>1,054</u>	<u>-</u>	<u>43</u>

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15. LOANS AND BORROWINGS (CONTINUED)

(d) Bank overdrafts

Bank overdraft 1 of the Group of RM Nil (2021: RM9,842,335) bears interest at BLR add 1% per annum and is secured and supported as follows:

- (i) Legal charge over inventories - land held for property development of the Group as disclosed in Note 6;
- (ii) Debenture by way of fixed and floating charge over the project;
- (iii) Assignment over the surplus sales proceeds and charge over all monies available in the designated Housing Development account of the project;
- (iv) Joint and several guarantee by certain directors of the Group; and
- (v) Corporate guarantee of a related party.

Bank overdraft 2 of the Group of RM26,610 (2021: RM3,698,578) bears interest at BFR add 0.5% per annum and is secured and supported as follows:

- (i) Legal charge over inventories - land held for property development of the Company as disclosed in Note 6;
- (ii) Specific debenture over the project;
- (iii) Assignment over all sales proceeds in the designated Housing Development account of the project;
- (iv) Joint and several guarantee by certain directors of the Group; and
- (v) Corporate guarantee of former holding company.

(e) Revolving credit

Revolving credit of the Group and of the Company of RM30,000,000 (2021: RM Nil) bears interest at Cost of Fund add 2.5% per annum and is secured and supported by joint and several guarantee by certain directors of the Group.

For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 25(b)(ii).

16. DEFERRED TAX LIABILITIES

Group	As at 1	Recognised in	As at 31	Recognised in	As at 31
	January 2021	profit or	December 2021	profit or	December 2022
	RM'000	loss	RM'000	loss	RM'000
		(Note 23)		(Note 23)	
Deferred tax liabilities:					
Property, plant and equipment	88	(40)	48	80	128
Finance cost adjustment	518	192	710	(87)	623
	<u>606</u>	<u>152</u>	<u>758</u>	<u>(7)</u>	<u>751</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised capital allowance	319	61	-	3
Unused tax losses	8,588	4,451	-	1,932
Finance cost adjustment	7,236	10,535	-	-
	<u>16,143</u>	<u>15,047</u>	<u>-</u>	<u>1,935</u>
Potential deferred tax benefit at 24%	<u>3,874</u>	<u>3,611</u>	<u>-</u>	<u>464</u>

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

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
2028	596	596	-	596
2029	505	505	-	505
2030	188	188	-	188
2031	1,254	3,162	-	643
2032	6,045	-	-	-
	<u>8,588</u>	<u>4,451</u>	<u>-</u>	<u>1,932</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade					
Trade payables	(a)				
- Third parties		26,843	26,190	-	-
- Related party		17,690	24,590	-	-
Retention sums		32,398	50,904	-	-
Accruals		20,275	36,321	-	-
		<u>97,206</u>	<u>138,005</u>	<u>-</u>	<u>-</u>
Non-trade					
Other payables		8,729	5,868	97	118
Accruals		5,877	7,428	640	29
Deposits		154	103	-	-
Amount owing to subsidiaries	(b)	-	-	-	15,067
Amount owing to a related party	(c)	-	196,178	-	18,000
Amount owing to a director	(b)	-	14,193	-	14,193
		<u>14,760</u>	<u>223,770</u>	<u>737</u>	<u>47,407</u>
Total trade and other payables		<u>111,966</u>	<u>361,775</u>	<u>737</u>	<u>47,407</u>

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 days to 90 days (2021: 30 days to 90 days).

(b) Amount owing to subsidiaries and a director

Amount owing to subsidiaries and a director are unsecured, non-trade in nature, non-interest bearing, repayable upon demand and are expected to be settled in cash.

(c) Amount owing to a related party

Amount owing to a related party of the Group and of the Company is unsecured, non-trade in nature, repayable upon demand, bearing interest rate of Nil% (2021: 3.10%) and is expected to be settled in cash.

For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 25(b)(ii).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contract with customers:				
Over time:				
Property development	311,410	563,404	-	-
At a point in time:				
Property development	25,000	-	-	-
Sale of goods	-	287	-	-
	25,000	287	-	-
Revenue from other source:				
Dividend income	-	-	198,000	107,000
	336,410	563,691	198,000	107,000

19. OTHER INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income	619	249	7,299	854
Gain on disposal of property, plant and equipment	161	-	-	-
Wages subsidy	6	-	-	-
Rental income	16	67	-	-
Gain on lease modification	9	4	2	-
Gain on deemed disposal of an associate	-	2,936	-	-
Recoupment income	60,000	-	60,000	-
Salvage income	-	420	-	-
Others	321	358	33	*
	61,132	4,034	67,334	854

* Less than 1,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:				
- Term loans	1,359	2,687	-	-
- Bridging loan	401	953	-	-
- Lease liabilities	81	65	2	5
- Bank guarantee commission	135	12	-	-
- Bank overdrafts	388	669	-	-
- Revolving credit	846	-	846	-
- Advances from a related party	128	1,666	2	21
	<u>3,338</u>	<u>6,052</u>	<u>850</u>	<u>26</u>

21. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit before tax:

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration					
- Current year		160	120	20	7
Depreciation of property, plant and equipment	5	1,999	1,789	241	119
Incorporation expenses		-	3	-	-
Fair value adjustment on other investment		18,729	-	18,729	-
Employee benefits expense	22	11,225	9,266	35	15
Rental expense on:					
- Car park		63	39	-	-
- Office		487	290	-	-
- Office equipment		69	66	-	-
- Premise		1,699	3,207	-	-
		<u></u>	<u></u>	<u></u>	<u></u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, allowances and bonuses	9,636	7,746	9	15
Defined contribution plans	1,184	1,056	-	-
Other staff related benefits	405	464	26	-
	<u>11,225</u>	<u>9,266</u>	<u>35</u>	<u>15</u>
Included in employee benefits expense are:				
- Directors' remuneration	2,097	1,059	9	15
- Directors' defined contribution plans	308	173	-	-
- Directors' related benefits	17	27	-	-
	<u>2,422</u>	<u>1,259</u>	<u>9</u>	<u>15</u>

23. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2022 and 31 December 2021 are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	40,263	35,854	13,850	-
- Adjustment in respect of prior years	5,564	(55)	205	-
	<u>45,827</u>	<u>35,799</u>	<u>14,055</u>	<u>-</u>
Deferred tax (Note 16):				
- Origination of temporary differences	122	152	-	-
- Adjustment in respect of prior year	(129)	*	-	-
	<u>(7)</u>	<u>152</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>45,820</u>	<u>35,951</u>	<u>14,055</u>	<u>-</u>

* Less than 1,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. INCOME TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax	147,256	145,291	242,917	104,899
Tax at Malaysian statutory income tax rate of 24%	35,341	34,870	58,300	25,176
Adjustments:				
- Income not subject to tax	(6,332)	(705)	(53,860)	(25,680)
- Non-deductible expenses	11,113	1,107	9,874	40
- Deferred tax not recognised on tax losses, temporary differences and finance cost adjustment	2,025	1,096	-	464
- Utilisation of previously unrecognised tax losses, capital allowances and finance cost adjustment	(1,762)	(362)	(464)	-
- Adjustment in respect of current income tax of prior years	5,564	(55)	205	-
- Adjustment in respect of deferred tax of prior year	(129)	*	-	-
Income tax expense	45,820	35,951	14,055	-

* Less than 1,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. DIVIDENDS

Dividend declared and paid to owners of the Company

On 27 September 2021, the Company declared a dividend amounting to RM40,000,000 from retained earnings, which was distributed by way of a dividend-in-specie of 400,000,000 RCPS in the Company on the basis of one (1) RCPS for every six (6) ordinary shares held in the Company ("Dividend-In-Specie"). The Dividend-In-Specie was issued and allotted to the existing shareholders on 28 September 2021.

On 1 September 2022, the Company declared an interim dividend of 2.08 sen per ordinary share, amounting to RM50,000,000 in respect of the financial year ended 31 December 2022. The dividend was paid on 8 September 2022.

On 15 December 2022, the Company declared an interim dividend of 0.58 sen per ordinary share, amounting to RM15,000,000 in respect of the financial year ended 31 December 2022. The dividend was paid on 27 December 2022.

Dividend declared and paid to non-controlling interests

On 1 August 2022, the Group declared an interim dividend of RM50.00 per ordinary share to non-controlling interest, amounting to RM20,000,000 in respect of the financial year ended 31 December 2022. The dividend was paid on 25 August 2022.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Amortised cost
- (ii) FVPL

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
At 31 December 2022			
Financial assets			
Group			
Other investment	10,584	-	10,584
Trade and other receivables, less prepayments and contract costs	111,338	111,338	-
Cash and short-term deposits	105,002	105,002	-
	<u>226,924</u>	<u>216,340</u>	<u>10,584</u>
Company			
Other investment	10,584	-	10,584
Trade and other receivables, less prepayments	305,122	305,122	-
Cash and short-term deposits	27,706	27,706	-
	<u>343,412</u>	<u>332,828</u>	<u>10,584</u>
Financial liabilities			
Group			
Loans and borrowings	(99,566)	(99,566)	-
Trade and other payables	(111,966)	(111,966)	-
	<u>(211,532)</u>	<u>(211,532)</u>	<u>-</u>
Company			
Loans and borrowings	(30,000)	(30,000)	-
Trade and other payables	(737)	(737)	-
	<u>(30,737)</u>	<u>(30,737)</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
At 31 December 2021			
Financial assets			
Group			
Other investments	29,313	-	29,313
Trade and other receivables, less prepayments and contract costs	88,788	88,788	-
Cash and short-term deposits	128,747	128,747	-
	<u>246,848</u>	<u>217,535</u>	<u>29,313</u>
Company			
Other investments	29,313	-	29,313
Trade and other receivables, less prepayments	157,812	157,812	-
Cash and short-term deposits	8	8	-
	<u>187,133</u>	<u>157,820</u>	<u>29,313</u>
Financial liabilities			
Group			
Loans and borrowings	(91,597)	(91,597)	-
Trade and other payables	(361,775)	(361,775)	-
	<u>(453,372)</u>	<u>(453,372)</u>	<u>-</u>
Company			
Loans and borrowings	(196)	(196)	-
Trade and other payables	(47,407)	(47,407)	-
	<u>(47,603)</u>	<u>(47,603)</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for its shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's and the Company's senior management.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

At the end of the reporting periods, the Group does not have any significant exposure to its individual customers.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information. There is no impairment loss recognised during the financial year.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	Contract assets RM'000	Retention sum RM'000	Current RM'000	Trade receivables					Total RM'000
				1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	91 to 120 days past due RM'000	> 120 days past due RM'000	
At 31 December 2022									
Gross carrying amount at default	102,396	71,532	174	14,765	39	1	331	720	16,030
Impairment losses	-	-	-	-	-	-	-	-	-
Net balance	102,396	71,532	174	14,765	39	1	331	720	16,030

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows: (continued)

	Contract assets RM'000	Retention sum RM'000	Current RM'000	Trade receivables					Total RM'000	
				1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	91 to 120 days past due RM'000	> 120 days past due RM'000		
At 31 December 2021										
Gross carrying amount at default	324,838	50,587	24,262	1,201	1,772	91	60	5,416	32,802	
Impairment losses	-	-	-	-	-	-	-	-	-	-
Net balance	324,838	50,587	24,262	1,201	1,772	91	60	5,416	32,802	

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets (continued)

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

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

Intercompany loans between related entities are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the debtor does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

At the end of the reporting date, the Group and the Company did not recognised any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.10(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM540,000 (2021: RM Nil) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 25(b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from loans and borrowings and trade and other payables.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

Group	Carrying amount RM'000	Contractual cash flows			Total RM'000
		On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	
At 31 December 2022					
Trade and other payables	111,966	111,966	-	-	111,966
Term loans	67,396	18,163	54,742	-	72,905
Lease liabilities	2,144	1,356	883	-	2,239
Bank overdraft	26	26	-	-	26
Revolving credit	30,000	30,000	-	-	30,000
	211,532	161,511	55,625	-	217,136

RADIUM DEVELOPMENT BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (continued)

Group	Carrying amount RM'000	Contractual cash flows			Total RM'000
		On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	
At 31 December 2021					
Trade and other payables	361,775	361,775	-	-	361,775
Term loans	63,081	6,601	69,599	2,314	78,514
Bridging loan	12,684	813	14,101	-	14,914
Lease liabilities	2,291	1,290	1,073	-	2,363
Bank overdrafts	13,541	13,541	-	-	13,541
	453,372	384,020	84,773	2,314	471,107
Company					
At 31 December 2022					
Trade and other payables	737	737	-	-	737
Revolving credit	30,000	30,000	-	-	30,000
Financial guarantee contract	-	540	-	-	540
	30,737	31,277	-	-	31,277
At 31 December 2021					
Trade and other payables	47,407	47,407	-	-	47,407
Lease liabilities	196	156	44	-	200
	47,603	47,563	44	-	47,607

RADIUM DEVELOPMENT BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from its loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial years:

	Carrying amount RM'000	Change in basis point	Effect on equity and profit for the financial year RM'000
Group			
31 December 2022			
Term loans	67,396	+ 50 - 50	(256) 256
Bank overdraft	26	+ 50 - 50	(*) *
Revolving credit	30,000	+ 50 - 50	(114) 114
31 December 2021			
Term loans	63,081	+ 50 - 50	(240) 240
Bridging loan	12,684	+ 50 - 50	(48) 48
Bank overdrafts	13,541	+ 50 - 50	(51) 51
Company			
31 December 2022			
Revolving credit	30,000	+ 50 - 50	(114) 114

* Less than 1,000

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RADIUM DEVELOPMENT BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The carrying amount of cash and cash equivalents, short-term receivables and payables and short-term loans and borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no material transfers between Level 1 and Level 2 during the financial years.

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount RM'000	Fair value			Fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Group								
At 31 December 2022								
Financial asset								
Non-current								
Other investment	10,584	-	-	10,584	-	-	10,584	
Financial liability								
Non-current								
Term loans	(50,288)	-	-	-	-	(52,022)	(52,022)	

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RADIUM DEVELOPMENT BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (continued)

Group	Carrying amount RM'000	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
At 31 December 2021								
Financial asset								
Non-current								
Other investment	29,313	-	-	29,313	-	-	-	-
Financial liabilities								
Non-current								
Term loans	(59,874)	-	-	-	-	-	(64,901)	(64,901)
Bridging loan	(12,684)	-	-	-	-	-	(12,361)	(12,361)

RADIUM DEVELOPMENT BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (continued)

	Carrying amount RM'000	Fair value of financial instruments carried at fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Company					
At 31 December 2022					
Financial asset					
Non-current					
Other investment	10,584	-	-	10,584	10,584
At 31 December 2021					
Financial asset					
Non-current					
Other investment	29,313	-	-	29,313	29,313

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of liability component of term loans and bridging loan are calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities.

RADIUM DEVELOPMENT BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

Level 3 fair value (continued)

Fair value of financial instruments carried at fair value

The following table shows a reconciliation of fair value measurement of investment in unquoted equity securities classified as financial asset designated at fair value through profit or loss:

	Group and Company 2022 RM'000
At 1 January	29,313
Fair value adjustment recognised in profit or loss	(18,729)
At 31 December	<u>10,584</u>

26. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group and of the Company include:

- (i) Former holding Company;
- (ii) Subsidiaries;
- (iii) Entities in which certain directors have interests;
- (iv) Persons connected to the Company;
- (v) Entity in which person connected to certain directors of the Company have interests; and
- (vi) Key management personnel of the Group and of the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

RADIUM DEVELOPMENT BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Construction costs charged by				
- Entity in which certain directors have interests	121,757	177,430	-	-
Services rendered from				
- Entity in which person connected to certain directors of the Company have interests	505	-	-	-
Interest income				
- Subsidiaries	-	-	7,209	854
Interest expense				
- Entity in which certain directors have interests	353	4,608	2	21
Rental income				
- Entity in which certain directors have interests	-	64	-	-
Rental expense				
- Entity in which certain directors have interests	1,725	1,637	-	-
Advances from/to				
- Former holding company	-	(18,528)	-	(18,528)
- Subsidiaries	-	-	(253,643)	(27,800)
- Director	-	20,177	-	19,777
- Entity in which person connected to certain directors of the Company have interests	(1,052)	-	(1,052)	-
- Entity in which certain directors have interests	14,698	71,761	-	19,198

RADIUM DEVELOPMENT BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (continued)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows: (continued)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Repayment/receipt of advances from/to				
- Former holding company	-	(30,465)	-	(29,812)
- Subsidiaries	-	-	24,125	21,949
- Directors	(14,192)	15,530	(14,192)	12,133
- Entity in which person connected to certain directors of the Company have interests	(1,096)	-	(1,096)	-
- Persons connected to the Company	-	(11,621)	-	(11,621)
- Entity in which certain directors have interests	214,818	142,390	(18,024)	1,201
Management fee				
- Subsidiary	-	-	196	53
- Entity in which certain directors have interests	-	678	-	-
Dividend income				
- Subsidiaries	-	-	198,000	107,000
License fee				
- Entity in which certain directors have interests	360	360	-	-
Recoupment income				
- Entity in which person connected to certain directors of the Company have interests	60,000	-	60,000	-

RADIUM DEVELOPMENT BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, allowances and bonuses	3,151	1,893	9	15
Defined contribution plans	430	281	-	-
Other staff related benefits	21	44	-	-
	<u>3,602</u>	<u>2,218</u>	<u>9</u>	<u>15</u>

Significant outstanding balances with related parties at the end of the reporting periods are disclosed in Notes 10 and 17.

27. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during financial years ended 31 December 2022 and 31 December 2021.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio as at 31 December 2022 and 31 December 2021 are as follows:

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans and borrowings/total debts	15	<u>99,566</u>	<u>91,597</u>	<u>30,000</u>	<u>196</u>
Total equity		<u>385,860</u>	<u>369,424</u>	<u>313,339</u>	<u>149,477</u>
Gearing ratio (times)		<u>0.26</u>	<u>0.25</u>	<u>0.10</u>	<u>0.00</u>

There were no changes in the Group's and the Company's approach to capital management during the financial years under review.

The Group and the Company are not subject to externally imposed capital requirements.

RADIUM DEVELOPMENT BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Information about a lawsuit

6 Judicial Review Applications ("JR Applications") were filed by the several applicants against the Menteri Wilayah Persekutuan, Malaysia, Datuk Bandar Kuala Lumpur ("DBKL"), Kerajaan Malaysia and the subsidiary of the Company, Pavilion Integrity. Pavilion Integrity is the registered proprietor of Lot 810 and is developing a 46-storey building with 698 units of serviced apartments on Lot 810. Pavilion Integrity had obtained the development orders for the construction work.

When the applicants discovered that the Pavilion Integrity proposed to develop Lot 810, the applicants wrote to DBKL to reconsider the Pavilion Integrity's development project, specifically for DBKL to acquire a significant part of Lot 810 in order to build an access road known as Jalan Jejaka 1. Having failed to get DBKL to acquire part of Lot 810, the JR Applications were filed in respect of DBKL's refusal to acquire Lot 810.

The directors are of the opinion that provisions are not required in respect of these matters, as in the event the decision of the appeal at the Federal Court is not in Pavilion Integrity's favour, there will be a compulsory acquisition of Lot 810 by the relevant authority wherein Pavilion Integrity will be compensated in accordance with Sections 9A and the First Schedule of the Land Acquisition Act 1960. Thus, it is not probable that future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement. The directors do not expect the outcome of the action to have impact on the Group's financial position.

(b) Disposal of land

On 19 September 2022, Montanica Development entered into a sales and purchase agreement with a third party for disposal of a piece of freehold land measuring approximately 0.698 hectares for a disposal consideration of RM25,000,000. The disposal was completed on 30 September 2022.

RADIUM DEVELOPMENT BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(c) Joint venture agreement (“JVA”)

On 20 September 2022, Rasa Wangi, a wholly-owned subsidiary of the Company, as the developer, entered into a JVA with a third party, as the landowner, to jointly develop for a proposed development consisting inter alia 404 units of Residensi Wilayah and 932 units of condominium (“Project”) on a piece of leasehold land held under HSD No.123036, No. Lot: PT50316, Negeri Wilayah Persekutuan Kuala Lumpur, Daerah Kuala Lumpur, Mukim Batu measuring approximately 21,505 square metres (“Land”). Pursuant to the JVA, the landowner grants unto Rasa Wangi the exclusive right to carry out and implement the development on the Land, and the landowner shall be entitled, subject to the terms and conditions of the JVA, to receive the landowner's entitlement of 23% of the profit after tax of Rasa Wangi for the Project, and in the event there are any unsold units upon the delivery of vacant possession of the Project, Rasa Wangi shall at its discretion decide on the composition of the landowner's entitlement, that is, either fully in cash or a combination of cash and unsold units (based on the selling price as determined by Rasa Wangi) or an amount of RM32,000,000 whichever the higher.

The JVA is pending fulfilment of conditions precedent by Rasa Wangi.

(d) Listing of the Company on the Main Market of Bursa Malaysia Securities Berhad (“Listing”)

On 30 September 2022, the Company has submitted an application to the Securities Commission Malaysia (“Securities Commission”) for the purpose of the Listing.

On 14 December 2022, the Company has received approval from the Securities Commission to undertake an initial public offering (“IPO”) for the Listing.

On 27 April 2023, the Company launched the Prospectus in relation to the IPO comprising the public issue of 868,000,000 new ordinary shares in the Company at an IPO price of RM0.50 per share. The Listing will be on 31 May 2023.

(e) Recoupment of investment cost in Jayyid Land

On 21 October 2022, the Company received the recoupment income of RM47,000,000 from a related party, which is the adjustment for the subsequent compensation for the fair value of the dilution of the Company's effective ownership in Jayyid Land from 49% to 4.9%. The fair value of the compensation is determined by the directors of the Company with reference to the valuation performed by an independent valuer.

On 9 December 2022, the Company mutually agreed with the related party to increase the recoupment income from RM47,000,000 to RM60,000,000. The outstanding sum of RM13,000,000 will be paid by the related party within 12 months from 9 December 2022, failing which late payment interest of 10% per annum on daily basis will be imposed after 10 December 2023.

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RADIUM DEVELOPMENT BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Letter of intent

On 6 February 2023, the Company issued letter of intent to a third party for the purpose of jointly developing on all that piece of land held under H.S.(D) 123157, PT 50174, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 40,467 square meter with the third party by subscribing for 300,000 ordinary shares in the third party such that the Company will hold 75% of the enlarged issued share capital of the third party on a fully diluted basis as at the date such shares are subscribed.

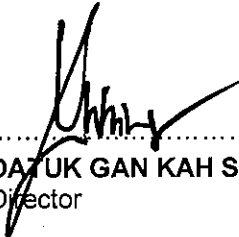
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RADIUM DEVELOPMENT BERHAD
(Incorporated in Malaysia)

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

We, **DATUK GAN KAH SIONG** and **GAN TIONG KIAN**, being two of the directors of RADIUM DEVELOPMENT BERHAD, do hereby state that in the opinion of the directors, 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 the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:


.....
DATUK GAN KAH SIONG
Director


.....
GAN TIONG KIAN
Director

Kuala Lumpur

Date: 22 MAY 2023

Registration No. 201301009006 (1038848-V)

RADIUM DEVELOPMENT BERHAD
(Incorporated in Malaysia)

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

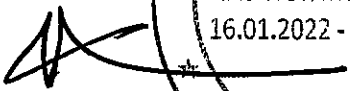
I, **SAM YAN LI**, being the officer primarily responsible for the financial management of RADIUM DEVELOPMENT BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

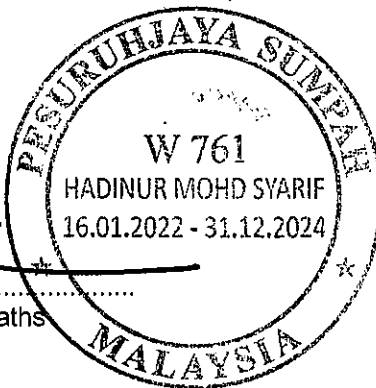


.....
SAM YAN LI
(MIA Membership No: 30416)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on
22 MAY 2023

Before me,


.....
Commissioner for Oaths



CHAMBERS TWENTY - FIVE
NO 25, JALAN TUNKU, BUKIT TUNKU
50480 KUALA LUMPUR

Registration No. 201301009006 (1038848-V)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RADIUM DEVELOPMENT BERHAD**
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Radium Development Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 114.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2022, 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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RADIUM DEVELOPMENT BERHAD**
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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 Directors' 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 Directors' Report and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of 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 and the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RADIUM DEVELOPMENT BERHAD**
(Incorporated in Malaysia)

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 the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and 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 and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and 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.

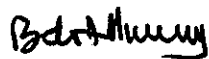
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RADIUM DEVELOPMENT BERHAD**
(Incorporated in Malaysia)

Other Matter

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



Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants



Paul Tan Hong
No. 03459/11/2023 J
Chartered Accountant

Kuala Lumpur

Date: 22 May 2023