



# ACB RESOURCES BERHAD

Registration No. 197401003539 (20667-M)

## Laporan Tahunan 2021 Annual Report

## CONTENTS

|   | <b>Page</b> |
|---|-------------|
| <b>Notice of Meeting</b>                  | <b>1</b>    |
| <b>Corporate Information</b>              | <b>3</b>    |
| <b>Directors' Profile</b>                 | <b>4</b>    |
| <b>5 Years Group Financial Highlights</b> | <b>6</b>    |
| <b>Review of Operations</b>               | <b>7</b>    |
| <b>Financial Statements:</b>              |             |
| Directors' Report                         | 8           |
| Statements of Profit or Loss              | 13          |
| Statements of Other Comprehensive Income  | 14          |
| Statements of Financial Position          | 15          |
| Statements of Cash Flows                  | 17          |
| Statements of Changes in Equity           | 19          |
| Notes to the Financial Statements         | 21          |
| Statement by Directors                    | 82          |
| Statutory Declaration                     | 82          |
| Independent Auditors' Report              | 83          |
| <b>Analysis of Shareholdings</b>          | <b>86</b>   |
| <b>Form of Proxy</b>                      | Enclosed    |

## NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN THAT** the 46th Annual General Meeting of ACB Resources Berhad ("46th AGM") will be held virtually from the Broadcast Venue, Board Room, Level 15, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Friday, 27 May 2022 at 11.00 am for the following purposes:

### AGENDA

- |   |                     |
|---|---------------------|
| 1. To receive the Audited Financial Statements for the 18-month financial period ended 31 December 2021 and the Reports of the Directors and Auditors thereon.  | <b>Note 1</b>       |
| 2. To approve the payment of Directors' fees amounting to RM68,300 for the 18-month financial period ended 31 December 2021.  | <b>Resolution 1</b> |
| 3. To approve the payment of Directors' benefits of up to RM12,000 for meeting allowances for the period commencing after the 46th AGM until the next annual general meeting of the Company.  | <b>Resolution 2</b> |
| 4. To re-elect Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim who retires by rotation in accordance with Clause 108 of the Company's Constitution and who being eligible, has offered himself for re-election.                  | <b>Resolution 3</b> |
| 5. To re-elect Mr Ooi Kim Lai who was appointed during the financial period ended 31 December 2021 and retires in accordance with Clause 109 of the Company's Constitution and who being eligible, has offered himself for re-election. | <b>Resolution 4</b> |
| 6. To re-appoint Messrs Ong Boon Bah & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Resolution 5</b> |
| 7. To transact any other business for which due notice shall have been given.   |                     |

By Order of the Board

**WONG PHOOI LIN (MAICSA 7013812)**  
**SSM PC No. 202008002964**

**LIM KWEE PENG (MAICSA 7015250)**  
**SSM PC No. 202008002981**  
Secretaries

Kuala Lumpur  
5 May 2022

**Notes:**

- *Proxy*
  - (i) *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 19 May 2022 shall be eligible to participate at the Meeting.*
  - (ii) *A member entitled to participate and vote at the Meeting is entitled to appoint not more than 2 proxies to participate and vote instead of him. A proxy need not be a member of the Company.*
  - (iii) *If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.*
  - (iv) *The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.*
  - (v) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
  - (vi) *The instrument appointing a proxy shall be deposited at the Office of the Registrar of the Company at Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.*
  - (vii) *Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.*
- *The 46th AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on E-Meeting Portal at <https://scsb.lion.com.my>. Please refer to the procedures provided in the Administrative Guide for the 46th AGM for registration, participation and remote voting via the RPV facilities.*
- 1. *Audited Financial Statements for the 18-month financial period ended 31 December 2021*

*The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. As such, this Agenda item is not a business which requires a resolution to be put to vote by Members.*

## CORPORATE INFORMATION

|                           |  |
|---------------------------|--|
| <b>Board of Directors</b> | : Y. Bhg. Datuk M. Chareon Sae Tang @ Tan Whye Aun<br>(Chairman)<br>Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim<br>Mr Tan Siak Tee<br>Mr Ooi Kim Lai  |
| <b>Secretaries</b>        | : Ms Wong Phooi Lin (MAICSA 7013812)<br>SSM PC No. 202008002964<br>Ms Lim Kwee Peng (MAICSA 7015250)<br>SSM PC No. 202008002981  |
| <b>Registration No</b>    | : 197401003539 (20667-M)   |
| <b>Registered Office</b>  | : Level 14, Lion Office Tower<br>No. 1 Jalan Nagasari<br>50200 Kuala Lumpur<br>Wilayah Persekutuan<br>Tel No : 03-21420155<br>Fax No : 03-21413448<br>Website : <a href="http://www.lion.com.my/acb">www.lion.com.my/acb</a> |
| <b>Share Registrar</b>    | : Secretarial Communications Sdn Bhd<br>Level 13, Lion Office Tower<br>No. 1 Jalan Nagasari<br>50200 Kuala Lumpur<br>Wilayah Persekutuan<br>Tel Nos : 03-21420155, 03-21418411<br>Fax No : 03-21428409                       |
| <b>Auditors</b>           | : Ong Boon Bah & Co.<br>B-10-1 Megan Avenue 1<br>189 Jalan Tun Razak<br>50400 Kuala Lumpur<br>Wilayah Persekutuan  |
| <b>Principal Bankers</b>  | : Bank of China (Malaysia) Berhad<br>Malayan Banking Berhad<br>RHB Bank Berhad   |

## DIRECTORS' PROFILE

**Datuk M. Chareon Sae Tang @ Tan Whye Aun**  
*Chairman*

Y. Bhg. Datuk M. Chareon Sae Tang @ Tan Whye Aun, a Malaysian, male, aged 83, was appointed to the Board on 25 March 1998 and was elected the Chairman of the Company on 22 March 2022.

Datuk Tang obtained his Bachelor of Law from King's College, the University of London and is a Barrister-at-Law of the Inner Temple London. He has been in legal practice since 1968; first as a legal assistant in Messrs Shearn & Delamore, and later as a Partner at Messrs Chye, Chow Chung & Tang until 1976. Presently, he manages his own legal practice, Messrs C.S. Tang & Co.

Datuk Tang is also the Chairman of Lion Corporation Berhad, a public company, and a Director of Tomei Consolidated Berhad, a public listed company.

**Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim**  
*Director*

Y. Bhg. Datuk Seri Abdul Manap bin Ibrahim, a Malaysian, male, aged 82, was appointed to the Board on 30 March 1994.

Datuk Seri Abdul Manap joined the Malaysian Army as an Officer Cadet in 1959. He was a graduate of the Royal Military College at Sungei Besi, the British Army School of Infantry in Netheravon, England, the US Army Command and General Staff College in Fort Leavenworth (Kansas), the US Naval Post Graduate School in Monterey (California) and the fellowship at US Army War College in Carlyle Barracks (Pennsylvania). He held many important staff and command appointments at the Ministry of Defence, in the field and abroad. He retired in 1994 as Deputy Chief of the Army from the Malaysian Armed Forces after having served 34 years in the military.

Datuk Seri Abdul Manap had also served as Chief Operating Officer with SUKOM Ninety Eight Berhad, the Organizing Committee of the highly successful Kuala Lumpur 98, XVI Commonwealth Games. He was an independent non-executive Director of WTK Holdings Berhad, a public listed company, from 1996 to 2019. At present, he is a Director with a local company in the Information Communications Technology (ICT) sector.

**Tan Siak Tee**  
*Director*

Mr Tan Siak Tee, a Malaysian, male, aged 81, was appointed to the Board on 14 August 1998.

Mr Tan obtained his Bachelor of Commerce from the University of New South Wales, Australia. He was an Associate of the Institute of Chartered Accountants of Australia and the Institute of Chartered Secretaries and Administrators, and was also a member of the Malaysian Institute of Certified Public Accountants.

In 1965, Mr Tan started his career as an Auditor in Coopers & Lybrand, Sydney and was later seconded to Coopers & Lybrand, Kuala Lumpur. He has extensive experience in the banking industry. He was the Chief Internal Auditor for Malaysian operations in Overseas Chinese Banking Corporation and Chung Khiaw Bank for the period from 1969 to 1971 and 1971 to 1973 respectively. He joined Lee Wah Bank Limited in 1973 as Manager of Malaysia Central Office and was promoted to Director and Chief Executive Officer for Malaysian operation in 1975. He was a Director and Chief Executive Officer of United Overseas Bank (M) Berhad for the period from 1994 to 1997 after Lee Wah Bank Malaysian operation was incorporated in Malaysia in 1994.

He had held directorship in the following companies:

- Director and Adviser of Asia Commercial Finance Berhad from 1997 to 1999
- Independent non-executive Director of Bank of China (Malaysia) Berhad from 2000 to 2013
- Independent non-executive Director of Sunway City Berhad from 2001 to 2011
- Independent non-executive Director of SunREIT Capital Berhad from 2011 to 2014

**Ooi Kim Lai**  
*Director*

Mr Ooi Kim Lai, a Malaysian, male, aged 54, was appointed to the Board on 3 May 2021.

Mr Ooi graduated with a Diploma in Accountancy from Tunku Abdul Rahman College, and is a Fellow Member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

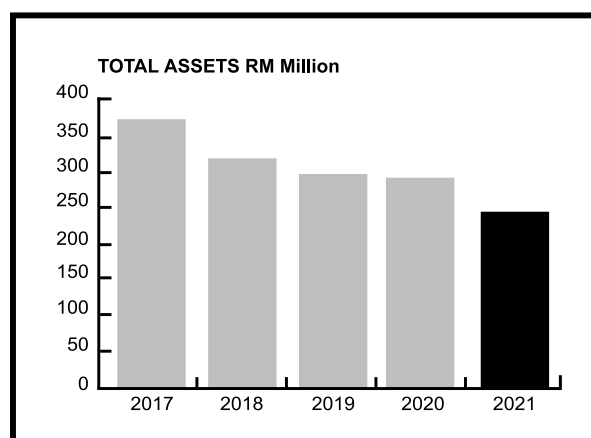
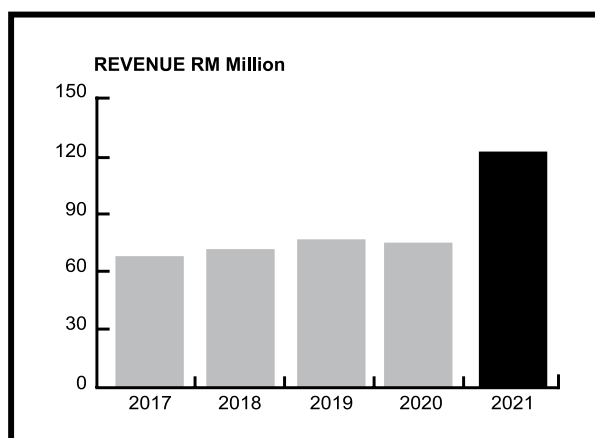
Mr Ooi started his career in 1991 as an auditor in a public accounting firm and joined the Lion Group in 1993 as a Group Accountant. Mr Ooi was the Group Chief Accountant before his appointment as Group Director of the Lion Group in January 2016 and is responsible for the accounting and financial management of certain listed companies in Malaysia and overseas within the Lion Group. He is also actively involved in corporate exercises of the Lion Group including initial public offerings (IPOs), corporate restructuring, mergers and acquisitions, and undertakes investor relations by engaging with fund managers and analysts on various industries covering retail, credit financing, steel, mining, property and services.

He is also a Director of Parkson Holdings Berhad, a public listed company, and Lion Corporation Berhad and Lion Diversified Holdings Berhad (In Liquidation), both public companies.

Mr Ooi has a direct shareholding of 4 ordinary shares in the Company.

## 5 YEARS GROUP FINANCIAL HIGHLIGHTS

| Financial years/period                                  |          | 12 months ended 30 June |             |             |             | 18 months ended 31 December |
|---|----------|-------------------------|-------------|-------------|-------------|-----------------------------|
|   |          | 2017                    | 2018        | 2019        | 2020        | 2021                        |
| Revenue   | (RM'000) | 67,285                  | 70,228      | 75,820      | 74,319      | <b>121,569</b>              |
| Profit/(Loss) before tax                                | (RM'000) | (99,924)                | 43,532      | (86,658)    | (123,365)   | <b>(28,591)</b>             |
| Profit/(Loss) after tax                                 | (RM'000) | (102,602)               | 40,697      | (90,833)    | (126,346)   | <b>(35,464)</b>             |
| Net profit/(loss) attributable to owners of the Company | (RM'000) | (106,687)               | 37,853      | (94,770)    | (130,544)   | <b>(41,188)</b>             |
| <hr/>   |          |                         |             |             |             |                             |
| Total assets  | (RM'000) | 372,951                 | 317,658     | 299,565     | 292,570     | <b>245,382</b>              |
| Net assets/(liabilities)                                | (RM'000) | (1,526,770)             | (1,505,368) | (1,602,315) | (1,718,774) | <b>(1,763,948)</b>          |
| Total borrowings  | (RM'000) | 1,758,146               | 1,701,622   | 1,802,915   | 1,910,826   | <b>1,922,554</b>            |





## REVIEW OF OPERATIONS

### GROUP FINANCIAL PERFORMANCE

The Company had changed its financial year end from 30 June to 31 December. Consequently, the current financial statements of the Group and of the Company are made up for a period of 18 months from 1 July 2020 to 31 December 2021 whilst the preceding financial year ended 30 June 2020 comprised 12 months from 1 July 2019 to 30 June 2020. As such, the results for these two periods are not comparable.

For the 18-month period ended 31 December 2021, the Group posted a revenue of RM121.6 million, mainly contributed by the Security Division. The Group recorded an unrealised foreign exchange gain of RM40.0 million and finance costs of RM99.8 million, both mainly arising from the ACB Bonds and USD Debts.

Overall, the Group posted a lower loss before tax of RM28.6 million for the 18-month period ended 31 December 2021.

### REVIEW OF OPERATIONS

#### Security services

Secom (Malaysia) Sdn Bhd ("Secom"), a joint-venture with Secom Co., Ltd, Japan and Koperasi Polis Diraja Malaysia Berhad, provides total integrated 24-hour security services under the SECOM brand. Secom has a broad range of products and services covering central monitoring services with emergency response, supply and installation of closed circuit televisions ("CCTV"), access control, CCTV remote monitoring, security audit, and the supply of security guards for industrial and commercial premises. Secom provides total security solutions to enhance customers' security needs.

For the 18-month period under review, Secom achieved a revenue of RM101.8 million, mainly attributed to central monitoring services of RM40.2 million, static guards of RM41.4 million and one-off sales with installation worth RM19.6 million, while operating profit was recorded at RM15.8 million.

We faced slight slowdown in our one-off sales business during the Movement Control Order ("MCO") where sales and installation activities were unable to be carried out due to the closure of customers' premises and lockdown restrictions.

Our monitoring and response operations continued to operate 24/7 throughout the MCO period as security services were deemed as essential services. We faced some customer terminations during the period due to business closure, tenancy expiry, poor business sentiments and cost savings measures.

Secom will continue to strengthen its response team to increase response coverage in major towns, widen its product range to cater to the expanding market needs, reduce cost and increase productivity to remain competitive and to provide quality and innovative services to meet customers' requirements.

#### Investment holding and others

This Division is primarily involved in manufacturing and sale of tools and dies, and investment holding. For the 18-month period under review, these activities collectively recorded a revenue of RM19.7 million and a profit of RM13.8 million which were mainly due to interest income of RM12.6 million.

## FINANCIAL STATEMENTS

# 2021

For The Financial Period Ended 31 December 2021

## DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 December 2021.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company is disclosed in Note 17 to the financial statements.

### CHANGE OF FINANCIAL YEAR END

The Company had changed its financial year end from 30 June to 31 December. Consequently, the financial statements of the Group and of the Company are made up for a period of 18 months from 1 July 2020 to 31 December 2021.

### RESULTS

|                                   | GROUP<br>RM'000 | COMPANY<br>RM'000 |
|-----------------------------------|-----------------|-------------------|
| Net loss for the financial period | (35,464)        | (42,761)          |
| (Loss)/Profit attributable to:    |                 |                   |
| Owners of the Company             | (41,188)        | (42,761)          |
| Non-controlling interests         | 5,724           | -                 |
|                                   | (35,464)        | (42,761)          |

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than as disclosed in the notes to the financial statements.

### ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial period.

## DIRECTORS OF THE COMPANY

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

Datuk M. Chareon Sae Tang @ Tan Whye Aun  
Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim  
Tan Siak Tee  
Ooi Kim Lai (Appointed on 3 May 2021)  
Tan Sri Cheng Heng Jem (Resigned with effect from 3 May 2021)

## DIRECTORS OF SUBSIDIARIES

The Directors who held office in the subsidiaries of the Company during the financial period and up to the date of this report are:

|                                  |  |
|----------------------------------|--|
| Chai Kian Chong                  | Nazarhanim binti Mohamad Razak                               |
| Cheng Hui Ya, Serena             | (Appointed on 18 November 2020)                              |
| Choong Boon Pin                  | Stephen Delos Reyes  |
| Chuah Say Chin                   | Susumu Kiryu   |
| Derek K.F Liew                   | Tan Kim Kee  |
| Eduardo Delos Angeles            | Tan Sri Cheng Heng Jem                                       |
| Haji Mohamad Khalid bin Abdullah | Tan Sri Cheng Yong Kim                                       |
| Jose Ivan T. Justiniano          | Teodoro R. Villanueva  |
| Jose MA. J. Fernandez            | Wang Wing Ying   |
| Jose N. Rodulfa                  | Insinyur Haji Andryani AS                                    |
| Juliana Cheng San San            | (Resigned with effect from 18 September 2020)                |
| Koh Yong Heng                    | Iwan Agung Setiawan  |
| Lee Whay Keong                   | (Resigned with effect from 18 September 2020)                |
| MA. Liza Joson                   | Jusup Sutrisno (Resigned with effect from 18 September 2020) |
| Oscar Immanuel Hitarihun         | Yulianto (Resigned with effect from 18 September 2020)       |
| (Appointed on 18 September 2020) | Dato' Kamaruddin @ Abas bin Nordin                           |
| Ooi Kim Lai                      | (Deceased on 14 April 2021)                                  |
|                                  | Lee Tak Suan (Deceased on 18 October 2021)                   |

## 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 those disclosed in Note 8(b) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, save and except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and its related corporations and certain corporations in which the Director of the Company has a substantial interest as disclosed in the notes to the financial statements.

Neither during nor at the end of the financial period, was the Company a party to any arrangement whose object is 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 AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM50 million against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiary companies.

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial period in shares in the Company during and at the end of the financial period are as follows:

|                        | Number of Ordinary Shares      |          |          | As at<br>31.12.2021 |
|------------------------|--------------------------------|----------|----------|---------------------|
|                        | As at<br>3.5.2021 <sup>a</sup> | Addition | Disposal |                     |
| <b>Direct Interest</b> |                                |          |          |                     |
| Ooi Kim Lai            | 4                              | -        | -        | 4                   |

### Note:

<sup>a</sup> Date of appointment as a Director of the Company

Other than as disclosed above, none of the other Directors in office at the end of the financial period had any interest in shares in the Company or its related corporations during and at the end of the financial period.

## OTHER STATUTORY INFORMATION

Before the statements of profit or loss, the statements of other comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables and had satisfied themselves that all known bad receivables had been written off and that adequate allowance had been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad receivables or the amount of allowance for doubtful receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial period.

In the opinion of the Directors, except as disclosed in the financial statements:

- (a) the results of the Group's and of the Company's operations during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature;
- (b) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made; and
- (c) no contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial period which, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

## **AUDITORS' REMUNERATION**

The remuneration of the auditors is disclosed in Note 8(a) to the financial statements.

## **AUDITORS**

The auditors, Ong Boon Bah & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 12 April 2022.

**DATUK M. CHAREON SAE TANG @ TAN WHYE AUN**  
Chairman

**OOI KIM LAI**  
Director

Kuala Lumpur

## STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

|  | Note | GROUP                               |                                    | COMPANY                             |                                    |
|--|------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|  |      | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| Revenue                                  | 6    | 121,569                             | 74,319                             | 12,878                              | 1,094                              |
| Other operating income                   |      | 5,501                               | 4,921                              | 5,723                               | 174                                |
| Changes in inventories                   |      | (142)                               | 19                                 | -                                   | -                                  |
| Raw materials and consumables used       |      | (2,209)                             | (1,130)                            | -                                   | -                                  |
| Employee benefits expenses               | 7    | (59,352)                            | (39,016)                           | -                                   | -                                  |
| Depreciation and amortisation expenses   |      | (6,934)                             | (5,189)                            | -                                   | -                                  |
| Other operating expenses                 |      | (28,833)                            | (32,678)                           | (1,076)                             | (77,617)                           |
| Profit/(Loss) from operations            | 8    | 29,600                              | 1,246                              | 17,525                              | (76,349)                           |
| Gain/(Loss) on foreign exchange          |      |                                     |                                    |                                     |                                    |
| - unrealised                             |      | 39,988                              | (54,911)                           | 49,252                              | (51,407)                           |
| Finance costs                            | 9    | (99,776)                            | (67,868)                           | (106,607)                           | (72,516)                           |
| Share in results of associated companies |      | 1,597                               | (1,832)                            | -                                   | -                                  |
| Loss before tax                          |      | (28,591)                            | (123,365)                          | (39,830)                            | (200,272)                          |
| Tax expenses                             | 10   | (6,873)                             | (2,981)                            | (2,931)                             | (338)                              |
| Net loss for the financial period/year   |      | (35,464)                            | (126,346)                          | (42,761)                            | (200,610)                          |
| (Loss)/Profit attributable to:           |      |                                     |                                    |                                     |                                    |
| Owners of the Company                    |      | (41,188)                            | (130,544)                          | (42,761)                            | (200,610)                          |
| Non-controlling interests                |      | 5,724                               | 4,198                              | -                                   | -                                  |
|  |      | (35,464)                            | (126,346)                          | (42,761)                            | (200,610)                          |
| Loss per share:                          |      |                                     |                                    |                                     |                                    |
| Basic (sen)                              | 11   | (3.1)                               | (9.8)                              |                                     |                                    |

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

## STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

|  | GROUP                               |                                    | COMPANY                             |                                    |
|--|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|  | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| Net loss for the financial period/year   | (35,464)                            | (126,346)                          | (42,761)                            | (200,610)                          |
| <b>Other comprehensive income/(expense)</b>  |                                     |                                    |                                     |                                    |
| <u>Items that may be reclassified<br/>subsequently to (loss)/profit</u>                |                                     |                                    |                                     |                                    |
| Change in translation reserve  | (3,986)                             | 14,085                             | -                                   | -                                  |
| Total comprehensive expense for the<br>financial period/year                           | <u>(39,450)</u>                     | <u>(112,261)</u>                   | <u>(42,761)</u>                     | <u>(200,610)</u>                   |
| Total comprehensive (expense)/income<br>for the financial period/year attributable to: |                                     |                                    |                                     |                                    |
| Owners of the Company  | (45,174)                            | (116,459)                          | (42,761)                            | (200,610)                          |
| Non-controlling interests  | 5,724                               | 4,198                              | -                                   | -                                  |
|  | <u>(39,450)</u>                     | <u>(112,261)</u>                   | <u>(42,761)</u>                     | <u>(200,610)</u>                   |

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



## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

|   |       | GROUP                |                     | COMPANY              |                     |
|---|-------|----------------------|---------------------|----------------------|---------------------|
|   | Note  | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| <b>ASSETS</b>                                       |       |                      |                     |                      |                     |
| <b>Non-current assets</b>                           |       |                      |                     |                      |                     |
| Property, plant and equipment                       | 12    | 31,849               | 29,691              | -                    | -                   |
| Investment properties                               | 13    | 259                  | 268                 | -                    | -                   |
| Right-of-use assets                                 | 14    | 1,069                | 934                 | -                    | -                   |
| Biological assets                                   | 15    | -                    | -                   | -                    | -                   |
| Associated companies                                | 16    | 26,859               | 40,461              | 4,000                | 4,000               |
| Subsidiary companies                                | 17    | -                    | -                   | -                    | -                   |
| Investments   | 18    | 237                  | 237                 | 128                  | 128                 |
| Goodwill  | 19    | -                    | -                   | -                    | -                   |
| Deferred tax assets                                 | 29    | 734                  | 489                 | -                    | -                   |
|   |       | <b>61,007</b>        | <b>72,080</b>       | <b>4,128</b>         | <b>4,128</b>        |
| <b>Current assets</b>                               |       |                      |                     |                      |                     |
| Contract costs                                      | 20(a) | 777                  | 527                 | -                    | -                   |
| Inventories   | 21    | 4,051                | 4,103               | -                    | -                   |
| Receivables   | 22    | 87,101               | 117,055             | 51,681               | 81,629              |
| Tax recoverable                                     |       | 3,069                | 5,820               | 3,038                | 5,785               |
| Investment in cash funds                            | 23(a) | 66,792               | 63,635              | 1,665                | 1,661               |
| Deposits, cash and bank balances                    | 23(b) | 22,585               | 29,350              | 13,115               | 19,316              |
|   |       | <b>184,375</b>       | <b>220,490</b>      | <b>69,499</b>        | <b>108,391</b>      |
| <b>TOTAL ASSETS</b>                                 |       | <b>245,382</b>       | <b>292,570</b>      | <b>73,627</b>        | <b>112,519</b>      |
| <b>EQUITY AND LIABILITIES</b>                       |       |                      |                     |                      |                     |
| <b>Equity attributable to owners of the Company</b> |       |                      |                     |                      |                     |
| Share capital                                       | 24    | 1,561,363            | 1,561,363           | 1,561,363            | 1,561,363           |
| Reserves  | 25    | 345,572              | 349,558             | -                    | -                   |
| Accumulated losses                                  |       | (3,670,883)          | (3,629,695)         | (4,553,971)          | (4,511,210)         |
|   |       | <b>(1,763,948)</b>   | <b>(1,718,774)</b>  | <b>(2,992,608)</b>   | <b>(2,949,847)</b>  |
| Non-controlling interests                           |       | 46,282               | 44,968              | -                    | -                   |
| <b>Total equity</b>                                 |       | <b>(1,717,666)</b>   | <b>(1,673,806)</b>  | <b>(2,992,608)</b>   | <b>(2,949,847)</b>  |

## STATEMENTS OF FINANCIAL POSITION (continued)

AS AT 31 DECEMBER 2021

|                                     |       | GROUP                |                     | COMPANY              |                     |
|-------------------------------------|-------|----------------------|---------------------|----------------------|---------------------|
|                                     | Note  | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| <b>Non-current liabilities</b>      |       |                      |                     |                      |                     |
| Term loan                           | 27    | 1,637                | 3,791               | -                    | -                   |
| Lease liabilities                   | 28    | 272                  | 187                 | -                    | -                   |
| Deferred liabilities                |       | 2,045                | 2,267               | -                    | -                   |
| Deferred tax liabilities            | 29    | 79                   | 9                   | -                    | -                   |
|                                     |       | <b>4,033</b>         | <b>6,254</b>        | <b>-</b>             | <b>-</b>            |
| <b>Current liabilities</b>          |       |                      |                     |                      |                     |
| Payables                            | 30    | 36,395               | 51,376              | 1,104,339            | 1,114,428           |
| Contract liabilities                | 20(b) | 708                  | 680                 | -                    | -                   |
| ACB Bonds and USD Debts             | 26    | 1,919,479            | 1,905,674           | 1,961,896            | 1,947,938           |
| Term loan                           | 27    | 1,438                | 1,361               | -                    | -                   |
| Lease liabilities                   | 28    | 839                  | 769                 | -                    | -                   |
| Tax liabilities                     |       | 156                  | 262                 | -                    | -                   |
|                                     |       | <b>1,959,015</b>     | <b>1,960,122</b>    | <b>3,066,235</b>     | <b>3,062,366</b>    |
| <b>Total liabilities</b>            |       | <b>1,963,048</b>     | <b>1,966,376</b>    | <b>3,066,235</b>     | <b>3,062,366</b>    |
| <b>Net current liabilities</b>      |       | <b>(1,774,640)</b>   | <b>(1,739,632)</b>  | <b>(2,996,736)</b>   | <b>(2,953,975)</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <b>245,382</b>       | <b>292,570</b>      | <b>73,627</b>        | <b>112,519</b>      |

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

|   |       | GROUP                               |                                    | COMPANY                             |                                    |
|---|-------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|   | Note  | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |       |                                     |                                    |                                     |                                    |
| Loss before tax   |       | (28,591)                            | (123,365)                          | (39,830)                            | (200,272)                          |
| Adjustment for non-cash items, interests and dividends  | 33(a) | 51,549                              | 136,095                            | 38,790                              | 199,502                            |
| Operating profit/(loss) before working capital changes  |       | 22,958                              | 12,730                             | (1,040)                             | (770)                              |
| Changes in working capital:                             |       |                                     |                                    |                                     |                                    |
| Inventories   |       | (3,577)                             | (1,780)                            | -                                   | -                                  |
| Trade and other receivables                             |       | 30,647                              | (925)                              | 30,043                              | 1,208                              |
| Contract costs  |       | (250)                               | 430                                | -                                   | -                                  |
| Trade and other payables                                |       | (13,518)                            | (2,168)                            | (15,656)                            | (527)                              |
| Contract liabilities                                    |       | 28                                  | 163                                | -                                   | -                                  |
| Cash generated from/(used in) operations                |       | 36,288                              | 8,450                              | 13,347                              | (89)                               |
| Tax paid  |       | (4,404)                             | (2,789)                            | (184)                               | (337)                              |
| Net cash inflow/(outflow) from operating activities     |       | 31,884                              | 5,661                              | 13,163                              | (426)                              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |       |                                     |                                    |                                     |                                    |
| Purchase of property, plant and equipment               |       | (4,390)                             | (534)                              | -                                   | -                                  |
| Proceeds from disposal of property, plant and equipment |       | 55                                  | 62                                 | -                                   | -                                  |
| Advance to subsidiary companies                         |       | -                                   | -                                  | -                                   | (2)                                |
| Changes in investment in cash funds                     |       | (3,157)                             | (3,941)                            | (4)                                 | (226)                              |
| Dividends received                                      |       | 15,287                              | 256                                | 254                                 | 256                                |
| Interest received                                       |       | 14,377                              | 2,602                              | 12,624                              | 839                                |
| Net cash inflow/(outflow) from investing activities     |       | 22,172                              | (1,555)                            | 12,874                              | 867                                |

## STATEMENTS OF CASH FLOWS (continued)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

|  |       | GROUP                               |                                    | COMPANY                             |                                    |
|--|-------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|  | Note  | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                |       |                                     |                                    |                                     |                                    |
| Dividend paid to non-controlling interests                                 |       | (4,410)                             | (1,960)                            | -                                   | -                                  |
| Redemption/Repayment of ACB Bonds and USD Debts                            | 27    | (53,807)                            | -                                  | (52,662)                            | -                                  |
| Payment of lease liabilities   | 28    | (1,451)                             | (809)                              | -                                   | -                                  |
| Changes in fixed deposits earmarked for ACB Bonds and USD Debts redemption |       | 6,183                               | (4,121)                            | 7,550                               | (4,089)                            |
| Net repayment of term loan   | 27    | (2,077)                             | (1,261)                            | -                                   | -                                  |
| Finance cost paid  |       | (283)                               | (303)                              | -                                   | -                                  |
| Advance from subsidiary companies  |       | -                                   | -                                  | 20,424                              | 1,442                              |
| Net cash outflow from financing activities                                 |       | (55,845)                            | (8,454)                            | (24,688)                            | (2,647)                            |
| Effect of exchange rate changes on cash and cash equivalents               |       | 1,207                               | 780                                | -                                   | -                                  |
| Net (decrease)/increase in cash and cash equivalents                       |       | (582)                               | (3,568)                            | 1,349                               | (2,206)                            |
| Cash and cash equivalents at beginning of the financial period/year        |       | 10,134                              | 13,702                             | 550                                 | 2,756                              |
| Cash and cash equivalents at end of the financial period/year              | 33(b) | 9,552                               | 10,134                             | 1,899                               | 550                                |

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

| GROUP   | <----- Attributable to owners of the Company ----- > |                                 |                              |                    |                                     |                        |
|---|--|---------------------------------|------------------------------|--------------------|-------------------------------------|------------------------|
|   | Share capital<br>RM'000<br>(Note 24)                 | Reserves<br>RM'000<br>(Note 25) | Accumulated losses<br>RM'000 | Total<br>RM'000    | Non-controlling interests<br>RM'000 | Total equity<br>RM'000 |
| At 1 July 2019  | 1,561,363  | 335,473                         | (3,499,151)                  | (1,602,315)        | 42,730                              | (1,559,585)            |
| Total comprehensive income/(expense) for the financial year   | -  | 14,085                          | (130,544)                    | (116,459)          | 4,198                               | (112,261)              |
| Dividend paid by subsidiary                                   | -  | -                               | -                            | -                  | (1,960)                             | (1,960)                |
| At 30 June 2020   | 1,561,363  | 349,558                         | (3,629,695)                  | (1,718,774)        | 44,968                              | (1,673,806)            |
| <b>At 1 July 2020</b>   | <b>1,561,363</b>                                     | <b>349,558</b>                  | <b>(3,629,695)</b>           | <b>(1,718,774)</b> | <b>44,968</b>                       | <b>(1,673,806)</b>     |
| Total comprehensive (expense)/income for the financial period | -  | (3,986)                         | (41,188)                     | (45,174)           | 5,724                               | (39,450)               |
| Dividend paid by subsidiary                                   | -  | -                               | -                            | -                  | (4,410)                             | (4,410)                |
| <b>At 31 December 2021</b>                                    | <b>1,561,363</b>                                     | <b>345,572</b>                  | <b>(3,670,883)</b>           | <b>(1,763,948)</b> | <b>46,282</b>                       | <b>(1,717,666)</b>     |

## STATEMENTS OF CHANGES IN EQUITY (continued)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

### COMPANY

|   | Share<br>capital<br>RM'000<br>(Note 24) | Accumulated<br>losses<br>RM'000 | Total<br>equity<br>RM'000 |
|---|---|---------------------------------|---------------------------|
| At 1 July 2019  | 1,561,363                               | (4,310,600)                     | (2,749,237)               |
| Total comprehensive expense<br>for the financial year   | -                                       | (200,610)                       | (200,610)                 |
| At 30 June 2020   | <u>1,561,363</u>                        | <u>(4,511,210)</u>              | <u>(2,949,847)</u>        |
| <b>At 1 July 2020</b>                                   | <b>1,561,363</b>                        | <b>(4,511,210)</b>              | <b>(2,949,847)</b>        |
| Total comprehensive expense<br>for the financial period | -                                       | (42,761)                        | (42,761)                  |
| <b>At 31 December 2021</b>                              | <b><u>1,561,363</u></b>                 | <b><u>(4,553,971)</u></b>       | <b><u>(2,992,608)</u></b> |

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and the principal place of business of the Company are both located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 17. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial period.

The Company had changed its financial year end from 30 June to 31 December. Consequently, the financial statements of the Group and of the Company are made up for a period of 18 months from 1 July 2020 to 31 December 2021.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 12 April 2022.

## 2. GOING CONCERN

The Group and the Company incurred net loss attributable to the owners of the Company of RM41 million and RM43 million respectively during the financial period ended 31 December 2021 and, as at that date, the Group and the Company have deficit in their net equity attributable to the owners of the Company of RM1,764 million and RM2,993 million respectively and their current liabilities exceeded their current assets by RM1,775 million and RM2,997 million respectively. In addition, as disclosed in Note 26, the ACB Bonds and USD Debts of the Group and of the Company which are repayable within 12 months amounting to RM1,919 million and RM1,962 million respectively. The cash flows for the redemption/repayment will be sourced from the proceeds of the disposal of assets/companies and cash flows from the operations.

The Directors are of the opinion that the financial statements be prepared on a going concern basis and accordingly do not include any adjustments that may be necessary if the Group and the Company are unable to continue as a going concern.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies and are in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"). All values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) Subsidiary companies

##### (i) Basis of consolidation and subsidiary companies

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiary companies). Control is achieved where the Company:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

Subsidiary companies are those entities controlled by the Company. Subsidiary companies are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of subsidiary companies acquired during the financial year are included in the consolidated financial statements from the effective date of acquisition. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. At the Group's level, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup transactions, balances and unrealised gains and losses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) Subsidiary companies (cont'd)

##### (i) Basis of consolidation and subsidiary companies (cont'd)

Non-controlling interests in the consolidated statements of financial position consist of the non-controlling interests' share of fair values of the identifiable assets and liabilities of the acquiree as at acquisition date and the non-controlling interests' share of movements in the acquiree's equity since then.

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

##### (ii) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

#### (c) Associated companies

Associated companies are entities in which the Group has significant influence and where the Group participates in its financial and operating policies through Board representation. Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the latest audited or management financial statements of the companies concerned made up to the Group's financial period end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Under the equity method of accounting, the Group's share of results of associated companies during the financial year is included in the consolidated financial statements. The Group's share of results of associated companies acquired or disposed off during the year, is included in the Group's profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies.

The Group's interest in associated companies is carried in the consolidated statements of financial position at cost plus the Group's share of post-acquisition changes in the share of the net assets of the associated companies, less impairment losses.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associated company's results in the period in which the investment is acquired.

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company, including any long term interest that, in substance, form part of the Group's net investment in the associated company, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payment on behalf of the associated company.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Associated companies (cont'd)

In the Company's separate financial statements, investments in associated companies are measured at cost less impairment losses.

#### (d) Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment except for freehold land and capital work-in-progress are measured at cost less accumulated depreciation and accumulated impairment losses.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Leasehold land is depreciated over the lease term and reviewed at each reporting date to determine whether there is an indication of impairment. The residual values, lease term and depreciation method are reviewed at each financial period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Freehold land has an unlimited useful life and therefore is not depreciated but reviewed at each reporting date to determine whether there is an indication of impairment. Capital work-in-progress is not depreciated as this asset is also not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

|                                |           |
|--------------------------------|-----------|
| Buildings                      | 2% - 10%  |
| Plant and machinery            | 2% - 33%  |
| Tools and equipment            | 10% - 20% |
| Furniture and office equipment | 5% - 25%  |
| Motor vehicles                 | 13% - 20% |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

#### (e) Biological assets

Bearer plants mainly include mature and immature oil palm plantations. Immature plantations are measured at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are measured at acquisition cost less accumulated depreciation and impairment. Oil palm is considered mature in the fifth year after planting.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (e) Biological assets (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

A bearer plant 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 bearer plant is included in the statement of profit and loss in the year the bearer plant is derecognised.

#### (f) Investment property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Such property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar property and the valuation is performed by independent professional valuers.

Gains or losses arising from changes in the fair values of investment property are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment property is derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

When an item of investment property carried at fair value is transferred to property, plant and equipment following a change in its use, the property's deemed cost for subsequent accounting in accordance with MFRS 116 *Property, Plant and Equipment* shall be its fair value at the date of change in use.

#### (g) Contract costs (costs to fulfil a contract) and contract liabilities

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

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

A contract liability is measured at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (h) Inventories

##### (i) Properties

Inventories comprise land held for development, properties under construction and completed properties held for sales.

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

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

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these land. Accordingly, land held for property development are classified as non-current assets in the statement of financial position and are measured at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

##### (ii) Raw material, finished goods, work-in-progress and others

Raw material, finished goods, work-in-progress and others are measured at lower of cost and net realisable value.

The cost of raw materials comprises the original purchase price plus cost incurred in bringing the inventories to their present locations and conditions. The cost of finished goods and work-in-progress consists of direct materials, direct labour, other direct costs and appropriate production overheads where applicable and is determined on a weighted average basis.

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

##### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### (j) Impairment of non-financial assets

The carrying amounts of non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life, the recoverable amount is estimated at each reporting date or more frequently when there are indications of impairment.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (j) Impairment of non-financial assets (cont'd)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down 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.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the fair value reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

#### (k) Financial instruments

##### (i) Initial recognition and measurement

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

A financial asset (unless it is a receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument. A trade receivable that does not contain a significant financing component, is initially measured at the transaction price.

No change to the accounting policy in relation to regular way purchases or sales (purchases or sales under a contract whose terms require delivery of financial assets within a time frame established by regulation or convention in the marketplace concerned).

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (k) Financial instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement

###### Financial assets

The Group categorises financial instruments as follows:-

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

###### (a) Amortised cost

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

###### (b) Fair value through other comprehensive income

###### (i) Debt investments

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

###### (ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

###### (c) Fair value through profit or loss

All financial asset not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (k) Financial instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement (cont'd)

###### Financial assets (cont'd)

###### (c) Fair value through profit or loss (cont'd)

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 3(l)).

###### Financial liabilities

At initial recognition, all financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost.

###### (a) Fair value through profit or loss

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

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

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

###### (b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

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

##### (iii) Derecognition

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (k) Financial instruments (cont'd)

##### (iii) Derecognition (cont'd)

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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (l) Impairment of assets

##### (i) Financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers 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 Company's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without resource by the Group to actions such as realising security.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, while 12 months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

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

ECLs are a probability-weighted estimate of credit losses. The Group estimates the ECLs on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (l) Impairment of assets (cont'd)

##### (ii) Other assets

The carrying amounts of other assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the CGU to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

A CGU is the smallest identifiable asset group that generates cash flows from continuing use that are largely independent from other assets and groups. An impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less cost to sell 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

#### (m) Cash and cash equivalents

For the purposes of statements of cash flows, cash and cash equivalents include cash in hand and at bank, deposits at call and short term highly liquid investments which have insignificant risk of changes in value, net of outstanding bank overdrafts and pledged deposits.

#### (n) Provisions

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Liquidated ascertained damages which have been accrued based on estimates of settlement sums to be agreed, are charged to profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (o) Leases and right-of-use assets

The Group, as lessee, assesses at inception of the contract whether a contract is or contains a lease.

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### (ii) Short term leases and leases of low-value assets

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

#### (iii) Right-of-use assets

The Group recognises the right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term or useful lives. The estimated useful lives of the asset based on the lease term is as follows:

|                                 |              |
|---------------------------------|--------------|
| Buildings (premises and depots) | 1 to 5 years |
|---------------------------------|--------------|

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (p) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

#### (q) Foreign currencies

##### (i) 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 the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

##### (ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing on the statements of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the comprehensive income. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the other comprehensive income for the period.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the statement of financial position date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the statement of financial position date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiary companies before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

The principal closing rates used in translation of foreign currency amounts are as follows:

|                           | 31.12.2021<br>RM | 30.6.2020<br>RM |
|---------------------------|------------------|-----------------|
| <b>Foreign currencies</b> |                  |                 |
| 1 United States Dollar    | 4.169            | 4.281           |
| 1 Singapore Dollar        | 3.084            | 3.071           |
| 1 Hong Kong Dollar        | 0.535            | 0.552           |
| 100 Philippine Peso       | 8.125            | 8.550           |
| 100 Indonesian Rupiah     | 0.028            | 0.029           |
| 1 Chinese Renminbi        | 0.655            | 0.606           |

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (r) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

##### (i) Sale of goods and services

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

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

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

##### (ii) Dividend income

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

##### (iii) Interest income

Interest income is recognised using the effective interest method in profit or loss.

##### (iv) Rental income

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

#### (s) Borrowing costs

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset until the asset is ready for its intended use. Capitalisation of finance cost is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised as an expense in profit or loss in which they are incurred.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (t) Employee benefits

##### (i) Short term benefits

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

##### (ii) Defined contribution plans

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

#### (u) Income tax

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither profit nor taxable profit.

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 that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from business combination that is an acquisition, in which case deferred tax is included in the resulting goodwill or negative goodwill on acquisition.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

#### (v) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and segment liabilities are determined before intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (w) 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 the Company.

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

### 4. STANDARDS AND INTERPRETATIONS

#### Adoption of New and Amended MFRSs

On 1 July 2020, the Group and the Company adopted the new and amended MFRSs issued by the Malaysian Accounting Standards Board ("MASB").

#### Effective for financial periods beginning on or after 1 January 2020:

|   |                                |
|---|--------------------------------|
| Amendments to MFRS 2  | Share-based Payment            |
| Amendments to MFRS 3  | Definition of a Business       |
| Amendments to MFRS 9,<br>MFRS 139 and MFRS 7                          | Interest Rate Benchmark Reform |
| Amendments to MFRS 101<br>and MFRS 108                                | Definition of Material         |
| Amendments to Reference to the Conceptual Framework in MFRS Standards |                                |

#### Effective for financial periods beginning on or after 1 June 2020:

|                       |                                   |
|-----------------------|-----------------------------------|
| Amendments to MFRS 16 | Covid-19 Related Rent Concessions |
|-----------------------|-----------------------------------|

The adoption of the new and amended MFRSs did not result in significant changes on the accounting policies of the Group and of the Company and has no material effect on financial position and accounting policies of the Group and of the Company.

#### Standards and Amendments to Standards issued but not yet effective

At the date of authorisation for issue of these financial statements, the following new MFRSs, and Amendments to MFRSs have been issued by the MASB but not yet effective and have not been applied by the Group and the Company:

#### Effective for financial periods beginning on or after 1 January 2021:

|  |  |
|--|--|
| Amendments to MFRS 4,<br>MFRS 7, MFRS 9,<br>MFRS 16 and MFRS 139 | Interest Rate Benchmark Reform-Phase 2 |
|--|--|

#### Effective for financial periods beginning on or after 1 April 2021:

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

#### 4. STANDARDS AND INTERPRETATIONS (cont'd)

##### Effective for financial periods beginning on or after 1 January 2022:

|  |   |
|--|---|
| Amendments to MFRS 3                           | Business Combinations: Reference to the Conceptual Framework  |
| Amendments to MFRS 116                         | Property, Plant and Equipment: Proceeds before Intended Use   |
| Amendments to MFRS 137                         | Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts-Cost of Fulfilling a Contract |
| Annual Improvements to MFRSs 2018 - 2020 Cycle |   |

##### Effective for financial periods beginning on or after 1 January 2023:

|                        |   |
|------------------------|---|
| MFRS 17                | Insurance Contracts   |
| Amendments to MFRS 17  | Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information            |
| Amendments to MFRS 101 | Presentation of Financial Statements: Classification of Liabilities as Current or Non-current       |
| Amendments to MFRS 101 | Presentation of Financial Statements: Disclosure of Accounting Policies                             |
| Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates |
| Amendments to MFRS 112 | Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction      |

##### Deferred to a date to be determined by the MASB:

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

The Group and the Company will adopt the above new MFRSs and Amendments to MFRSs when they become effective. The adoption of the above new MFRSs and Amendments to MFRSs is not expected to have a material impact on the financial statements in the period of initial application.

#### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

##### (a) Critical judgement made in applying accounting policies

Management is of the opinion that the instances of the application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimation.

##### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Impairment of tangible assets

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, will be assessed. The assessment of recoverable amounts involves various methodologies.

Fair value of an asset is estimated by reference to net assets of the investee or based on prevailing market value determined by professional valuers.



## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

### (b) Key sources of estimation uncertainty (cont'd)

#### (i) Impairment of tangible assets (cont'd)

In determining the value in use of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that required significant judgements and estimates. While the Group believes these estimates and assumptions to be reasonable and appropriate, changes in these estimates and assumptions of value in use could impact on the Group's financial position and results.

#### (ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment except for freehold land and capital work-in-progress, is depreciated on a straight-line basis over the assets' useful lives. Management reviews the remaining useful lives of these property, plant and equipment at the end of each financial period and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

#### (iii) Impairment of receivables

The Group makes impairment losses based on assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be collectible. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such differences will impact carrying value of receivables.

#### (iv) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 10.

#### (v) Deferred tax

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the Directors have concluded that investment properties are not being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, the presumption that the carrying amounts of the investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, deferred taxes have not been recognised on changes in fair value of investment properties as no tax consequences would arise on disposal of the investment properties.

## 6. REVENUE

Revenue of the Group and of the Company consists of the following:

|                      | GROUP                               |                                    | COMPANY                             |                                    |
|----------------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|                      | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| Sales of goods       | 25,606                              | 18,896                             | -                                   | -                                  |
| Rendering of service | 83,251                              | 54,329                             | -                                   | -                                  |
| Dividend income      | 87                                  | 256                                | 254                                 | 256                                |
| Interest income      | 12,625                              | 838                                | 12,624                              | 838                                |
|                      | <b>121,569</b>                      | <b>74,319</b>                      | <b>12,878</b>                       | <b>1,094</b>                       |

Timing of revenue recognition:

|                    | GROUP                               |                                    | COMPANY                             |                                    |
|--------------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|                    | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| At a point in time | 39,359                              | 20,545                             | 12,878                              | 1,094                              |
| Over time          | 82,210                              | 53,774                             | -                                   | -                                  |
|                    | <b>121,569</b>                      | <b>74,319</b>                      | <b>12,878</b>                       | <b>1,094</b>                       |

## 7. EMPLOYEE BENEFITS EXPENSES

|                              | GROUP                               |                                    |
|------------------------------|-------------------------------------|------------------------------------|
|                              | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| Salaries, wages and bonuses  | 38,019                              | 20,516                             |
| Defined contribution plans   | 4,091                               | 2,700                              |
| Other staff related expenses | 17,242                              | 15,800                             |
|                              | <b>59,352</b>                       | <b>39,016</b>                      |

## 8. PROFIT/(LOSS) FROM OPERATIONS

(a) Profit/(Loss) from operations is arrived at:

|  | GROUP                               |                                    | COMPANY                             |                                    |
|--|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|  | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| <b>After charging:</b>                                 |                                     |                                    |                                     |                                    |
| Depreciation of:                                       |                                     |                                    |                                     |                                    |
| - property, plant and equipment (Note 12)              | 5,452                               | 4,351                              | -                                   | -                                  |
| - right-of-use assets (Note 14)                        | 1,473                               | 831                                | -                                   | -                                  |
| Directors' remuneration (Note 8(b))                    | 79                                  | 60                                 | 75                                  | 60                                 |
| Auditors' remuneration:                                |                                     |                                    |                                     |                                    |
| - current period/year                                  | 284                                 | 275                                | 50                                  | 61                                 |
| - prior year   | (20)                                | 2                                  | (11)                                | 3                                  |
| Amortisation of investment properties                  | 9                                   | 7                                  | -                                   | -                                  |
| Impairment losses on receivables:                      |                                     |                                    |                                     |                                    |
| - subsidiary companies                                 | -                                   | -                                  | 20                                  | 70,230                             |
| - others (Note 22)                                     | 1,150                               | 9,124                              | -                                   | 6,499                              |
| Property, plant and equipment<br>written off (Note 12) | 395                                 | 114                                | -                                   | 112                                |
| <b>And crediting:</b>                                  |                                     |                                    |                                     |                                    |
| Bad receivables recovered                              | 243                                 | 1,324                              | 15                                  | -                                  |
| Interest income  | 1,752                               | 1,763                              | -                                   | -                                  |
| Reversal of impairment losses on receivables:          |                                     |                                    |                                     |                                    |
| - subsidiary companies                                 | -                                   | -                                  | 5,588                               | 168                                |
| - others (Note 22)                                     | 615                                 | 52                                 | 119                                 | -                                  |
| Rental income  | 53                                  | 536                                | -                                   | -                                  |
| Gain on deconsolidation of subsidiary                  | 719                                 | -                                  | -                                   | -                                  |
| Gain on disposal of property, plant<br>and equipment   | 40                                  | 34                                 | -                                   | -                                  |
| Gain on foreign exchange                               |                                     |                                    |                                     |                                    |
| - realised   | 36                                  | 149                                | -                                   | -                                  |

## 8. PROFIT/(LOSS) FROM OPERATIONS (cont'd)

### (b) Directors' remuneration

|                  | GROUP                               |                                    | COMPANY                             |                                    |
|------------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|                  | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| Fees             | 71                                  | 53                                 | 68                                  | 53                                 |
| Other emoluments | 8                                   | 7                                  | 7                                   | 7                                  |
| <b>Total</b>     | <b>79</b>                           | <b>60</b>                          | <b>75</b>                           | <b>60</b>                          |

The number of Directors and their range of remuneration are as follows:

| Range of remuneration | Number of Directors       |                          |
|-----------------------|---------------------------|--------------------------|
|                       | 1.7.2020 to<br>31.12.2021 | 1.7.2019 to<br>30.6.2020 |
| RM20,000 and below *  | 5                         | 4                        |

\* Including a Director who had resigned with effect from 3 May 2021.

## 9. FINANCE COSTS

Finance costs are as follows:

|                               | GROUP                               |                                    | COMPANY                             |                                    |
|-------------------------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|                               | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| Interest expenses on:         |                                     |                                    |                                     |                                    |
| - ACB Bonds and USD Debts     | 99,493                              | 67,565                             | 33,616                              | 22,459                             |
| - ACB Debts                   | -                                   | -                                  | 72,991                              | 50,057                             |
| - Term loan                   | 188                                 | 244                                | -                                   | -                                  |
| - Lease liabilities (Note 28) | 95                                  | 59                                 | -                                   | -                                  |
| <b>Total</b>                  | <b>99,776</b>                       | <b>67,868</b>                      | <b>106,607</b>                      | <b>72,516</b>                      |

## 10. TAX EXPENSES

|                           | GROUP                               |                                    | COMPANY                             |                                    |
|---------------------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|                           | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| Income tax:               |                                     |                                    |                                     |                                    |
| - current period/year     | 7,109                               | 3,121                              | 3,022                               | 338                                |
| - prior years             | (61)                                | 179                                | (91)                                | -                                  |
| Deferred tax (Note 29):   |                                     |                                    |                                     |                                    |
| - current period/year     | (175)                               | 84                                 | -                                   | -                                  |
| - prior years             | -                                   | (403)                              | -                                   | -                                  |
| <b>Total tax expenses</b> | <b>6,873</b>                        | <b>2,981</b>                       | <b>2,931</b>                        | <b>338</b>                         |

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at effective income tax rate of the Group and of the Company are as follows:

|   | GROUP                               |                                    | COMPANY                             |                                    |
|---|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|   | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| Loss before tax   | (28,591)                            | (123,365)                          | (39,830)                            | (200,272)                          |
| Tax calculated at Malaysian statutory<br>tax rate of 24% (30.6.2020: 24%) | (6,862)                             | (29,608)                           | (9,559)                             | (48,065)                           |
| Income not subject to tax   | (4,798)                             | (7,147)                            | (1,374)                             | (304)                              |
| Expenses not deductible for tax purposes                                  | 18,594                              | 39,960                             | 13,955                              | 48,707                             |
| (Over)/Under provision in prior years:                                    |                                     |                                    |                                     |                                    |
| - income tax  | (61)                                | 179                                | (91)                                | -                                  |
| - deferred tax  | -                                   | (403)                              | -                                   | -                                  |
| <b>Total</b>  | <b>6,873</b>                        | <b>2,981</b>                       | <b>2,931</b>                        | <b>338</b>                         |

## 11. LOSS PER SHARE

### Basic

Basic loss per share is calculated by dividing the loss for the financial period/year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year as follows:

|  | GROUP                     |                          |
|--|---------------------------|--------------------------|
|  | 1.7.2020 to<br>31.12.2021 | 1.7.2019 to<br>30.6.2020 |
| Loss for the financial period/year attributable to<br>owners of the Company (RM'000) | (41,188)                  | (130,544)                |
| Weighted average number of ordinary shares in issue ('000)                           | 1,331,175                 | 1,331,175                |
| Basic loss per share (sen)   | (3.1)                     | (9.8)                    |

## 12. PROPERTY, PLANT AND EQUIPMENT

|  | Freehold<br>land<br>RM'000 | Leasehold<br>land<br>RM'000 | Buildings<br>RM'000 | Plant,<br>machinery,<br>tools and<br>equipment<br>RM'000 | Furniture<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Capital<br>work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|--|----------------------------|-----------------------------|---------------------|--|--|-----------------------------|---|-----------------|
| <b>31.12.2021</b>                            |                            |                             |                     |  |  |                             |   |                 |
| <b>GROUP</b>                                 |                            |                             |                     |  |  |                             |   |                 |
| <b>COST</b>                                  |                            |                             |                     |  |  |                             |   |                 |
| At 1 July 2020                               | 14,022                     | 2,519                       | 6,660               | 72,944   | 9,588  | 4,239                       | -   | 109,972         |
| Additions                                    | -                          | -                           | -                   | 214  | 264  | 412                         | 3,500                                     | 4,390           |
| Disposals                                    | -                          | -                           | -                   | (8)  | (85)   | (201)                       | -   | (294)           |
| Transfer from<br>inventories                 | -                          | -                           | -                   | 3,629  | -  | -                           | -   | 3,629           |
| Exchange difference                          | -                          | (48)                        | (2)                 | (4)  | (1)  | -                           | -   | (55)            |
| Written off                                  | -                          | -                           | (8)                 | (2,395)  | (55)   | -                           | -   | (2,458)         |
| Deconsolidation<br>of subsidiary             | -                          | (1,686)                     | (72)                | (153)  | (23)   | -                           | -   | (1,934)         |
| At 31 December 2021                          | 14,022                     | 785                         | 6,578               | 74,227   | 9,688  | 4,450                       | 3,500                                     | 113,250         |
| <b>LESS: ACCUMULATED<br/>DEPRECIATION</b>    |                            |                             |                     |  |  |                             |   |                 |
| At 1 July 2020                               | -                          | 10                          | 964                 | 65,419   | 9,082  | 3,072                       | -   | 78,547          |
| Charge for the<br>financial period           | -                          | 1                           | 198                 | 4,109  | 473  | 671                         | -   | 5,452           |
| Disposals                                    | -                          | -                           | -                   | (8)  | (85)   | (186)                       | -   | (279)           |
| Exchange difference                          | -                          | -                           | (2)                 | (4)  | (2)  | -                           | -   | (8)             |
| Written off                                  | -                          | -                           | (7)                 | (2,004)  | (52)   | -                           | -   | (2,063)         |
| Deconsolidation<br>of subsidiary             | -                          | -                           | (72)                | (153)  | (23)   | -                           | -   | (248)           |
| At 31 December 2021                          | -                          | 11                          | 1,081               | 67,359   | 9,393  | 3,557                       | -   | 81,401          |
| <b>LESS: ACCUMULATED<br/>IMPAIRMENT LOSS</b> |                            |                             |                     |  |  |                             |   |                 |
| At 1 July 2020                               | -                          | 1,734                       | -                   | -  | -  | -                           | -   | 1,734           |
| Deconsolidation<br>of subsidiary             | -                          | (1,734)                     | -                   | -  | -  | -                           | -   | (1,734)         |
| At 31 December 2021                          | -                          | -                           | -                   | -  | -  | -                           | -   | -               |
| <b>CARRYING<br/>AMOUNTS</b>                  |                            |                             |                     |  |  |                             |   |                 |
| At 31 December 2021                          | 14,022                     | 774                         | 5,497               | 6,868  | 295  | 893                         | 3,500                                     | 31,849          |

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

|  | Freehold<br>land<br>RM'000 | Leasehold<br>land<br>RM'000 | Buildings<br>RM'000 | Plant,<br>machinery,<br>tools and<br>equipment<br>RM'000 | Furniture<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|--|----------------------------|-----------------------------|---------------------|--|--|-----------------------------|-----------------|
| <b>30.6.2020</b>                             |                            |                             |                     |  |  |                             |                 |
| <b>GROUP</b>                                 |                            |                             |                     |  |  |                             |                 |
| <b>COST</b>                                  |                            |                             |                     |  |  |                             |                 |
| At 1 July 2019                               | 14,022                     | 2,477                       | 6,658               | 71,054   | 10,007   | 4,341                       | 108,559         |
| Additions                                    | -                          | -                           | -                   | 53   | 303  | 178                         | 534             |
| Disposals                                    | -                          | -                           | -                   | -  | (158)  | (280)                       | (438)           |
| Transfer from<br>inventories                 | -                          | -                           | -                   | 1,834  | -  | -                           | 1,834           |
| Exchange difference                          | -                          | 42                          | 2                   | 4  | 1  | -                           | 49              |
| Written off                                  | -                          | -                           | -                   | (1)  | (565)  | -                           | (566)           |
| At 30 June 2020                              | 14,022                     | 2,519                       | 6,660               | 72,944   | 9,588  | 4,239                       | 109,972         |
| <b>LESS: ACCUMULATED<br/>DEPRECIATION</b>    |                            |                             |                     |  |  |                             |                 |
| At 1 July 2019                               | -                          | 9                           | 829                 | 62,230   | 9,196  | 2,787                       | 75,051          |
| Charge for the<br>financial year             | -                          | 1                           | 133                 | 3,186  | 482  | 549                         | 4,351           |
| Disposals                                    | -                          | -                           | -                   | -  | (146)  | (264)                       | (410)           |
| Exchange difference                          | -                          | -                           | 2                   | 4  | 1  | -                           | 7               |
| Written off                                  | -                          | -                           | -                   | (1)  | (451)  | -                           | (452)           |
| At 30 June 2020                              | -                          | 10                          | 964                 | 65,419   | 9,082  | 3,072                       | 78,547          |
| <b>LESS: ACCUMULATED<br/>IMPAIRMENT LOSS</b> |                            |                             |                     |  |  |                             |                 |
| At 1 July 2019                               | -                          | 1,692                       | -                   | -  | -  | -                           | 1,692           |
| Addition                                     | -                          | 42                          | -                   | -  | -  | -                           | 42              |
| At 30 June 2020                              | -                          | 1,734                       | -                   | -  | -  | -                           | 1,734           |
| <b>CARRYING<br/>AMOUNTS</b>                  |                            |                             |                     |  |  |                             |                 |
| At 30 June 2020                              | 14,022                     | 775                         | 5,696               | 7,525  | 506  | 1,167                       | 29,691          |

At 31 December 2021, certain freehold land and buildings with an aggregate carrying amount of RM13 million (30.6.2020: RM13 million) are subject to a registered charge to secure term loan facilities granted to a subsidiary company as disclosed in Note 27.

**12. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

|  | Office<br>equipment<br>RM'000 | Total<br>RM'000 |
|--|-------------------------------|-----------------|
| <b>31.12.2021</b>                            |                               |                 |
| <b>COMPANY</b>                               |                               |                 |
| <b>COST</b>                                  |                               |                 |
| At 1 July 2019                               | 127                           | 127             |
| Written off                                  | (127)                         | (127)           |
| At 30 June 2020/1 July 2020/31 December 2021 | -                             | -               |
| <b>LESS: ACCUMULATED DEPRECIATION</b>        |                               |                 |
| At 1 July 2019                               | 15                            | 15              |
| Written off                                  | (15)                          | (15)            |
| At 30 June 2020/1 July 2020/31 December 2021 | -                             | -               |
| <b>CARRYING AMOUNT</b>                       |                               |                 |
| At 30 June 2020/31 December 2021             | -                             | -               |



### 13. INVESTMENT PROPERTIES

|  | <b>GROUP</b>      |                  |
|--|-------------------|------------------|
|  | <b>31.12.2021</b> | <b>30.6.2020</b> |
|  | <b>RM'000</b>     | <b>RM'000</b>    |
| At beginning of financial period/year      | <b>268</b>        | 275              |
| Amortisation for the financial period/year | <b>(9)</b>        | (7)              |
| At end of financial period/year            | <b>259</b>        | 268              |
| Analysed as:                               |                   |                  |
| Leasehold land and building                | <b>259</b>        | 268              |
| Fair value                                 | <b>380</b>        | 400              |

No rental income earned by the Group for the financial period ended 31 December 2021 and financial year ended 30 June 2020 from its investment properties. Direct operating expenses incurred by the Group during the financial period amounted to RM1,585 (30.6.2020: RM1,958).

Investment properties represent investment properties held under lease terms.

The fair value of the investment properties of RM380,000 (30.6.2020: RM400,000) was determined by the Directors based on valuations by independent valuers, who hold recognised qualifications and have relevant experience, by reference to market evidence of transaction prices of similar properties or comparable available market data.

### 14. RIGHT-OF-USE ASSETS

|  | <b>GROUP</b>      |                  |
|--|-------------------|------------------|
|  | <b>Buildings</b>  |                  |
|  | <b>31.12.2021</b> | <b>30.6.2020</b> |
|  | <b>RM'000</b>     | <b>RM'000</b>    |
| At beginning of financial period/year      | <b>934</b>        | 1,592            |
| Addition                                   | <b>407</b>        | 173              |
| Depreciation for the financial period/year | <b>(1,473)</b>    | (831)            |
| Remeasurement of lease liabilities         | <b>1,201</b>      | -                |
| At end of financial period/year            | <b>1,069</b>      | 934              |

The Group leases a number of buildings (premises and depots) that run for a period between one to five years, with an option to renew the lease after that date. The lease payments are fixed as stipulated in the lease agreement during its lease period.

**15. BIOLOGICAL ASSETS**

|  | <b>GROUP</b>      |                  |
|--|-------------------|------------------|
|  | <b>31.12.2021</b> | <b>30.6.2020</b> |
|  | <b>RM'000</b>     | <b>RM'000</b>    |
| <b>COST</b>                                |                   |                  |
| At beginning of financial period/year      | <b>19,138</b>     | 19,138           |
| Deconsolidation of subsidiary              | <b>(19,138)</b>   | -                |
| At end of financial period/year            | <b>-</b>          | 19,138           |
| <b>LESS: ACCUMULATED AMORTISATION</b>      |                   |                  |
| At beginning of financial period/year      | <b>15,527</b>     | 15,527           |
| Deconsolidation of subsidiary              | <b>(15,527)</b>   | -                |
| At end of financial period/year            | <b>-</b>          | 15,527           |
| <b>LESS: ACCUMULATED IMPAIRMENT LOSSES</b> |                   |                  |
| At beginning of financial period/year      | <b>3,611</b>      | 3,611            |
| Deconsolidation of subsidiary              | <b>(3,611)</b>    | -                |
| At end of financial period/year            | <b>-</b>          | 3,611            |
| <b>CARRYING AMOUNT</b>                     |                   |                  |
| At end of financial period/year            | <b>-</b>          | -                |

## 16. ASSOCIATED COMPANIES

|                                    | GROUP                |                     | COMPANY              |                     |
|------------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                    | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| Unquoted shares - at cost          | 9,381                | 9,381               | 4,000                | 4,000               |
| Share in post acquisition reserves | 17,478               | 31,080              | -                    | -                   |
| Total                              | <b>26,859</b>        | 40,461              | <b>4,000</b>         | 4,000               |

The Group's unrecognised share of loss of associated companies for the financial period/year are as follows:

|   | GROUP                |                     |
|---|----------------------|---------------------|
|   | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| At beginning and end of financial period/year | <b>(41,038)</b>      | (41,038)            |

Certain unquoted shares of the Group and of the Company amounting to RM9.4 million (30.6.2020: RM9.4 million) and RM4.0 million (30.6.2020: RM4.0 million) at cost respectively were pledged as securities for the bonds issued by the Company pursuant to the Group Wide Restructuring Scheme ("GWRS").

The associated companies are:

| Name of Company                            | Country of Incorporation | Holding in Equity |                | Accounting Year End | Principal Activities   |
|--|--------------------------|-------------------|----------------|---------------------|--|
|  |                          | 31.12.2021<br>%   | 30.6.2020<br>% |                     |  |
| Bonuskad Loyalty Sdn Bhd *<br>("Bonuskad") | Malaysia                 | <b>33.33</b>      | 33.33          | 31 December         | # Providing marketing services by means of "BonusLink Loyalty Programme" |
| Renor Pte Ltd<br>(in liquidation)*         | Singapore                | <b>42.50</b>      | 42.50          | 30 June             | # Investment holding   |
| Lion Jianmin Pte Ltd *                     | Singapore                | <b>30</b>         | 30             | 30 June             | # Investment holding   |
| Steel Industries (Sabah) Sdn Bhd *         | Malaysia                 | <b>20</b>         | 20             | 31 December         | Manufacturing and trading of steel bars                                  |

# Holding in equity by subsidiary companies.

\* Financial statements of associated companies not audited by Ong Boon Bah & Co.

## 16. ASSOCIATED COMPANIES (cont'd)

Summarised financial information in respect of the Group's material associated company - Bonuskad is set out below:

|   | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
|---|----------------------|---------------------|
| <b>Assets and liabilities</b>                           |                      |                     |
| Current assets  | 149,826              | 198,378             |
| Non-current assets                                      | 7,835                | 4,451               |
| Current liabilities                                     | (100,668)            | (98,044)            |
| Net assets  | 56,993               | 104,785             |
| <b>Results</b>  |                      |                     |
| Revenue   | 90,301               | 59,525              |
| Net loss for the financial period/year                  | (3,677)              | (1,300)             |
| Group's share of net loss for the financial period/year | (1,226)              | (433)               |
| Dividend received                                       | 15,000               | -                   |

Reconciliation for the summarised financial information to the carrying amount of the equity interest in Bonuskad recognised in the financial statements:

|  | 31.12.2021<br>%      | 30.6.2020<br>%      |
|--|----------------------|---------------------|
| Group's equity interest in Bonuskad                        | 33.33                | 33.33               |
|  | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| Net assets of Bonuskad                                     | 56,993               | 104,785             |
| Group's share of net assets                                | 18,996               | 34,925              |
| Other adjustment to equity                                 | (4,803)              | (4,506)             |
| Carrying amount of the Group's equity interest in Bonuskad | 14,193               | 30,419              |

## 17. SUBSIDIARY COMPANIES

|  | COMPANY              |                     |
|--|----------------------|---------------------|
|  | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| Unquoted shares in Malaysia - at cost      | 477,377              | 477,377             |
| Accumulated impairment losses              | (477,377)            | (477,377)           |
|  | -                    | -                   |
| Unquoted shares outside Malaysia - at cost | 2,236                | 2,236               |
| Accumulated impairment losses              | (2,236)              | (2,236)             |
|  | -                    | -                   |
| <b>Total</b>                               | -                    | -                   |

## 17. SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are:

| Name of Company   | Country of Incorporation | Holding in Equity |                | Principal Activities  |
|---|--------------------------|-------------------|----------------|---|
|   |                          | 31.12.2021<br>%   | 30.6.2020<br>% |   |
| Amalgamated Rolling Mill Sdn Bhd                          | Malaysia                 | 100               | 100            | Trading in steel products and other related services  |
| ACB Harta Holdings Sdn Bhd                                | Malaysia                 | 100               | 100            | Investment holding and property development   |
| Ambang Jaya Sdn Bhd                                       | Malaysia                 | 100               | 100            | Investment holding  |
| Amsteel Capital Holdings Sdn Bhd                          | Malaysia                 | 100               | 100            | Investment holding and provision of management services to its related companies                        |
| Amsteel Harta (L) Limited *                               | Malaysia                 | 100               | 100            | Treasury business   |
| Amsteel Harta (M) Sdn Bhd                                 | Malaysia                 | 100               | 100            | Managing of debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS |
| Angkasa Marketing (Singapore) Pte Ltd *                   | Singapore                | 100               | 100            | Investment holding  |
| Lion Plantations Sdn Bhd                                  | Malaysia                 | 70                | 70             | Investment holding  |
| Lion Tooling Sdn Bhd                                      | Malaysia                 | 100               | 100            | Manufacturing and sale of tools and dies  |
| Mastrama Sdn Bhd  | Malaysia                 | 100               | 100            | Investment holding  |
| Timuriang Sdn Bhd   | Malaysia                 | 100               | 100            | Investment holding  |
| <b>Subsidiary companies of ACB Harta Holdings Sdn Bhd</b> |                          |                   |                |   |
| Chembong Malay Rubber Company (1920) Limited *            | United Kingdom           | 100               | 100            | Ceased operation  |
| Henrietta Rubber Estate Limited *                         | United Kingdom           | 100               | 100            | Ceased operation  |
| Lion Commodities And Futures Trading Sdn Bhd              | Malaysia                 | 100               | 100            | Ceased operation  |
| Segamat Land Sdn Bhd                                      | Malaysia                 | 100               | 100            | Ceased operation  |
| P T Kebunaria (In liquidation) * <sup>ß</sup>             | Indonesia                | 85                | 85             | Ceased operation  |
| Anika Developments Sdn Bhd                                | Malaysia                 | 100               | 100            | Dormant   |

17. SUBSIDIARY COMPANIES (cont'd)

| Name of Company   | Country of Incorporation | Holding in Equity |                | Principal Activities  |
|---|--------------------------|-------------------|----------------|---|
|   |                          | 31.12.2021<br>%   | 30.6.2020<br>% |   |
| <b>Subsidiary companies of<br/>ACB Harta Holdings<br/>Sdn Bhd<br/>(continued)</b> |                          |                   |                |   |
| Westlake Landscape Sdn Bhd  | Malaysia                 | <b>100</b>        | 100            | Landscaping business  |
| Secom (Malaysia) Sdn Bhd *<br>("Secom")   | Malaysia                 | <b>51</b>         | 51             | Provision of electronic surveillance of premises and other security related services and sale of security equipment |
| Masbeef Sdn Bhd<br>(Dissolved on 3.12.2021)                                       | Malaysia                 | -                 | 100            | Ceased operation  |
| <b>Subsidiary company of<br/>Secom</b>  |                          |                   |                |   |
| Secom-KOP Security Systems Sdn Bhd *  | Malaysia                 | <b>60</b>         | 60             | Provision of electronic surveillance of premises and other security related services and sale of security equipment |
| <b>Subsidiary companies of<br/>Ambang Jaya Sdn Bhd</b>                            |                          |                   |                |   |
| Cibber Limited *  | Hong Kong                | <b>100</b>        | 100            | Ceased operation  |
| Romiti Limited *  | Hong Kong                | <b>100</b>        | 100            | Ceased operation  |
| <b>Subsidiary companies of<br/>Amsteel Capital Holdings<br/>Sdn Bhd</b>           |                          |                   |                |   |
| Amcap Consultants Limited *   | Hong Kong                | <b>100</b>        | 100            | Ceased operation  |
| Amsteel Holdings (H.K.) Limited *   | Hong Kong                | <b>100</b>        | 100            | Investment holding  |
| Amsteel Holdings Philippines, Inc. *  | Philippines              | <b>100</b>        | 100            | Investment holding  |
| Datavest Sdn Bhd  | Malaysia                 | <b>100</b>        | 100            | Investment holding  |
| P T Amsteel Securities Indonesia * ^  | Indonesia                | <b>85</b>         | 85             | Ceased operation  |
| <b>Subsidiary company of<br/>Amsteel Holdings (H.K.) Limited</b>                  |                          |                   |                |   |
| Amsteel Finance (H.K.) Limited *  | Hong Kong                | <b>100</b>        | 100            | Ceased operation  |

17. SUBSIDIARY COMPANIES (cont'd)

| Name of Company  | Country of Incorporation | Holding in Equity |                | Principal Activities               |
|--|--------------------------|-------------------|----------------|------------------------------------|
|  |                          | 31.12.2021<br>%   | 30.6.2020<br>% |                                    |
| Subsidiary company of Amsteel Holdings Philippines, Inc.   |                          |                   |                |                                    |
| Amsteel Securities Philippines, Inc. *                     | Philippines              | 100               | 100            | Ceased operation                   |
| Subsidiary company of Datavest Sdn Bhd                     |                          |                   |                |                                    |
| Amsteel Equity Capital Sdn Bhd *                           | Malaysia                 | 100               | 100            | Ceased operation                   |
| Subsidiary company of Amsteel Securities Philippines, Inc. |                          |                   |                |                                    |
| Amsteel Strategic Investors Alliance, Inc. *               | Philippines              | 100               | 100            | Ceased operation                   |
| Subsidiary companies of Amsteel Equity Capital Sdn Bhd     |                          |                   |                |                                    |
| Amsteel Equity Realty (M) Sdn Bhd *                        | Malaysia                 | 100               | 100            | Property investment and management |
| Subsidiary company of Mastrama Sdn Bhd                     |                          |                   |                |                                    |
| Salient Care Sdn Bhd                                       | Malaysia                 | 70                | 70             | Dormant                            |
| Subsidiary companies of Timuriang Sdn Bhd                  |                          |                   |                |                                    |
| Kobayashi Optical Sdn Bhd                                  | Malaysia                 | 70                | 70             | Ceased operation                   |
| Parkson Retail Consulting And Management Sdn Bhd           | Malaysia                 | 100               | 100            | Investment holding                 |
| Sukhothai Food Sdn Bhd                                     | Malaysia                 | 100               | 100            | Investment holding                 |
| WGD Retail Consultancy Sdn Bhd<br>(Dissolved on 26.3.2021) | Malaysia                 | -                 | 100            | Ceased operation                   |
| Natvest Parkson Sdn Bhd                                    | Malaysia                 | 100               | 100            | Investment holding                 |

# 17. SUBSIDIARY COMPANIES (cont'd)

| Name of Company                                       | Country of Incorporation | Holding in Equity         |                           | Principal Activities |
|---|--------------------------|---------------------------|---------------------------|----------------------|
|   |                          | 31.12.2021<br>%           | 30.6.2020<br>%            |                      |
| Subsidiary companies of Timuriang Sdn Bhd (continued) |                          |                           |                           |                      |
| Umatrac Enterprises Sdn Bhd                           | Malaysia                 | 100                       | 100                       | Investment holding   |
| Subsidiary company of Sukhothai Food Sdn Bhd          |                          |                           |                           |                      |
| Masoni Investment Pte Ltd *                           | Singapore                | 52.6<br>47.4 <sup>a</sup> | 52.6<br>47.4 <sup>a</sup> | Investment holding   |
| Subsidiary company of Umatrac Enterprises Sdn Bhd     |                          |                           |                           |                      |
| Hiap Joo Chong Realty Sdn Bhd                         | Malaysia                 | 100                       | 100                       | Investment holding   |

\* Financial statements of subsidiary companies as at 31 December 2021 not audited by Ong Boon Bah & Co.

<sup>^</sup> Consolidated based on management accounts.

<sup>a</sup> Held by Parkson Retail Consulting And Management Sdn Bhd.

<sup>β</sup> The deconsolidation of the subsidiary company did not have material effect on the financial results and financial position of the Group.

## Non-controlling interests in subsidiary companies

Secom, the subsidiary company with non-controlling interests which the Group regards as material to the Group is set out below. The non-controlling interests of the other companies are not material to the Group.

The equity interest held by non-controlling interests is as follows:

| Name of Company | 31.12.2021<br>% | 30.6.2020<br>% |
|-----------------|-----------------|----------------|
| Secom           | 49              | 49             |

The Group's subsidiary companies that have non-controlling interests are as follows:

|   | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
|---|----------------------|---------------------|
| <b>Accumulated non-controlling interests:</b>         |                      |                     |
| Secom   | 45,641               | 44,324              |
| Other individually immaterial subsidiary companies    | 641                  | 644                 |
|   | <b>46,282</b>        | <b>44,968</b>       |
| <b>Profit allocated to non-controlling interests:</b> |                      |                     |
| Secom   | 5,727                | 4,191               |
| Other individually immaterial subsidiary companies    | (3)                  | 7                   |
|   | <b>5,724</b>         | <b>4,198</b>        |



## 17. SUBSIDIARY COMPANIES (cont'd)

### Non-controlling interests in subsidiary companies (cont'd)

Summarised financial information in respect of each of the Group's subsidiary companies that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

|   | Secom                               |                                    |
|---|-------------------------------------|------------------------------------|
|   | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| <b>Summarised Statement of Profit or Loss</b>     |                                     |                                    |
| Revenue   | 101,839                             | 69,250                             |
| Profit for the period/year                        | 11,687                              | 8,558                              |
| Dividends paid to non-controlling interests       | 4,410                               | 1,960                              |
| <b>Summarised Statement of Financial Position</b> |                                     |                                    |
| Non-current assets                                | 27,615                              | 25,007                             |
| Current assets                                    | 79,996                              | 81,150                             |
| Non-current liabilities                           | (3,954)                             | (6,245)                            |
| Current liabilities                               | (10,324)                            | (9,266)                            |
| Non-controlling interests                         | (189)                               | (187)                              |
| Net assets  | 93,144                              | 90,459                             |
| <b>Summarised Statement of Cash Flows</b>         |                                     |                                    |
| Operating activities                              | 17,834                              | 9,606                              |
| Investing activities                              | (6,725)                             | (3,649)                            |
| Financing activities                              | (12,528)                            | (6,070)                            |
| Net decrease in cash and cash equivalents         | (1,419)                             | (113)                              |

## 18. INVESTMENTS

|  | GROUP                |                     | COMPANY              |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| <b>Non-current</b>                                   |                      |                     |                      |                     |
| <b>Fair value through other comprehensive income</b> |                      |                     |                      |                     |
| Unquoted shares and investments                      | 237                  | 237                 | 128                  | 128                 |

## 19. GOODWILL

|  | GROUP                |                     |
|--|----------------------|---------------------|
|  | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| <b>COST</b>                                |                      |                     |
| At beginning of financial period/year      | -                    | 49,183              |
| Written off                                | -                    | (49,183)            |
| At end of financial period/year            | -                    | -                   |
| <b>LESS: ACCUMULATED IMPAIRMENT LOSSES</b> |                      |                     |
| At beginning of financial period/year      | -                    | (49,183)            |
| Written off                                | -                    | 49,183              |
| At end of financial period/year            | -                    | -                   |
| <b>CARRYING AMOUNT</b>                     |                      |                     |
| At end of financial period/year            | -                    | -                   |

## 20. CONTRACT COSTS/LIABILITIES

|                                 | GROUP                |                     |
|---------------------------------|----------------------|---------------------|
|                                 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| <b>(a) Contract costs</b>       |                      |                     |
| Costs to fulfil a contract      | 777                  | 527                 |
| <b>(b) Contract liabilities</b> |                      |                     |
| Contract liabilities            | 708                  | 680                 |

The contract liabilities of a subsidiary company, primarily relate to the central management services fee income receivable from customers who are billed in advance either on a monthly or quarterly basis for service contract, which revenue is recognised over time during the contract period/year.

## 21. INVENTORIES

|                                     | GROUP                |                     |
|-------------------------------------|----------------------|---------------------|
|                                     | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| <b>Current</b>                      |                      |                     |
| Property development at costs       | 132                  | 147                 |
| Less: Accumulated impairment losses | (132)                | (147)               |
|                                     | -                    | -                   |

## 21. INVENTORIES (cont'd)

|  | GROUP                |                     |
|--|----------------------|---------------------|
|  | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| <u>Other inventories</u>                                 |                      |                     |
| At cost:   |                      |                     |
| Raw materials  | 46                   | 50                  |
| Finished goods   | 3,187                | 3,117               |
| General and consumable                                   | 75                   | 71                  |
| Work-in-progress   | 2,072                | 1,974               |
|  | <b>5,380</b>         | 5,212               |
| Less: Allowance for slow-moving and obsolete inventories | <b>(1,329)</b>       | (1,109)             |
|  | <b>4,051</b>         | 4,103               |
| <b>Total</b>   | <b>4,051</b>         | 4,103               |

## 22. RECEIVABLES

|   | GROUP                |                     | COMPANY              |                     |
|---|----------------------|---------------------|----------------------|---------------------|
|   | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| Trade receivables                           | 26,008               | 29,460              | -                    | -                   |
| Accumulated impairment losses               | (17,344)             | (17,900)            | -                    | -                   |
|   | <b>8,664</b>         | 11,560              | -                    | -                   |
| Other receivables, deposits and prepayments | 388,960              | 415,034             | 191,292              | 221,354             |
| Accumulated impairment losses               | (310,523)            | (309,539)           | (139,611)            | (139,730)           |
|   | <b>78,437</b>        | 105,495             | <b>51,681</b>        | 81,624              |
| Amounts due from subsidiary companies       | -                    | -                   | 2,003,992            | 2,009,565           |
| Accumulated impairment losses               | -                    | -                   | (2,003,992)          | (2,009,560)         |
|   | -                    | -                   | -                    | 5                   |
| Amounts due from associated companies       | 65,650               | 65,650              | 65,650               | 65,650              |
| Accumulated impairment losses               | (65,650)             | (65,650)            | (65,650)             | (65,650)            |
|   | -                    | -                   | -                    | -                   |
| <b>Total</b>                                | <b>87,101</b>        | 117,055             | <b>51,681</b>        | 81,629              |

## 22. RECEIVABLES (cont'd)

The Group's normal trade credit term ranges from 21 days to 90 days (30.6.2020: 21 days to 90 days). Other credit terms are assessed and approved on a case-to-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single customer or to groups of customers.

Included in other receivables of the Group and of the Company is an amount of RM51 million (30.6.2020: RM81 million) which represents deferred cash payments from disposal and redemption of LCB Bonds and LCB redeemable convertible secured loan stocks ("RCSLS"). Included in the Group's other receivables is an amount of RM32 million (30.6.2020: RM32 million) which represents consideration for the disposal of a subsidiary company.

The amounts due from subsidiary companies which arose mainly from inter-company advances are unsecured, interest free (30.6.2020: interest free) and repayable on demand.

The amounts due from associated companies which arose mainly from inter-company advances are unsecured, interest free (30.6.2020: interest free) and repayable on demand.

Included in the Group's trade receivables balance are receivables which are past due at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances.

Aging of trade receivables is as follows:

|   | <b>GROUP</b>      |                  |
|---|-------------------|------------------|
|   | <b>31.12.2021</b> | <b>30.6.2020</b> |
|   | <b>RM'000</b>     | <b>RM'000</b>    |
| Neither past due nor impaired               | 4,846             | 6,013            |
| 1 - 30 days past due but not impaired       | 1,841             | 1,482            |
| 31 - 90 days past due but not impaired      | 1,505             | 2,508            |
| More than 90 days past due but not impaired | 472               | 1,557            |
|   | <b>8,664</b>      | <b>11,560</b>    |
| Past due and impaired                       | 17,344            | 17,900           |
| Total trade receivables                     | <b>26,008</b>     | <b>29,460</b>    |

Movement in the accumulated impairment losses of trade receivables:

|                                       | <b>GROUP</b>      |                  |
|---------------------------------------|-------------------|------------------|
|                                       | <b>31.12.2021</b> | <b>30.6.2020</b> |
|                                       | <b>RM'000</b>     | <b>RM'000</b>    |
| At beginning of financial period/year | 17,900            | 42,926           |
| Addition                              | -                 | 2,076            |
| Written off                           | (107)             | (27,050)         |
| Reversal                              | (449)             | (52)             |
| At end of financial period/year       | <b>17,344</b>     | <b>17,900</b>    |

## 22. RECEIVABLES (cont'd)

Movement in the accumulated impairment losses of other receivables, deposits and prepayments:

|                                       | GROUP                |                     | COMPANY              |                     |
|---------------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                       | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| At beginning of financial period/year | 309,539              | 324,917             | 139,730              | 154,022             |
| Addition                              | 1,150                | 7,048               | -                    | 6,499               |
| Written off                           | -                    | (22,426)            | -                    | (20,791)            |
| Reversal                              | (166)                | -                   | (119)                | -                   |
| At end of financial period/year       | <u>310,523</u>       | <u>309,539</u>      | <u>139,611</u>       | <u>139,730</u>      |

Movement in the accumulated impairment losses of amounts due from subsidiary companies:

|                                       | COMPANY              |                     |
|---------------------------------------|----------------------|---------------------|
|                                       | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| At beginning of financial period/year | 2,009,560            | 1,939,498           |
| Addition                              | 20                   | 70,230              |
| Reversal                              | (5,588)              | (168)               |
| At end of financial period/year       | <u>2,003,992</u>     | <u>2,009,560</u>    |

In determining the recoverability of a trade receivable, the Group and the Company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The currency exposure profile of receivables is as follows:

|                      | GROUP                |                     | COMPANY              |                     |
|----------------------|----------------------|---------------------|----------------------|---------------------|
|                      | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| Ringgit Malaysia     | 55,573               | 88,253              | 51,681               | 81,629              |
| Chinese Renminbi     | 25,450               | 26,630              | -                    | -                   |
| Hong Kong Dollar     | 5,797                | 1,878               | -                    | -                   |
| Philippine Peso      | 273                  | 287                 | -                    | -                   |
| United States Dollar | 8                    | 7                   | -                    | -                   |
|                      | <u>87,101</u>        | <u>117,055</u>      | <u>51,681</u>        | <u>81,629</u>       |

## 23. INVESTMENT IN CASH FUNDS, DEPOSITS, CASH AND BANK BALANCES

### (a) Investment in cash funds

|  | GROUP                |                     | COMPANY              |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| <b>Fair value through profit or loss</b> |                      |                     |                      |                     |
| Investment in cash funds                 | <u>66,792</u>        | <u>63,635</u>       | <u>1,665</u>         | <u>1,661</u>        |

## 23. INVESTMENT IN CASH FUNDS, DEPOSITS, CASH AND BANK BALANCES (cont'd)

### (b) Deposits, cash and bank balances

|   | GROUP                |                     | COMPANY              |                     |
|---|----------------------|---------------------|----------------------|---------------------|
|   | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| Deposits with licensed financial institutions | 14,710               | 21,722              | 11,216               | 18,766              |
| Cash and bank balances                        | 7,875                | 7,628               | 1,899                | 550                 |
|   | <b>22,585</b>        | <b>29,350</b>       | <b>13,115</b>        | <b>19,316</b>       |

Certain deposits included in deposits with licensed financial institutions are:

|  | GROUP                |                     | COMPANY              |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| Earmarked for bond redemption under the GWRS | 13,033               | 19,216              | 11,216               | 18,766              |

The currency exposure profile of deposits, cash and bank balances is as follows:

|                  | GROUP                |                     | COMPANY              |                     |
|------------------|----------------------|---------------------|----------------------|---------------------|
|                  | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| Ringgit Malaysia | 20,075               | 27,834              | 13,115               | 19,316              |
| Others           | 2,510                | 1,516               | -                    | -                   |
|                  | <b>22,585</b>        | <b>29,350</b>       | <b>13,115</b>        | <b>19,316</b>       |

The average interest rates of deposits of the Group and of the Company at the end of the financial period/year are 2.16% (30.6.2020: 2.79%) per annum and 1.40% (30.6.2020: 2.70%) per annum respectively.

The average maturity of deposits of the Group and of the Company at the end of the financial period/year are 170 days (30.6.2020: 170 days) and 7 days (30.6.2020: 7 days) respectively.

## 24. SHARE CAPITAL

|   | GROUP AND COMPANY                         |  |   |  |
|---|---|--|---|--|
|   | 31.12.2021<br>Number<br>of shares<br>'000 | 30.6.2020<br>Number<br>of shares<br>'000 | 31.12.2021<br>Number<br>of shares<br>'000 | 30.6.2020<br>Number<br>of shares<br>'000 |
| <b>Issued share capital:</b>                  |   |  |   |  |
| Ordinary shares:                              |   |  |   |  |
| At beginning and end of financial period/year | <b>1,331,175</b>                          | <b>1,561,363</b>                         | <b>1,331,175</b>                          | <b>1,561,363</b>                         |

## 25. RESERVES

|  | <----Non-distributable---->      |                              |                 |
|--|----------------------------------|------------------------------|-----------------|
|  | Translation<br>reserve<br>RM'000 | Capital<br>reserve<br>RM'000 | Total<br>RM'000 |
| <b>GROUP</b>   |                                  |                              |                 |
| At 1 July 2019                                       | (133,968)                        | 469,441                      | 335,473         |
| Total comprehensive income for the financial year    | 14,085                           | -                            | 14,085          |
| At 30 June 2020                                      | <b>(119,883)</b>                 | <b>469,441</b>               | <b>349,558</b>  |
| Total comprehensive expense for the financial period | <b>(3,986)</b>                   | -                            | <b>(3,986)</b>  |
| At 31 December 2021                                  | <b>(123,869)</b>                 | <b>469,441</b>               | <b>345,572</b>  |

Included in capital reserve was profits recognised by a subsidiary company set up to manage the Ringgit Malaysia debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS amounting to RM437.9 million.

## 26. ACB BONDS AND USD DEBTS - SECURED

|  | GROUP                |                     | COMPANY              |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| <b>Current</b>                           |                      |                     |                      |                     |
| - ACB Bonds                              | 604,404              | 588,281             | 604,404              | 588,281             |
| - ACB Debts                              | -                    | -                   | 1,357,492            | 1,359,657           |
| - ACB Consolidated and Rescheduled Debts | 1,315,075            | 1,317,393           | -                    | -                   |
|  | <b>1,919,479</b>     | <b>1,905,674</b>    | <b>1,961,896</b>     | <b>1,947,938</b>    |

The currency exposure profile of ACB Bonds and USD Debts is as follows:

|                      | GROUP                |                     | COMPANY              |                     |
|----------------------|----------------------|---------------------|----------------------|---------------------|
|                      | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| Ringgit Malaysia     | 604,404              | 588,281             | 604,404              | 588,281             |
| United States Dollar | 1,315,075            | 1,317,393           | 1,357,492            | 1,359,657           |
|                      | <b>1,919,479</b>     | <b>1,905,674</b>    | <b>1,961,896</b>     | <b>1,947,938</b>    |

The Company had on 27 February 2009, implemented the corporate and debt restructuring scheme ("ACB Scheme") which is to address its debts obligations to repay the ACB Bonds and USD Debts issued by the Company and its subsidiary company pursuant to the GWRS.

The implementation of the ACB Scheme led to consequential changes to the principal terms and conditions of the ACB Bonds and USD Debts.

## 26. ACB BONDS AND USD DEBTS - SECURED (cont'd)

The principal terms and conditions of the ACB Bonds and USD Debts are as follows:

(i) The tranches of RM denominated bonds ("ACB Bonds") issued by the Company are as follows:

| ACB Bonds  | Nominal Value<br>RM'000 | Net Present Value<br>RM'000 | Maturity Date    | Cash Yield to Maturity<br>(per annum) |
|------------|-------------------------|-----------------------------|------------------|---------------------------------------|
| Class A(1) | 40,058                  | 34,740                      | 31 December 2011 | 7.00%                                 |
| Class A(2) | 32,907                  | 29,133                      | 31 December 2011 | 6.00%                                 |
| Class B(a) | 265,537                 | 232,460                     | 31 December 2014 | 4.00%                                 |
| Class B(b) | *                       | *                           | 31 December 2014 | 7.00%                                 |
| Class C #  | 340,049                 | 303,475                     | 31 December 2011 | 4.75%                                 |

(ii) The tranches of USD Debts ("ACB Debts") issued by the Company to a subsidiary company are as follows:

| ACB Debts  | Nominal Value<br>USD'000 | Net Present Value<br>USD'000 | Maturity Date    | Cash Yield to Maturity<br>(per annum) |
|------------|--------------------------|------------------------------|------------------|---------------------------------------|
| Class A(1) | 142,059                  | 123,186                      | 31 December 2011 | 6.75%                                 |
| Class A(2) | 1,620                    | 1,443                        | 31 December 2011 | 5.50%                                 |
| Class B    | 134,253                  | 118,949                      | 31 December 2014 | 3.50%                                 |
| Class C #  | 198,849                  | 179,761                      | 31 December 2011 | 4.25%                                 |

(iii) The tranches of USD Debts ("ACB Consolidated and Rescheduled Debts") issued by a subsidiary company are as follows:

| USD Debts  | Nominal Value<br>USD'000 | Net Present Value<br>USD'000 | Maturity Date    | Cash Yield to Maturity<br>(per annum) |
|------------|--------------------------|------------------------------|------------------|---------------------------------------|
| Class A(1) | 125,285                  | 109,778                      | 31 December 2011 | 6.50%                                 |
| Class A(2) | 1,441                    | 1,313                        | 31 December 2011 | 5.25%                                 |
| Class B    | 126,016                  | 113,065                      | 31 December 2014 | 3.25%                                 |
| Class C #  | 194,328                  | 176,698                      | 31 December 2011 | 4.00%                                 |

\* Less than RM1,000.

# There is no change to the yield to maturity and maturity date of the Class C ACB Bonds and USD Debts in view that Class C ACB Bonds and USD Debts are not restructured.



## 26. ACB BONDS AND USD DEBTS - SECURED (cont'd)

### Securities and covenants for the ACB Bonds and USD Debts

The Security Trustee holds the following securities for the benefit of the holders of ACB Bonds and USD Debts ("Securities"):

- (a) Class B LCB Bonds received by the Company pursuant to the GWRS; and
- (b) The Redemption Account held by the Company where it will capture the "Dedicated Cash Flows" pursuant to the GWRS and the ACB Scheme. Dedicated Cash Flows mean cash flows from the following sources:
  - net surplus proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is existing security, if applicable and assets under the Agreement;
  - net proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is no existing security;
  - any Back-End Amount and Loyalty Payment received by the Company as a holder of LCB Bonds;
  - net proceeds of the redemption of LCB Bonds and LCB RCSLS (not fully tendered and/or exchanged for) received by the Company;
  - net proceeds from the disposal of LCB RCSLS received by the Company pursuant to the put and call option agreement with Tan Sri Cheng Heng Jem;
  - net proceeds from the disposal of any residual assets (other than the assets in the Divestment Programme) of the Group;
  - net proceeds from the adjusted assets and liabilities pursuant to ACB internal reorganisation under the ACB Scheme; and
  - net proceeds from such other securities as may be provided by the Group.

Classes A(1) and A(2) ACB Bonds and USD Debts and Class B ACB Bonds and USD Debts rank *pari passu* among each other over the Securities under items (a) and (b) above held by the Security Trustee.

Class C ACB Bonds and USD Debts rank *pari passu* amongst each other over the Securities under items (a) and (b) above held by the Security Trustee.

The Classes A(1), A(2) and B ACB Bonds and USD Debts will rank in priority over Class C ACB Bonds and USD Debts over the Securities under items (a) and (b) above held by the Security Trustee.

## 26. ACB BONDS AND USD DEBTS - SECURED (cont'd)

In addition, the following are the securities provided in respect of the USD Debts ("SPV Securities"):

- (a) assignment of all the rights attaching to the ACB Debts including the rights to receive payments from the Company and rights to other entitlements;
- (b) a debenture over the assets (namely ACB Debts) of a subsidiary company;
- (c) a charge over a subsidiary company's Redemption Account which will capture the proceeds from the repayment of the ACB Debts by the Company; and
- (d) corporate guarantee by the Company to the Facility Agent for the benefit of the holders of the USD Debts.

Monies captured in the Redemption Account can only be utilised towards the repayment of USD Debts and cannot be utilised by the subsidiary company for any other purposes.

The Classes A(1), A(2) and B USD Debts will rank *pari passu* among each other in respect of the SPV Securities listed under items (a) to (d) and rank ahead of the Class C USD Debts in respect of the SPV Securities. Meanwhile, the Class C USD Debts will rank *pari passu* among each other in respect of the SPV Securities.

Classes A(1), A(2), B and C ACB Bonds and USD Debts shall rank *pari passu* with all other unsecured and unsubordinated creditors of the Group in respect of the Group's assets which are not part of the Securities.

The main covenants of the ACB Bonds and USD Debts are as follows:

### (a) Permitted indebtedness

At any time, any indebtedness for borrowed moneys incurred or assumed by the Group and any scheme companies in respect of which the aggregate principal amount committed or provided by the lenders together with the aggregate amount of all indebtedness of the Group and any scheme companies at the time of incurrence does not exceed the following limits:

- (i) where the total redemption amounts of the ACB Bonds redeemed, or cancelled pursuant to an early redemption or purchase, and the total repayment amounts of the USD Debts repaid and in the case of an early repayment or purchased, the total repayment amounts in respect of the USD Debts repaid or purchased, up to the relevant time when the indebtedness is incurred or proposed to be incurred (which amount shall exclude amounts paid in respect of the Class B(b) Bonds) and the up-front cash payment made on 31 January 2003 (collectively, the "Repaid Amount") is less than 50% of the aggregate outstanding nominal value of all ACB Bond and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 20% of that Repaid Amount;
- (ii) where the total Repaid Amount is equal to or exceeding 50% but less than 75% of the aggregate outstanding for nominal values of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 35% of that Repaid Amount; and
- (iii) where the total Repaid Amount is equal to or more than 75% of the aggregate outstanding nominal values of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 50% of that Repaid Amount.

## 26. ACB BONDS AND USD DEBTS - SECURED (cont'd)

### (b) Disposal of Divestment Assets

The disposal of Divestment Assets shall require prior consent from the Security Trustee where:

- (i) the disposal price of such Divestment Assets is at a discount rate of 20% or more of the market value of the said Divestment Assets; and/or
- (ii) the disposal price of such Divestment Assets is equal to or more than RM5.0 million; and/or
- (iii) the sale of such Divestment Assets is to a related party.

### (c) Disposal of assets/shares (other than Divestment Assets and those assets acquired by the Group after 14 March 2003 which are funded from monies other than the Dedicated Cash flow)

The disposal of assets/shares shall require prior consent from the Security Trustee where:

- (i) the disposal price is more than RM25.0 million or 20% or more than the audited consolidated net tangible assets of the Company, whichever is lower; and
- (ii) the disposal price is at a discount rate of 20% or more of the market value of the said assets/shares.

### (d) Capital expenditure

Prior written consent from the Security Trustee/Facility Agent before the Group (other than the excluded companies) incurs any capital expenditure:

- (i) for any new investment which is not within the core business(es) of the Group as set out in the Trust Deed; and
- (ii) exceeding 25% of the consolidated net tangible assets of the Company.

As reported in the previous financial statements:

- (a) in consideration of the holders of ACB Bonds and USD Debts granting the indulgence and approval to vary the redemption date and the repayment date of ACB Bonds and USD Debts, additional securities were charged in favour of the Security Trustee on shares in certain subsidiary companies of the Company with an adjusted net tangible assets of RM5 million or more, provided such shares are not encumbered; and
- (b) commencing 1 January 2005, interest payable as penalty for late redemption/repayment of any redemption amount/repayment amount shall be calculated on a simple interest basis instead of on a compound basis.

During the previous financial years, the deferment of the Class B ACB Bonds and USD Debts, Class C ACB Bonds and USD Debts were not passed.

The Class A ACB Bonds and USD Debts were fully redeemed by the Company and its subsidiary company.

## 27. TERM LOAN

|                | GROUP                |                     |
|----------------|----------------------|---------------------|
|                | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| <b>Secured</b> |                      |                     |
| Non-current    | 1,637                | 3,791               |
| Current        | 1,438                | 1,361               |
|                | <b>3,075</b>         | <b>5,152</b>        |

The term loan of a subsidiary company is secured by a registered charged over its certain freehold land buildings as disclosed in Note 12. The facility bears interest at 3.04% (30.6.2020: 3.35%) per annum.

The term loan is repayable as follows:

|   | GROUP                |                     |
|---|----------------------|---------------------|
|   | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| Less than one year                                | 1,438                | 1,361               |
| Later than one year and not later than five years | 1,637                | 3,791               |
|   | <b>3,075</b>         | <b>5,152</b>        |

### Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flow from/(used in) financing activities.

|                         | 1.7.2020<br>RM'000 | Financing<br>cash flows<br>RM'000 | Interest<br>RM'000 | Translation<br>adjustment<br>RM'000 | 31.12.2021<br>RM'000 |
|-------------------------|--------------------|-----------------------------------|--------------------|-------------------------------------|----------------------|
| <b>Group</b>            |                    |                                   |                    |                                     |                      |
| ACB Bonds and USD Debts | 1,905,674          | (53,807)                          | 99,493             | (31,881)                            | 1,919,479            |
| Term loan               | 5,152              | (2,077)                           | -                  | -                                   | 3,075                |
| <b>Company</b>          |                    |                                   |                    |                                     |                      |
| ACB Bonds and USD Debts | 1,947,938          | (52,662)                          | 106,607            | (39,987)                            | 1,961,896            |
|                         | 1.7.2019<br>RM'000 | Financing<br>cash flows<br>RM'000 | Interest<br>RM'000 | Translation<br>adjustment<br>RM'000 | 30.6.2020<br>RM'000  |
| <b>Group</b>            |                    |                                   |                    |                                     |                      |
| ACB Bonds and USD Debts | 1,796,502          | -                                 | 67,565             | 41,607                              | 1,905,674            |
| Term loan               | 6,413              | (1,261)                           | -                  | -                                   | 5,152                |
| <b>Company</b>          |                    |                                   |                    |                                     |                      |
| ACB Bonds and USD Debts | 1,835,545          | -                                 | 72,516             | 39,877                              | 1,947,938            |

## 28. LEASE LIABILITIES

|                                       | GROUP                |                     |
|---------------------------------------|----------------------|---------------------|
|                                       | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| At beginning of financial period/year | 956                  | 1,592               |
| Addition                              | 407                  | 173                 |
| Finance costs (Note 9)                | 95                   | 59                  |
| Payment of lease rental               | (1,546)              | (868)               |
| Remeasurement of lease                | 1,199                | -                   |
| At end of financial period/year       | 1,111                | 956                 |

The minimum lease payments for the lease liabilities are payable as follows:

|   | Future minimum<br>lease payments<br>RM'000 | Interest<br>RM'000 | Present value of<br>lease payments<br>RM'000 |
|---|--|--------------------|--|
| <b>31.12.2021</b>                                 |  |                    |  |
| Less than one year                                | 866  | (27)               | 839  |
| Later than one year and not later than five years | 274  | (2)                | 272  |
| <b>30.6.2020</b>                                  |  |                    |  |
| Less than one year                                | 795  | (26)               | 769  |
| Later than one year and not later than five years | 192  | (5)                | 187  |

### Reconciliation of movement of liabilities to cash flows arising from financing activities

|                   | 1.7.2020<br>RM'000 | Financing<br>cash flows<br>RM'000 | Acquisition<br>of new lease<br>RM'000 | Remeasurement<br>of lease<br>RM'000 | 31.12.2021<br>RM'000 |
|-------------------|--------------------|-----------------------------------|---------------------------------------|-------------------------------------|----------------------|
| <b>Group</b>      |                    |                                   |                                       |                                     |                      |
| Lease liabilities | 956                | (1,451)                           | 407                                   | 1,199                               | 1,111                |
|                   | 1.7.2019<br>RM'000 | Financing<br>cash flows<br>RM'000 | Acquisition<br>of new lease<br>RM'000 | Remeasurement<br>of lease<br>RM'000 | 30.6.2020<br>RM'000  |
| <b>Group</b>      |                    |                                   |                                       |                                     |                      |
| Lease liabilities | 1,592              | (809)                             | 173                                   | -                                   | 956                  |

## 29. DEFERRED TAX ASSETS/LIABILITIES

|   | GROUP                |                     |
|---|----------------------|---------------------|
|   | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| At beginning of financial period/year   | 480                  | 161                 |
| Transfer from profit or loss (Note 10): |                      |                     |
| - Property, plant and equipment         | (5)                  | 29                  |
| - Right-of-use assets                   | (28)                 | 158                 |
| - Lease liabilities                     | 33                   | (153)               |
| - Provisions                            | 175                  | 285                 |
|   | 175                  | 319                 |
| At end of financial period/year         | 655                  | 480                 |

## 29. DEFERRED TAX ASSETS/LIABILITIES (cont'd)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statements of financial position:

|                          | <b>GROUP</b>      |                  |
|--------------------------|-------------------|------------------|
|                          | <b>31.12.2021</b> | <b>30.6.2020</b> |
|                          | <b>RM'000</b>     | <b>RM'000</b>    |
| Deferred tax assets      | 734               | 489              |
| Deferred tax liabilities | (79)              | (9)              |
|                          | <b>655</b>        | <b>480</b>       |

Deferred tax assets/liabilities provided in the financial statements are in respect of the tax effects of the following:

|  | <b>GROUP</b>      |                  |
|--|-------------------|------------------|
|  | <b>31.12.2021</b> | <b>30.6.2020</b> |
|  | <b>RM'000</b>     | <b>RM'000</b>    |
| <b>Deferred tax assets</b>                         |                   |                  |
| Lease liabilities                                  | 267               | 234              |
| Provisions   | 1,712             | 1,537            |
| Deductible temporary differences                   | -                 | (5)              |
|  | <b>1,979</b>      | <b>1,766</b>     |
| Offsetting   | <b>(1,245)</b>    | <b>(1,277)</b>   |
| <b>Deferred tax assets (after offsetting)</b>      | <b>734</b>        | <b>489</b>       |
| <b>Deferred tax liabilities</b>                    |                   |                  |
| Property, plant and equipment                      | 1,058             | 1,053            |
| Right-of-use assets                                | 257               | 229              |
| Deductible temporary differences                   | 9                 | 4                |
|  | <b>1,324</b>      | <b>1,286</b>     |
| Offsetting   | <b>(1,245)</b>    | <b>(1,277)</b>   |
| <b>Deferred tax liabilities (after offsetting)</b> | <b>79</b>         | <b>9</b>         |

Deferred tax assets have not been recognised in respect of the following items:

|                                 | <b>GROUP</b>      |                  |
|---------------------------------|-------------------|------------------|
|                                 | <b>31.12.2021</b> | <b>30.6.2020</b> |
|                                 | <b>RM'000</b>     | <b>RM'000</b>    |
| - unabsorbed capital allowances | 1,300             | 1,304            |
| - unutilised tax losses         | 128,198           | 128,315          |
|                                 | <b>129,498</b>    | <b>129,619</b>   |

As announced in the Annual Budget 2022, effective from year of assessment 2019, the unused tax losses of Malaysian entities as at 31 December 2018 and thereafter will only be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unused tax losses will be disregarded. The unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiary companies in the Group and they have arisen in subsidiary companies that have a recent history of losses.

The unutilised tax losses and unabsorbed capital allowances carried forward are subject to agreement by the tax authority.

### 30. PAYABLES

|                                     | GROUP         |               | COMPANY          |                  |
|-------------------------------------|---------------|---------------|------------------|------------------|
|                                     | 31.12.2021    | 30.6.2020     | 31.12.2021       | 30.6.2020        |
|                                     | RM'000        | RM'000        | RM'000           | RM'000           |
| Trade payables                      | 3,302         | 2,226         | -                | -                |
| Other payables                      | 33,093        | 49,150        | 3,611            | 19,267           |
| Amounts due to subsidiary companies | -             | -             | 1,100,728        | 1,095,161        |
|                                     | <b>36,395</b> | <b>51,376</b> | <b>1,104,339</b> | <b>1,114,428</b> |

The normal trade credit term granted to the Group ranges from 30 days to 120 days (30.6.2020: 30 days to 120 days).

The amounts due to subsidiary companies which arose mainly from inter-company advances are unsecured, interest free (30.6.2020: interest free) and repayable on demand.

The currency exposure profile of payables is as follows:

|                      | GROUP         |               | COMPANY          |                  |
|----------------------|---------------|---------------|------------------|------------------|
|                      | 31.12.2021    | 30.6.2020     | 31.12.2021       | 30.6.2020        |
|                      | RM'000        | RM'000        | RM'000           | RM'000           |
| Ringgit Malaysia     | 29,605        | 44,347        | 760,217          | 760,889          |
| United States Dollar | 550           | 566           | 343,065          | 352,482          |
| Others               | 6,240         | 6,463         | 1,057            | 1,057            |
|                      | <b>36,395</b> | <b>51,376</b> | <b>1,104,339</b> | <b>1,114,428</b> |

### 31. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities in which a substantial shareholder of the Company or its subsidiary companies and/or persons connected with such substantial shareholder has an interest, excluding those parties disclosed as related companies in the financial statements.

#### (a) Sales of goods and services

|                                 | GROUP                     |                          |
|---------------------------------|---------------------------|--------------------------|
|                                 | 1.7.2020 to<br>31.12.2021 | 1.7.2019 to<br>30.6.2020 |
|                                 | RM'000                    | RM'000                   |
| Sales of goods and services to: |                           |                          |
| - Amsteel Mills Sdn Bhd         | 2,514                     | 1,530                    |
| - Antara Steel Mills Sdn Bhd    | 247                       | 361                      |
| - Parkson Corporation Sdn Bhd   | 97                        | 870                      |

Amsteel Mills Sdn Bhd is a subsidiary company while Antara Steel Mills Sdn Bhd was a subsidiary company of Lion Industries Corporation Berhad, a substantial shareholder of the Company.

Parkson Corporation Sdn Bhd is a wholly-owned subsidiary of Parkson Retail Asia Limited which is in turn a subsidiary of Parkson Holdings Berhad wherein a substantial shareholder of the Company is also a director and a substantial shareholder.

### 31. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

#### (b) Purchases of goods

|  | GROUP                               |                                    |
|--|-------------------------------------|------------------------------------|
|  | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| Purchases of goods from:                                   |                                     |                                    |
| - Secom Co., Ltd.  | 676                                 | 348                                |
| - Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd. | 605                                 | 380                                |

Secom Co., Ltd. is a substantial shareholder of Secom (Malaysia) Sdn Bhd, a subsidiary company of the Company.

Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd. is a subsidiary company of Secom Co., Ltd.

The Directors of the Company are of the opinion that the above transactions have been entered into the normal course of business and have been established under terms that are no more favourable to the related parties than those arranged with independent third parties.

### 32. SEGMENT INFORMATION

#### (a) Business Segments

The Group is organised into two major business segments as follows:

- |                                    |  |
|------------------------------------|--|
| (i) Security services              | - provision of security services and sale of security related equipment; and |
| (ii) Investment holding and others | - investment holding, manufacturing and sale of tools and dies, and others.  |

The Directors are of the opinion that all inter-segment transactions have been entered into the normal course of business and have been established on terms and conditions that are no more favourable to the related parties than those arranged with unrelated parties.



### 32. SEGMENT INFORMATION (cont'd)

#### (a) Business Segments (cont'd)

31 December 2021  
(18 months)

|   | Security<br>services<br>RM'000 | Investment<br>holding and<br>others<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000 |
|---|--------------------------------|---|------------------------|-----------------|
| <b>Revenue</b>                              |                                |   |                        |                 |
| External sales                              | 101,839                        | 19,730  | -                      | 121,569         |
| <b>Results</b>                              |                                |   |                        |                 |
| Segment results                             | 15,814                         | 13,786  | -                      | 29,600          |
| Gain on foreign<br>exchange                 |                                |   |                        | 39,988          |
| Finance costs                               |                                |   |                        | (99,776)        |
| Share in results of<br>associated companies | -                              | 1,597   | -                      | 1,597           |
| Loss before tax                             |                                |   |                        | (28,591)        |
| Tax expenses                                |                                |   |                        | (6,873)         |
| Net loss for the financial period           |                                |   |                        | (35,464)        |
| <b>Assets</b>                               |                                |   |                        |                 |
| Segment assets                              | 107,611                        | 107,109                                       | -                      | 214,720         |
| Investment in associated<br>companies       | -                              | 26,859  | -                      | 26,859          |
| Unallocated assets                          |                                |   |                        | 3,803           |
| Consolidated total assets                   |                                |   |                        | 245,382         |
| <b>Liabilities</b>                          |                                |   |                        |                 |
| Segment liabilities                         | 14,278                         | 1,948,535                                     | -                      | 1,962,813       |
| Unallocated liabilities                     |                                |   |                        | 235             |
| Consolidated total liabilities              |                                |   |                        | 1,963,048       |
| <b>Other information</b>                    |                                |   |                        |                 |
| Capital expenditure                         | 4,390                          | -   | -                      | 4,390           |
| Depreciation                                | 6,722                          | 203   | -                      | 6,925           |
| Amortisation                                | -                              | 9   | -                      | 9               |
| Other non-cash expenses                     | -                              | 930   | -                      | 930             |

### 32. SEGMENT INFORMATION (cont'd)

#### (a) Business Segments (cont'd)

30 June 2020  
(12 months)

|   | Security<br>services<br>RM'000 | Investment<br>holding and<br>others<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000 |
|---|--------------------------------|---|------------------------|-----------------|
| <b>Revenue</b>                              |                                |   |                        |                 |
| External sales                              | 69,250                         | 5,069   | -                      | 74,319          |
| <b>Results</b>                              |                                |   |                        |                 |
| Segment results                             | 11,195                         | (9,949)                                       | -                      | 1,246           |
| Loss on foreign<br>exchange                 |                                |   |                        | (54,911)        |
| Finance costs                               |                                |   |                        | (67,868)        |
| Share in results of<br>associated companies | -                              | (1,832)                                       | -                      | (1,832)         |
| Loss before tax                             |                                |   |                        | (123,365)       |
| Tax expenses                                |                                |   |                        | (2,981)         |
| Net loss for the financial year             |                                |   |                        | (126,346)       |
| <b>Assets</b>                               |                                |   |                        |                 |
| Segment assets                              | 105,668                        | 140,132                                       | -                      | 245,800         |
| Investment in associated<br>companies       | -                              | 40,461  | -                      | 40,461          |
| Unallocated assets                          |                                |   |                        | 6,309           |
| Consolidated total assets                   |                                |   |                        | 292,570         |
| <b>Liabilities</b>                          |                                |   |                        |                 |
| Segment liabilities                         | 15,292                         | 1,950,813                                     | -                      | 1,966,105       |
| Unallocated liabilities                     |                                |   |                        | 271             |
| Consolidated total liabilities              |                                |   |                        | 1,966,376       |
| <b>Other information</b>                    |                                |   |                        |                 |
| Capital expenditure                         | 518                            | 16  | -                      | 534             |
| Depreciation                                | 4,970                          | 212   | -                      | 5,182           |
| Amortisation                                | -                              | 7   | -                      | 7               |
| Other non-cash expenses                     | -                              | 9,186   | -                      | 9,186           |

## 32. SEGMENT INFORMATION (cont'd)

### (b) Geographical Segments

The Group operates in the following main geographical areas:

Malaysia - mainly in the provision of security services and sale of security related equipment, manufacturing and sale of tools and dies, investment holding and others; and

Other countries - investment holding and others.

|                 | Revenue                             |                                    | Total assets         |                     | Capital expenditure                 |                                    |
|-----------------|-------------------------------------|------------------------------------|----------------------|---------------------|-------------------------------------|------------------------------------|
|                 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| Malaysia        | 121,569                             | 74,319                             | 203,520              | 253,206             | 4,390                               | 534                                |
| Other countries | -                                   | -                                  | 41,862               | 39,364              | -                                   | -                                  |
|                 | <b>121,569</b>                      | <b>74,319</b>                      | <b>245,382</b>       | <b>292,570</b>      | <b>4,390</b>                        | <b>534</b>                         |

### 33. STATEMENTS OF CASH FLOWS

(a) Adjustment for non-cash items, interests and dividends:

|  | GROUP                               |                                    | COMPANY                             |                                    |
|--|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|  | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 | 1.7.2020 to<br>31.12.2021<br>RM'000 | 1.7.2019 to<br>30.6.2020<br>RM'000 |
| Depreciation of:                                     |                                     |                                    |                                     |                                    |
| - property, plant and equipment                      | 5,452                               | 4,351                              | -                                   | -                                  |
| - right-of-use assets                                | 1,473                               | 831                                | -                                   | -                                  |
| Amortisation of investment properties                | 9                                   | 7                                  | -                                   | -                                  |
| Impairment losses on receivables:                    |                                     |                                    |                                     |                                    |
| - subsidiary companies                               | -                                   | -                                  | 20                                  | 70,230                             |
| - others   | 1,150                               | 9,124                              | -                                   | 6,499                              |
| Interest expenses                                    | 99,776                              | 67,868                             | 106,607                             | 72,516                             |
| Property, plant and equipment<br>written off         | 395                                 | 114                                | -                                   | 112                                |
| Share in results of associated companies             | (1,597)                             | 1,832                              | -                                   | -                                  |
| Interest income                                      | (14,377)                            | (2,601)                            | (12,624)                            | (838)                              |
| Reversal of impairment losses on receivables:        |                                     |                                    |                                     |                                    |
| - subsidiary companies                               | -                                   | -                                  | (5,588)                             | (168)                              |
| - others   | (615)                               | (52)                               | (119)                               | -                                  |
| Gain on disposal of property, plant<br>and equipment | (40)                                | (34)                               | -                                   | -                                  |
| Gain on remeasurement of leases                      | (2)                                 | -                                  | -                                   | -                                  |
| Dividend income                                      | (87)                                | (256)                              | (254)                               | (256)                              |
| (Gain)/Loss on foreign exchange<br>- unrealised      | (39,988)                            | 54,911                             | (49,252)                            | 51,407                             |
|  | <b>51,549</b>                       | <b>136,095</b>                     | <b>38,790</b>                       | <b>199,502</b>                     |

(b) Cash and cash equivalents consist of:

|   | GROUP                |                     | COMPANY              |                     |
|---|----------------------|---------------------|----------------------|---------------------|
|   | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 | 31.12.2021<br>RM'000 | 30.6.2020<br>RM'000 |
| Cash and bank balances                                | 7,875                | 7,628               | 1,899                | 550                 |
| Deposits with licensed<br>financial institutions      | 14,710               | 21,722              | 11,216               | 18,766              |
|   | <b>22,585</b>        | <b>29,350</b>       | <b>13,115</b>        | <b>19,316</b>       |
| Less: Fixed deposits earmarked<br>for bond redemption | (13,033)             | (19,216)            | (11,216)             | (18,766)            |
|   | <b>9,552</b>         | <b>10,134</b>       | <b>1,899</b>         | <b>550</b>          |

### 34. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with the financing, investing and operating activities of the Group.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

#### Capital risk management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance.

The capital structure of the Group and of the Company consists of net debts (borrowings offset by investment in cash funds, deposits, cash and bank balances) and equity of the Group and of the Company (comprising issued capital, reserves and non-controlling interests).

#### Gearing ratio

The gearing ratio at end of the reporting period is as follows:

|   | GROUP       |             | COMPANY     |             |
|---|-------------|-------------|-------------|-------------|
|   | 31.12.2021  | 30.6.2020   | 31.12.2021  | 30.6.2020   |
|   | RM'000      | RM'000      | RM'000      | RM'000      |
| Debt (i)  | 1,922,554   | 1,910,826   | 1,961,896   | 1,947,938   |
| Investment in cash funds, deposits,<br>cash and bank balances | (89,377)    | (92,985)    | (14,780)    | (20,977)    |
| Net debt  | 1,833,177   | 1,817,841   | 1,947,116   | 1,926,961   |
| Equity (ii)   | (1,717,666) | (1,673,806) | (2,992,608) | (2,949,847) |
| Debt to equity ratio  | NM          | NM          | NM          | NM          |

(i) Debt is defined as long term and short term borrowings as disclosed in Notes 26 and 27 respectively.

(ii) Equity includes issued capital, reserves, accumulated losses and non-controlling interests.

NM = Not meaningful

#### Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

### 34. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

#### Categories of financial instruments

|  | GROUP      |           | COMPANY    |           |
|--|------------|-----------|------------|-----------|
|  | 31.12.2021 | 30.6.2020 | 31.12.2021 | 30.6.2020 |
|  | RM'000     | RM'000    | RM'000     | RM'000    |
| <b>Financial assets</b>                        |            |           |            |           |
| Fair value through other comprehensive income: |            |           |            |           |
| Unquoted shares and other investments          | 237        | 237       | 128        | 128       |
| Fair value through profit or loss:             |            |           |            |           |
| Investment in cash funds                       | 66,792     | 63,635    | 1,665      | 1,661     |
| Amortised cost:                                |            |           |            |           |
| Receivables                                    | 87,101     | 117,055   | 51,681     | 81,629    |
| Deposits, cash and bank balances               | 22,585     | 29,350    | 13,115     | 19,316    |
| <b>Financial liabilities at amortised cost</b> |            |           |            |           |
| Payables                                       | 36,395     | 51,376    | 1,104,339  | 1,114,428 |
| Term loan                                      | 3,075      | 5,152     | -          | -         |
| ACB Bonds and USD Debts                        | 1,919,479  | 1,905,674 | 1,961,896  | 1,947,938 |
| Deferred liabilities                           | 2,045      | 2,267     | -          | -         |
| Lease liabilities                              | 1,111      | 956       | -          | -         |

#### Foreign currency sensitivity analysis

The Group and the Company are mainly exposed to the foreign currency of United States Dollar ("USD").

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in foreign currency rates. A positive number below indicates a gain in profit or loss where the Ringgit Malaysia strengthens 10% against the USD. For a 10% weakening of the Ringgit Malaysia against the USD, there would be a comparable impact on profit or loss, the balances below would be negative.

|     | GROUP      |           | COMPANY    |           |
|-----|------------|-----------|------------|-----------|
|     | 31.12.2021 | 30.6.2020 | 31.12.2021 | 30.6.2020 |
|     | RM'000     | RM'000    | RM'000     | RM'000    |
| USD | 131,563    | 131,796   | 170,056    | 171,214   |

The Group's and the Company's sensitivity to foreign currency is mainly attributable to the exposure of outstanding USD payables of the Group and of the Company at the end of the reporting period.

In management's opinion, the sensitivity analysis does not represent the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial period/year.

#### Market risk

Market risk is the risk that changes market prices, such as foreign exchange rates, interest rates and other prices which will affect the Group's financial position or cash flows.

### 34. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

#### Interest rate risk

The Group's and the Company's exposures to interest rate on borrowings in ACB Bonds and USD Debts, term loan and finance lease liabilities are limited because the interest rate is fixed upon inception. The interest rates for the ACB Bonds and USD Debts, term loan and lease liabilities are disclosed in Notes 26, 27 and 28 respectively.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's loss net of tax and equity arising from the effect of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

#### Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from receivables and the Company's exposure to credit risk arises primarily from advances to subsidiaries. For other financial assets (investments, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

#### Receivables

##### *Risk management objectives, policies and processes for managing the risk*

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks of the Group are minimised and monitored via strictly limiting association to business partners with high credit worthiness. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

##### *Concentration of credit risk*

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

The Group has applied the simplified approach to measure the loss allowance at lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix, where applicable, estimated based on historical credit loss experience based on the past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

### 34. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

#### Credit risk (cont'd)

##### Receivables (cont'd)

##### *Concentration of credit risk (cont'd)*

The following ageing of trade receivables provides information about the exposure to credit risk and ECLs for trade receivables:

|                            | Gross-<br>carrying<br>amount<br>RM'000 | Individual<br>impairment<br>RM'000 | ECLs<br>RM'000 | Net<br>balance<br>RM'000 |
|----------------------------|--|------------------------------------|----------------|--------------------------|
| <b>GROUP</b>               |  |                                    |                |                          |
| <b>31.12.2021</b>          |  |                                    |                |                          |
| Not past due               | 4,846                                  | -                                  | (46)           | 4,800                    |
| 1 to 30 days past due      | 1,841                                  | -                                  | (70)           | 1,771                    |
| 31 to 90 days past due     | 1,505                                  | -                                  | (329)          | 1,176                    |
| More than 90 days past due | 17,217                                 | (16,204)                           | (96)           | 917                      |
| Individually impaired      | 599                                    | (599)                              | -              | -                        |
|                            | <b>26,008</b>                          | <b>(16,803)</b>                    | <b>(541)</b>   | <b>8,664</b>             |
| <b>30.6.2020</b>           |  |                                    |                |                          |
| Not past due               | 6,013                                  | -                                  | (46)           | 5,967                    |
| 1 to 30 days past due      | 1,482                                  | -                                  | (70)           | 1,412                    |
| 31 to 90 days past due     | 2,508                                  | -                                  | (329)          | 2,179                    |
| More than 90 days past due | 18,242                                 | (15,933)                           | (307)          | 2,002                    |
| Individually impaired      | 1,215                                  | (1,215)                            | -              | -                        |
|                            | <b>29,460</b>                          | <b>(17,148)</b>                    | <b>(752)</b>   | <b>11,560</b>            |

#### Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of the funding so as to ensure that all financing, repayment and funding needs are met. As part of the overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.



### 34. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

#### Liquidity and cash flow risks (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

|                                    | Less than<br>1 year<br>RM'000 | 1 to 2<br>years<br>RM'000 | 2 to 5<br>years<br>RM'000 | Total<br>RM'000  | Contractual<br>interest<br>% |
|------------------------------------|-------------------------------|---------------------------|---------------------------|------------------|------------------------------|
| <b>GROUP</b>                       |                               |                           |                           |                  |                              |
| <b>31.12.2021</b>                  |                               |                           |                           |                  |                              |
| <b>Financial liabilities</b>       |                               |                           |                           |                  |                              |
| Trade payables                     | 3,302                         | -                         | -                         | 3,302            | -                            |
| Other payables                     | 33,093                        | -                         | -                         | 33,093           | -                            |
| ACB Bonds and USD                  |                               |                           |                           |                  |                              |
| Debts                              | 1,919,479                     | -                         | -                         | 1,919,479        | 3.25 - 7.00                  |
| Deferred liabilities               | -                             | -                         | 2,045                     | 2,045            | -                            |
| Lease liabilities                  | 866                           | 274                       | -                         | 1,140            | 3.50 - 4.50                  |
| Term loan                          | 1,512                         | 1,666                     | -                         | 3,178            | 3.04                         |
|                                    | <u>1,958,252</u>              | <u>1,940</u>              | <u>2,045</u>              | <u>1,962,237</u> |                              |
| <b>30.6.2020</b>                   |                               |                           |                           |                  |                              |
| <b>Financial liabilities</b>       |                               |                           |                           |                  |                              |
| Trade payables                     | 2,226                         | -                         | -                         | 2,226            | -                            |
| Other payables                     | 49,150                        | -                         | -                         | 49,150           | -                            |
| ACB Bonds and USD                  |                               |                           |                           |                  |                              |
| Debts                              | 1,905,674                     | -                         | -                         | 1,905,674        | 3.25 - 7.00                  |
| Deferred liabilities               | -                             | -                         | 2,267                     | 2,267            | -                            |
| Lease liabilities                  | 795                           | 192                       | -                         | 987              | 4.50                         |
| Term loan                          | 1,512                         | 1,512                     | 2,583                     | 5,607            | 3.35                         |
|                                    | <u>1,959,357</u>              | <u>1,704</u>              | <u>4,850</u>              | <u>1,965,911</u> |                              |
| <b>COMPANY</b>                     |                               |                           |                           |                  |                              |
| <b>31.12.2021</b>                  |                               |                           |                           |                  |                              |
| <b>Financial liabilities</b>       |                               |                           |                           |                  |                              |
| Other payables                     | 3,611                         | -                         | -                         | 3,611            | -                            |
| Amount due to subsidiary companies | 1,100,728                     | -                         | -                         | 1,100,728        | -                            |
| ACB Bonds and USD                  |                               |                           |                           |                  |                              |
| Debts                              | 1,961,896                     | -                         | -                         | 1,961,896        | 3.50 - 7.00                  |
|                                    | <u>3,066,235</u>              | <u>-</u>                  | <u>-</u>                  | <u>3,066,235</u> |                              |
| <b>30.6.2020</b>                   |                               |                           |                           |                  |                              |
| <b>Financial liabilities</b>       |                               |                           |                           |                  |                              |
| Other payables                     | 19,267                        | -                         | -                         | 19,267           | -                            |
| Amount due to subsidiary companies | 1,095,161                     | -                         | -                         | 1,095,161        | -                            |
| ACB Bonds and USD                  |                               |                           |                           |                  |                              |
| Debts                              | 1,947,938                     | -                         | -                         | 1,947,938        | 3.50 - 7.00                  |
|                                    | <u>3,062,366</u>              | <u>-</u>                  | <u>-</u>                  | <u>3,062,366</u> |                              |

### 34. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

#### Determination of fair values

##### (a) Financial instrument carried at amortised cost

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

(i) Cash and cash equivalents, trade and other receivables/payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Unquoted shares and investments

It is not practical to estimate the fair value of the Group's unquoted shares and investments due to lack of market information and the inability to estimate fair value without incurring excessive costs. However, the Group does not expect the carrying amounts to be significantly different from recoverable amounts.

(iii) ACB Bonds and USD Debts, term loan and deferred liabilities

The carrying amount of short term borrowings approximates fair value because of the short maturity period. The fair value of long term borrowings is estimated based on the current rates available for borrowings with the same maturity profile.

Fair value of term loan is estimated based on discounted cash flows using a rate based on the current market rate of borrowing, which approximates the original rate of borrowing.

Fair values of deferred liabilities are estimated based on present value using a rate based on overnight policy rate at the end of the reporting period/year.

##### (b) Financial instrument carried at fair value

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or;
- (ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There have been no transfer between Levels 1, 2 and 3 during the financial period/year.

### 34. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

#### Determination of fair values (cont'd)

#### (b) Financial instrument carried at fair value (cont'd)

|                                       | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---------------------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>GROUP</b>                          |                   |                   |                   |                 |
| <b>31.12.2021</b>                     |                   |                   |                   |                 |
| <b>Financial assets</b>               |                   |                   |                   |                 |
| Unquoted shares and other investments | -                 | -                 | 237               | 237             |
| Investment in cash funds              | -                 | 66,792            | -                 | 66,792          |
| <b>30.6.2020</b>                      |                   |                   |                   |                 |
| <b>Financial assets</b>               |                   |                   |                   |                 |
| Unquoted shares and other investments | -                 | -                 | 237               | 237             |
| Investment in cash funds              | -                 | 63,635            | -                 | 63,635          |
| <b>COMPANY</b>                        |                   |                   |                   |                 |
| <b>31.12.2021</b>                     |                   |                   |                   |                 |
| <b>Financial assets</b>               |                   |                   |                   |                 |
| Unquoted shares and other investments | -                 | -                 | 128               | 128             |
| Investment in cash funds              | -                 | 1,665             | -                 | 1,665           |
| <b>30.6.2020</b>                      |                   |                   |                   |                 |
| <b>Financial assets</b>               |                   |                   |                   |                 |
| Unquoted shares and other investments | -                 | -                 | 128               | 128             |
| Investment in cash funds              | -                 | 1,661             | -                 | 1,661           |

### 35. COMPARATIVE FIGURES

The comparative figures of the Group and the Company are for the period from 1 July 2019 to 30 June 2020.

## STATEMENT BY DIRECTORS

### PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, DATUK M. CHAREON SAE TANG @ TAN WHY E AUN and OOI KIM LAI, being two of the Directors of ACB RESOURCES BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 13 to 81 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 positions of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the period then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 12 April 2022.

**DATUK M. CHAREON SAE TANG @ TAN WHY E AUN**  
Chairman

**OOI KIM LAI**  
Director

Kuala Lumpur

## STATUTORY DECLARATION

### PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, LIOW SWEE KAN, the Officer primarily responsible for the financial management of ACB RESOURCES BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 81 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed LIOW SWEE KAN at Kuala Lumpur in the Federal Territory on 12 April 2022.

**LIOW SWEE KAN**  
**MIA 9991**

Before me  
**W530**  
**TAN SEOK KETT**  
Commissioner for Oaths

Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACB RESOURCES BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of ACB RESOURCES BERHAD which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 81.

We do not express our opinion on the accompanying financial statements of the Group and of the Company because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements as at 31 December 2021, and of their financial performance and their cash flows for the period then ended.

### Basis for Disclaimer of Opinion

We draw attention to Note 2 to the financial statements, which indicates that the Group and the Company incurred net loss attributable to the owners of the Company of RM41 million and RM43 million respectively during the financial period ended 31 December 2021 and, as of that date, the Group and the Company have deficit in their net equity attributable to the owners of the Company of RM1,764 million and RM2,993 million respectively and their current liabilities exceeded their current assets by RM1,775 million and RM2,997 million respectively.

As described in Note 26 to the financial statements, ACB Bonds and USD Debts of the Group and of the Company which are repayable within 12 months amounting to RM1,919 million and RM1,962 million respectively. The cash flows for the redemption/repayment will be sourced from the proceeds of the disposal of assets/companies and cash flows from the operations.

We were unable to obtain sufficient and appropriate audit evidences to satisfy ourselves as to the adequacy of cash flows for the ACB Bonds and USD Debts to be fully redeemed/repaid by the Group and the Company.

All the above events indicate a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and therefore the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

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

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

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

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

Our responsibility is to conduct an audit of the Group's and of the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirement of the Companies Act 2016 ("Act") in Malaysia, except for those disclosed in the *Basis for Disclaimer of Opinion* section, we also report that the accounting and other records and registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors as disclosed in Note 17 to the financial statements have been properly kept in accordance with the provisions of the Act.

### **Other Matters**

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

**ONG BOON BAH & CO**  
**AF: 0320**  
**Chartered Accountants**

Kuala Lumpur  
12 April 2022

**WONG SOO THIAM**  
**01315/12/2022 J**  
**Chartered Accountant**

## ANALYSIS OF SHAREHOLDINGS

### Issued Shares as at 31 March 2022

|                               |   |                           |
|-------------------------------|---|---------------------------|
| Total Number of Issued Shares | : | 1,331,174,812             |
| Class of Shares               | : | Ordinary shares           |
| Voting Rights                 | : | 1 vote per ordinary share |

### Distribution of Shareholdings as at 31 March 2022

| Size of Shareholdings                    | No. of Shareholders | % of Shareholders | No. of Shares | % of Shares |
|--|---------------------|-------------------|---------------|-------------|
| Less than 100                            | 2,523               | 8.76              | 104,194       | 0.01        |
| 100 to 1,000                             | 14,748              | 51.20             | 7,482,750     | 0.56        |
| 1,001 to 10,000                          | 8,681               | 30.14             | 32,950,532    | 2.47        |
| 10,001 to 100,000                        | 2,384               | 8.27              | 81,950,304    | 6.16        |
| 100,001 to less than 5% of issued shares | 463                 | 1.61              | 333,593,573   | 25.06       |
| 5% and above of issued shares            | 5                   | 0.02              | 875,093,459   | 65.74       |
|  | 28,804              | 100.00            | 1,331,174,812 | 100.00      |

### Substantial Shareholders as at 31 March 2022

| Substantial Shareholders                              | Direct Interest |             | Deemed Interest |             |
|---|-----------------|-------------|-----------------|-------------|
|   | No. of Shares   | % of Shares | No. of Shares   | % of Shares |
| 1. Tan Sri Cheng Heng Jem                             | —               | —           | 634,485,255     | 47.66       |
| 2. Lim Fook Kee                                       | 265,834,962     | 19.97       | —               | —           |
| 3. Lion Corporation Berhad                            | 82,900,000      | 6.23        | 551,585,255     | 41.44       |
| 4. Lion Rubber Works Sdn Bhd                          | 245,535,746     | 18.45       | —               | —           |
| 5. Century Container Industries Sdn Bhd               | 180,822,751     | 13.58       | —               | —           |
| 6. Bright Steel Sdn Bhd                               | —               | —           | 180,822,751     | 13.58       |
| 7. Total Triumph Investments Limited                  | —               | —           | 180,822,751     | 13.58       |
| 8. PMB Jaya Sdn Bhd                                   | 100,000,000     | 7.51        | —               | —           |
| 9. PMB Building System Sdn Bhd                        | —               | —           | 100,000,000     | 7.51        |
| 10. Lion Construction & Engineering Sdn Bhd           | —               | —           | 100,000,000     | 7.51        |
| 11. Lion Industries Corporation Berhad                | —               | —           | 634,485,255     | 47.66       |
| 12. LLB Steel Industries Sdn Bhd                      | —               | —           | 634,485,255     | 47.66       |
| 13. Steelcorp Sdn Bhd                                 | —               | —           | 634,485,255     | 47.66       |
| 14. Amsteel Mills Sdn Bhd                             | —               | —           | 634,485,255     | 47.66       |
| 15. Lion Diversified Holdings Berhad (In Liquidation) | —               | —           | 634,485,255     | 47.66       |



### Thirty Largest Registered Shareholders as at 31 March 2022

| Registered Shareholders   | No. of Shares | % of Shares |
|---|---------------|-------------|
| 1. Lim Fook Kee   | 265,834,962   | 19.97       |
| 2. RHB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lion Rubber Works Sdn Bhd                              | 245,535,746   | 18.45       |
| 3. Century Container Industries Sdn Bhd   | 180,822,751   | 13.58       |
| 4. PMB Jaya Sdn Bhd   | 100,000,000   | 7.51        |
| 5. Lion Corporation Berhad  | 82,900,000    | 6.23        |
| 6. HLB Nominees (Tempatan) Sdn Bhd<br>Hong Leong Bank Berhad  | 45,877,176    | 3.45        |
| 7. Affin Hwang Nominees (Asing) Sdn Bhd<br>Wide Fidelity Limited for Limpahjaya Sdn Bhd                                     | 14,995,653    | 1.13        |
| 8. Kumpulan Perangsang Selangor Berhad  | 14,738,956    | 1.11        |
| 9. Lim Kian Wat   | 14,137,800    | 1.06        |
| 10. Tee Yeow  | 10,000,000    | 0.75        |
| 11. UOB Kay Hian Nominees (Asing) Sdn Bhd<br>Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)                               | 9,565,100     | 0.72        |
| 12. Ng Teng Song  | 9,254,800     | 0.70        |
| 13. HSBC Nominees (Asing) Sdn Bhd<br>Exempt AN for Clearstream Banking S.A.   | 8,847,644     | 0.66        |
| 14. Tee Yeow  | 8,050,720     | 0.60        |
| 15. RHB Merchant Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Limpahjaya Sdn Bhd (LCB-B3)                  | 5,804,320     | 0.44        |
| 16. Heng Nam Import & Export (M) Sdn Bhd  | 5,299,000     | 0.40        |
| 17. Projek Lebuh raya Utara-Selatan Berhad  | 5,052,784     | 0.38        |
| 18. Lim Gim Leong   | 3,931,600     | 0.30        |
| 19. Jacob LDC   | 3,871,801     | 0.29        |
| 20. Citigroup Nominees (Asing) Sdn Bhd<br>Exempt AN for OCBC Securities Private Limited (Client A/C-NR)                     | 3,523,902     | 0.26        |
| 21. HSBC Nominees (Asing) Sdn Bhd<br>Exempt AN for The Hongkong and Shanghai<br>Banking Corporation Limited (PB-HKDIV-ACCL) | 3,148,200     | 0.24        |
| 22. Patricia Tan Siew Ling  | 3,094,600     | 0.23        |
| 23. Lau Wai Fong  | 3,000,000     | 0.23        |
| 24. Mrs Kuo-Ting Yer Ping   | 3,000,000     | 0.23        |
| 25. Ong Lew King  | 2,950,000     | 0.22        |
| 26. Maybank Nominees (Tempatan) Sdn Bhd<br>Remedial Management for Malayan Banking Berhad (260488)                          | 2,694,699     | 0.20        |
| 27. Limpahjaya Sdn Bhd  | 2,586,685     | 0.19        |
| 28. Toh Lay Beng  | 2,538,061     | 0.19        |
| 29. Wi Mui Ngo @ Wong Mooi Ngoh   | 2,400,000     | 0.18        |
| 30. Ta Chong Bank Ltd   | 2,323,081     | 0.17        |

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## **ACB RESOURCES BERHAD**

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