

FINANCIAL STATEMENTS

2023

For The Financial Year Ended 31 December 2023

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development; manufacturing, distribution, trading and marketing of office equipment, security equipment and steel related products; leasing of equipment and trading of building materials; investment holding; and secretarial and share registration services.

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the holding company in each subsidiary is disclosed in Note 13 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year	<u>22,355</u>	<u>(90,577)</u>
Attributable to:		
- Owners of the Company	(19,224)	(90,577)
- Non-controlling interests	41,579	-
	<u>22,355</u>	<u>(90,577)</u>

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIVIDEND

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS OF THE COMPANY

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

Datuk M. Chareon Sae Tang @ Tan Whye Aun
Datuk Emam Mohd Haniff bin Emam Mohd Hussain
Datuk Mohd Yusof bin Abd Rahaman
Dato' Afifuddin bin Abdul Kadir
Ooi Kim Lai

DIRECTORS OF THE SUBSIDIARIES

The directors of the subsidiaries in office during the financial year and up to the date of this report are:

Cheng Hui Ya, Serena
Haji Mohamad Khalid bin Abdullah
Lee Whay Keong
Low Seng Wah
Ooi Kim Lai
Tan Kim Kee
Tan Sri Cheng Heng Jem
Tan Sri Cheng Yong Kim
Yeo Keng Leong
Lee Wee Leng

(Appointed on 29 December 2023 and resigned with effect
from 25 March 2024)

Wang Wing Ying

(Resigned with effect from 29 December 2023)

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 shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Details of the remuneration paid to or receivable by the Directors of the Company during the financial year are as follows:

	Group and Company RM'000
Fees	46
Other emoluments	5
	<u>51</u>

Neither during nor at the end of the financial year, 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.

DIRECTORS' INTERESTS

The interests of the Directors in office at the end of the financial year in shares in the Company during and at the end of the financial year are as follows:

	Number of Ordinary Shares			As at 31.12.2023
	As at 1.1.2023	Addition	Disposal	
Direct Interest				
Ooi Kim Lai	1,416	-	-	1,416
Deemed Interest				
Datuk M. Chareon Sae Tang @ Tan Whye Aun	98,180	-	-	98,180

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

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 subsidiaries.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss, statements of other comprehensive income and 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 impairment loss on receivables and had satisfied themselves that all known bad receivables had been written off and that adequate impairment had been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (continued)

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

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than in respect of the Group, a reversal of accrued cost on preference shares of RM110.4 million;
- (b) there has not arisen in the interval between the end of the financial year 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 year 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 twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS' REMUNERATION

The remuneration of the auditors of the Group and of the Company for the financial year ended 31 December 2023 amounted to RM134,000 and RM36,000 respectively.

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 3 May 2024.

Datuk M. Chareon Sae Tang @ Tan Whye Aun
Chairman

Ooi Kim Lai
Director

Kuala Lumpur

STATEMENT BY DIRECTORS

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

We, Datuk M. Chareon Sae Tang @ Tan Whye Aun and Ooi Kim Lai, being two of the Directors of Lion Corporation Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 17 to 91 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 May 2024.

Datuk M. Chareon Sae Tang @ Tan Whye Aun
Chairman

Ooi Kim Lai
Director

Kuala Lumpur

STATUTORY DECLARATION

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

I, Ooi Kim Lai, being the Director primarily responsible for the financial management of Lion Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 17 to 91 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 Ooi Kim Lai at Kuala Lumpur in the Federal Territory on 3 May 2024.

Ooi Kim Lai
MIA 9454

Before me

W729
MARDHIYYAH ABDUL WAHAB
Commissioner for Oaths

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LION CORPORATION BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lion Corporation Berhad, which comprise the statements of financial position as at 31 December 2023 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 year then ended, and material accounting policies and other explanatory information, as set out on pages 17 to 91.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) to the financial statements, which indicates that the Group and the Company incurred net loss of RM19 million and RM91 million respectively during the financial year ended 31 December 2023 and, as of that date, the Group and the Company have deficit in equity attributable to owners of the Company of RM1,388 million and RM1,794 million respectively and their current liabilities exceeded their current assets by RM297 million and RM660 million respectively. As stated in Note 2(a) to the financial statements, these events or conditions, along with other matters as set forth in Note 2(a) to the financial statements, indicate that a material uncertainty exists that may cast a significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 ("Act") in Malaysia, we 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 not acted as auditors as disclosed in Note 13 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

WONG SOO THIAM
01315/12/2024 J
Chartered Accountant

Kuala Lumpur
3 May 2024

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	4	24,546	48,186	9	12
Other operating income		9,329	3,431	7	-
Changes in inventories of finished goods and work-in-progress		(3,576)	(6,061)	-	-
Raw materials and consumables used		(4,519)	(5,009)	-	-
Property development expenditure		(4,228)	(12,261)	-	-
Employee benefits expenses	5	(10,590)	(10,547)	-	-
Depreciation:					
- property, plant and equipment		(1,791)	(2,802)	-	-
- right-of-use assets		(63)	(1,632)	-	-
Other operating expenses		(6,690)	(21,098)	(877)	(999)
Profit/(Loss) from operations	6	2,418	(7,793)	(861)	(987)
Finance costs	7	(90,595)	(95,320)	(89,712)	(85,537)
Reversal of accrued cost on preference shares	29	110,400	-	-	-
(Impairment losses)/Reversal of impairment losses on:					
- amount due from subsidiaries	19	-	-	(7)	(5)
- receivables (net)	18	3	1,230	5	-
- investment securities	15(b)	257	-	-	-
Share in results of associates		(127)	(4,028)	-	-
Profit/(Loss) before tax		22,356	(105,911)	(90,575)	(86,529)
Tax expense	8	(1)	(123)	(2)	(3)
Net profit/(loss) for the financial year		22,355	(106,034)	(90,577)	(86,532)
Attributable to:					
- Owners of the Company		(19,224)	(103,333)	(90,577)	(86,532)
- Non-controlling interests		41,579	(2,701)	-	-
		22,355	(106,034)	(90,577)	(86,532)
Loss per share attributable to owners of the Company:					
Basic (sen)	9	(1.5)	(7.9)		

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net profit/(loss) for the financial year	<u>22,355</u>	<u>(106,034)</u>	<u>(90,577)</u>	<u>(86,532)</u>
<u>Other comprehensive income/(loss), net of tax</u>				
Items that may be reclassified subsequently to profit or loss				
- Translation difference on net equity of foreign subsidiaries and other movements	11,095	(214)	-	-
Item that will not be reclassified to profit or loss				
- Financial assets at fair value through other comprehensive income/(loss)	3,132	(1,051)	18	(7)
	<u>14,227</u>	<u>(1,265)</u>	<u>18</u>	<u>(7)</u>
Total comprehensive income/(loss) for the financial year	<u><u>36,582</u></u>	<u><u>(107,299)</u></u>	<u><u>(90,559)</u></u>	<u><u>(86,539)</u></u>
Attributable to:				
- Owners of the Company	(4,997)	(104,598)	(90,559)	(86,539)
- Non-controlling interests	41,579	(2,701)	-	-
	<u><u>36,582</u></u>	<u><u>(107,299)</u></u>	<u><u>(90,559)</u></u>	<u><u>(86,539)</u></u>

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	10,395	11,435	-	-
Right-of-use assets	11	762	825	-	-
Inventories	12(a)	15,629	21,591	-	-
Investment in subsidiaries	13	-	-	5,415	5,415
Investment in associates	14	19,256	16,567	-	-
Investment securities	15(a)	1,259	1,290	35	17
Deferred tax assets	16	15	12	-	-
		<u>47,316</u>	<u>51,720</u>	<u>5,450</u>	<u>5,432</u>
Current assets					
Inventories	12(b)	9,949	9,205	-	-
Investment securities	15(b)	-	-	-	-
Contract assets	17	-	22,010	-	-
Trade and other receivables	18	72,130	65,827	-	-
Amount due from subsidiaries	19	-	-	-	-
Tax recoverable		5,163	4,532	18	11
Deposits, cash and bank balances	20	37,013	83,346	1,090	974
		<u>124,255</u>	<u>184,920</u>	<u>1,108</u>	<u>985</u>
TOTAL ASSETS		<u>171,571</u>	<u>236,640</u>	<u>6,558</u>	<u>6,417</u>

STATEMENTS OF FINANCIAL POSITION (continued)

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	1,413,884	1,413,884	1,413,884	1,413,884
Reserves	22	(2,802,122)	(2,868,716)	(3,208,343)	(3,117,784)
		<u>(1,388,238)</u>	<u>(1,454,832)</u>	<u>(1,794,459)</u>	<u>(1,703,900)</u>
Non-controlling interests		(1,813)	(82,801)	-	-
Total equity		<u>(1,390,051)</u>	<u>(1,537,633)</u>	<u>(1,794,459)</u>	<u>(1,703,900)</u>
Non-current liabilities					
Loans and borrowings	24	187,105	313,956	187,089	313,927
Lease liabilities	25	778	828	-	-
Bonds and debts	28	952,889	930,685	952,889	930,685
		<u>1,140,772</u>	<u>1,245,469</u>	<u>1,139,978</u>	<u>1,244,612</u>
Current liabilities					
Contract liabilities	17	6,847	-	-	-
Amount due to subsidiaries	19	-	-	309,227	248,580
Preference shares	23	-	111,000	-	-
Loans and borrowings	24	184,900	52,667	184,887	52,654
Lease liabilities	25	50	47	-	-
Bonds and debts	28	146,385	143,960	146,385	143,960
Trade and other payables	29	82,668	221,130	20,540	20,511
		<u>420,850</u>	<u>528,804</u>	<u>661,039</u>	<u>465,705</u>
Total liabilities		<u>1,561,622</u>	<u>1,774,273</u>	<u>1,801,017</u>	<u>1,710,317</u>
Net current liabilities		<u>(296,595)</u>	<u>(343,884)</u>	<u>(659,931)</u>	<u>(464,720)</u>
TOTAL EQUITY AND LIABILITIES		<u><u>171,571</u></u>	<u><u>236,640</u></u>	<u><u>6,558</u></u>	<u><u>6,417</u></u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	← Attributable to owners of the Company →			Total	Non- controlling interests	Total equity
	Share capital	Other reserves	Accumulated losses			
	RM'000 (Note 21)	RM'000 (Note 22)	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	1,413,884	59,919	(2,824,037)	(1,350,234)	(80,100)	(1,430,334)
Total comprehensive loss for the financial year	-	(1,265)	(103,333)	(104,598)	(2,701)	(107,299)
At 31 December 2022	<u>1,413,884</u>	<u>58,654</u>	<u>(2,927,370)</u>	<u>(1,454,832)</u>	<u>(82,801)</u>	<u>(1,537,633)</u>
At 1 January 2023	1,413,884	58,654	(2,927,370)	(1,454,832)	(82,801)	(1,537,633)
Total comprehensive income/(loss) for the financial year	-	14,227	(19,224)	(4,997)	41,579	36,582
Cancellation of preference shares of a subsidiary (Note 35)	-	-	71,591	71,591	39,409	111,000
At 31 December 2023	<u>1,413,884</u>	<u>72,881</u>	<u>(2,875,003)</u>	<u>(1,388,238)</u>	<u>(1,813)</u>	<u>(1,390,051)</u>

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Share capital RM'000 (Note 21)	<u>Non- distributable</u> Other reserves RM'000 (Note 22)	Accumulated losses RM'000	Total equity RM'000
At 1 January 2022	1,413,884	12,165	(3,043,410)	(1,617,361)
Total comprehensive loss for the financial year	-	(7)	(86,532)	(86,539)
At 31 December 2022	<u>1,413,884</u>	<u>12,158</u>	<u>(3,129,942)</u>	<u>(1,703,900)</u>
At 1 January 2023	1,413,884	12,158	(3,129,942)	(1,703,900)
Total comprehensive income/ (loss) for the financial year	-	18	(90,577)	(90,559)
At 31 December 2023	<u>1,413,884</u>	<u>12,176</u>	<u>(3,220,519)</u>	<u>(1,794,459)</u>

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		22,356	(105,911)	(90,575)	(86,529)
Adjustments for non-cash items and interests	32(a)	(18,020)	101,073	90,022	85,843
Operating profit/(loss) before working capital changes		4,336	(4,838)	(553)	(686)
Changes in working capital:					
Inventories		5,289	12,916	-	-
Receivables		15,703	(8,075)	-	1
Payables		(12,431)	(20)	29	17
Cash generated from/(used in) operations		12,897	(17)	(524)	(668)
Tax paid		(635)	(2,837)	(9)	(9)
Net cash inflow/(outflow) from operating activities		12,262	(2,854)	(533)	(677)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	32(b)	(751)	(342)	-	-
Proceeds from disposal of property, plant and equipment		288	478	-	-
Proceeds from redemption of investment securities		257	-	-	-
Dividend received		142	7,894	-	-
Advances from subsidiaries (net)		-	-	60,640	15,085
Interest received		1,551	1,129	9	12
Net cash inflow from investing activities		1,487	9,159	60,649	15,097

STATEMENTS OF CASH FLOWS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Redemption of bonds and debts	28	(43,992)	(6,256)	(43,992)	(6,256)
Repayment of:					
- lease liabilities	25	(95)	(1,220)	-	-
- finance lease liability	24	(15)	(14)	-	-
- RCSLS	26	(16,008)	(8,724)	(16,008)	(8,724)
Net cash outflow from financing activities		(60,110)	(16,214)	(60,000)	(14,980)
Net (decrease)/increase in cash and cash equivalents		(46,361)	(9,909)	116	(560)
Effects of changes in exchange rates		28	41	-	-
Cash and cash equivalents at beginning of the financial year		83,346	93,214	974	1,534
Cash and cash equivalents at end of the financial year	32(c)	37,013	83,346	1,090	974

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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 Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 13. There have been no significant changes in the principal activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 3 May 2024.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

The financial statements of the Group and of the Company have been prepared on the historical cost basis except when otherwise indicated.

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

The Group and the Company incurred net loss of RM19 million and RM91 million respectively during the financial year ended 31 December 2023 and, as of that date, the Group and the Company have deficit in equity attributable to owners of the Company of RM1,388 million and RM1,794 million respectively and their current liabilities exceeded their current assets by RM297 million and RM660 million respectively. In addition, as disclosed in Note 28, the LCB Bonds and LCB Debts of the Group and of the Company amounted to RM1,099 million. 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.

2. BASIS OF PREPARATION (continued)

(a) Statement of Compliance (continued)

Adoption of New and Amended MFRSs

As of 1 January 2023, the Group and the Company adopted the following new MFRS and Amendments to MFRSs which have been issued by the Malaysian Accounting Standards Board ("MASB"):

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: 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
Amendments to MFRS 112	Income Taxes: International Tax Reform - Pillar Two Model Rules

The adoption of the above standards and amendments are not expected to have material impact on the financial position and financial performance 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 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 2024

Amendments to MFRS 7	Financial Instruments: Disclosure of Supplier Finance Arrangements
Amendments to MFRS 16	Leases: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements: Non-current Liabilities with Covenants
Amendments to MFRS 107	Statement of Cash Flows: Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
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Deferred to a date to be determined by the MASB:

Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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2. BASIS OF PREPARATION (continued)

(a) Statement of Compliance (continued)

Deferred to a date to be determined by the MASB: (continued)

Amendments to MFRS 128	Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above Amendments to MFRSs when they become effective. The adoption of the above Amendments to MFRSs is not expected to have a material impact on the financial performance or position of the Group and of the Company in the period of initial application.

(b) Functional and Presentation Currency

The individual financial statements of each entity in the Group is measured using the currency of the primary economic environment in which the entity operates ("Functional Currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's Functional Currency.

(c) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the version affects only that period, or in the period of the revision and future periods if the version affects both current and future periods.

Critical Accounting Estimates and Assumptions

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

(i) Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives up to its residual value. Management reviews the residual values, useful lives and depreciation method at the end of each financial year and ensures consistencies with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives and residual values of property, plant and equipment may result in revision of future depreciation charges.

2. BASIS OF PREPARATION (continued)

(c) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Critical Accounting Estimates and Assumptions (continued)

(ii) Impairment of Assets

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business and significant adverse industry or economic changes.

Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and cash-generating units, and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and changes in the recoverable amounts of assets may require impairment losses.

(iii) Inventories

Inventories are measured at lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time estimates are made. The Group's core business is subject to economical changes which may cause selling prices change rapidly and the Group's net profit to change.

(iv) Impairment on Receivables

The Group recognises impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's financial positions and results.

(v) Income Taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions 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 provision in the period in which such determination is made. Details of income tax expense are disclosed in Note 8.

3. MATERIAL ACCOUNTING POLICIES

The Group and the Company adopted amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's and the Company's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policies information is disclosed as follows:

(a) Basis of Consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for using the purchase method. 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. 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.

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 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 net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(b) Foreign Currencies

(i) 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 dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

(b) Foreign Currencies (continued)

(i) Foreign Currency Transactions (continued)

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 operations. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary items are denominated in either the Functional Currency of the reporting entity or the foreign operations, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary items are denominated in a currency other than the Functional Currency of either the reporting entity or the foreign operations, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, 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 operations, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss 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.

(ii) 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 are translated into RM at the rate of exchange ruling at the reporting date;
- Income and expenses for profit or loss are translated at average exchange rates for the year, which approximate 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 from the acquisition of foreign operations 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 reporting date.

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

	2023	2022
	RM	RM
1 United States Dollar ("USD")	4.60	4.40
1 Euro	5.06	4.70
1 Singapore Dollar ("SGD")	3.48	3.28

3. MATERIAL ACCOUNTING POLICIES (continued)

(c) 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 services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct goods 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) Revenue from Property Development

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

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

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amount collected on behalf of third parties such as sales taxes.

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

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

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

(ii) Sale of Goods and Services

Revenue from the sale of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of goods and services tax and discounts.

Deferred costs are recognised when the goods delivered to customers but pending installation and/or testing rendered to customers.

(iii) Rental Income

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

3. MATERIAL ACCOUNTING POLICIES (continued)

(c) Revenue Recognition (continued)

(iv) Interest Income

Interest income is recognised using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(v) Dividend Income

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

(d) 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 increases 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

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund.

(e) Taxes

(i) Current 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.

(ii) Deferred Tax

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

(e) Taxes (continued)

(ii) Deferred Tax (continued)

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.

(f) Property, Plant and Equipment

Property, plant and equipment are initially recorded at cost. Property, plant and equipment cost comprises purchase price, including import duties and directly attributable costs of bringing the asset to working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Any revaluation surplus is credited to the asset revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any asset revaluation reserve relating to the particular asset is transferred directly to accumulated losses.

Property, plant and equipment are classified as capital work-in-progress until the asset is brought to working condition for its intended use.

Leasehold land is amortised evenly over the lease term of the land. 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%
Plant and machinery	3.33% - 20%
Furniture, fittings and office equipment	5% - 20%
Motor vehicles	20%

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 embodied in the items of property, plant and equipment.

3. MATERIAL ACCOUNTING POLICIES (continued)

(f) Property, Plant and Equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to accumulated losses.

(g) Impairment of Non-Financial Assets

The carrying amounts of non-financial 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 to determine the amount of impairment loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating unit are to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses, if any, recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is 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.

(h) Investment in Subsidiaries

A subsidiary is an entity over which the Group has all the following:

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Investment in Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associates is carried in the statements of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the net profit or loss of the associates is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associates. The associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates.

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

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

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

(j) 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 and the Company become a party to the contractual provisions of the instrument.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Financial Instruments (continued)

(i) Initial Recognition and Measurement (continued)

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.

There is 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).

(ii) Financial Instrument Categories and Subsequent Measurement

Financial Assets

The Group and the Company categorise 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 and the Company change their 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Financial Instruments (continued)

(ii) Financial Instrument Categories and Subsequent Measurement (continued)

Financial Assets (continued)

(b) Fair Value Through Other Comprehensive Income (continued)

(ii) Equity Investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in 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 assets 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 and the Company 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.

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 other comprehensive income, are subject to impairment assessment as described in Note 3(k).

Financial Liabilities

At initial recognition, all financial liabilities are 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 values with gains or losses, including any interest expense, recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Financial Instruments (continued)

(ii) Financial Instrument Categories and Subsequent Measurement (continued)

Financial Liabilities (continued)

(a) Fair Value Through Profit or Loss (continued)

For financial liabilities designated as fair value through profit or loss upon initial recognition, the Group and the Company 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.

A financial liability or 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.

(k) Impairment of Assets

(i) Financial Assets

The Group and the Company recognise 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

(k) Impairment of Assets (continued)

(i) Financial Assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

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

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, while 12-month 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 and the Company are exposed to credit risk.

ECLs are probability-weighted estimate of credit losses. The Group and the Company estimate 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.

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.

(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 cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

A cash-generating unit 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 cash-generating unit 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

(k) Impairment of Assets (continued)

(ii) Other Assets (continued)

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 cash-generating unit 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.

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts, demand deposits and other short term and highly liquid investments which are readily convertible to cash with insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits. Cash and cash equivalents (other than bank overdrafts) are categorised and measured at amortised cost in accordance with policy as described in Note 3(j).

(m) Inventories

(i) Properties

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

Inventories are measured at 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 statements of financial position and are stated 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

(m) Inventories (continued)

(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.

(n) Contract Assets and Contract Liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. A contract asset is subject to impairment in accordance with MFRS 9 *Financial Instruments*.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. 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.

(o) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group and the Company have 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 reporting 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.

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group and the Company do not recognise contingent asset but disclose its existence when inflows of economic benefits are probable, but not virtually certain.

3. MATERIAL ACCOUNTING POLICIES (continued)

(p) Preference Shares ("PS")

PS are recorded at the amount of proceeds received, net of transaction costs.

PS are classified as non-current liabilities in the statements of financial position and the preferential dividends are recognised as finance costs in profit or loss in the period they are incurred.

(q) Redeemable Convertible Secured Loan Stocks ("RCSLS")

The RCSLS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the convertible loan stocks and the fair value assigned to the liability component represents the conversion options included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

(r) 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

(r) Leases and Right-of-use Assets (continued)

(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 asset 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:

Building	53 months
Land	168 months

(s) Equity Instruments

Share Capital and Share Issuance Expenses

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

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

(t) Segment Reporting

Segment reporting is presented for enhancing 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 which 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, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such 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. MATERIAL ACCOUNTING POLICIES (continued)

(u) Fair Value Estimation for Disclosure Purposes

In assessing the fair value of financial instruments, the Group and the Company use a variety of methods and make assumptions that are based on market conditions existing at each reporting date.

The fair value of publicly traded securities is based on quoted market prices at the reporting date. Where there is no active market, fair value is established using valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

The face values for the financial assets and financial liabilities with maturity of less than one year are assumed to approximate their fair values.

4. REVENUE

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers: *				
Property development	10,996	31,785	-	-
Sales of goods	10,983	13,603	-	-
Registration and other professional fees	112	122	-	-
	<u>22,091</u>	<u>45,510</u>	<u>-</u>	<u>-</u>
Revenue from other sources:				
Rental income	2,455	2,676	-	-
Interest income	-	-	9	12
	<u>2,455</u>	<u>2,676</u>	<u>9</u>	<u>12</u>
	<u>24,546</u>	<u>48,186</u>	<u>9</u>	<u>12</u>

* Set out below is the disaggregation of the revenue from contracts with customers:

	Group	
	2023 RM'000	2022 RM'000
At a point in time:		
- Property development	3,916	12,107
- Sales of goods	10,983	13,603
	14,899	25,710
Over time:		
- Property development	7,080	19,678
- Registration and other professional fees	112	122
	7,192	19,800
	<u>22,091</u>	<u>45,510</u>

5. EMPLOYEE BENEFITS EXPENSES

	Group	
	2023 RM'000	2022 RM'000
Salaries, wages and bonuses	8,575	8,510
Defined contribution plans	1,059	1,058
Other staff related expenses	956	979
	<u>10,590</u>	<u>10,547</u>

6. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations is arrived at:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After charging:				
Auditors' remuneration:				
- current year	134	135	36	36
- prior year	-	(1)	-	-
Directors' remuneration (Note)	51	51	51	51
Rental of premises	762	387	-	-
Foreign exchange loss:				
- realised	3	24	-	18
- unrealised	2,162	418	312	313
Written off of:				
- property, plant and equipment	-	385	-	-
- receivables	5	14	5	-
Professional fees paid to a firm in which a Director, Datuk M. Chareon Sae Tang @ Tan Whye Aun, has interest	-	48	-	-
	<u>-</u>	<u>48</u>	<u>-</u>	<u>-</u>
And crediting:				
Gain on disposal of property, plant and equipment	288	421	-	-
Interest income	1,551	1,141	9	12
Foreign exchange gain:				
- realised	25	126	7	-
- unrealised	194	182	-	-
Reversal of allowance for obsolete inventories	70	-	-	-
Rental income	14	49	-	-
	<u>14</u>	<u>49</u>	<u>-</u>	<u>-</u>

Note: The Directors' remuneration is categorised as follows:

	Group and Company	
	2023 RM'000	2022 RM'000
Fees	46	46
Other emoluments	5	5
	<u>51</u>	<u>51</u>

6. PROFIT/(LOSS) FROM OPERATIONS (continued)

Note: The Directors' remuneration is categorised as follows: (continued)

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

	Group and Company	
	2023	2022
RM20,000 and below	<u>5</u>	<u>5</u>

7. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest Expenses on:				
- bonds and debts (Note 28)	68,309	64,800	68,309	64,800
- RCSLS (Note 26)	21,403	20,737	21,403	20,737
- finance lease liability (Note 24)	2	2	-	-
- lease liabilities (Note 25)	48	303	-	-
- others	833	9,478	-	-
	<u>90,595</u>	<u>95,320</u>	<u>89,712</u>	<u>85,537</u>

8. TAX EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current Estimated Tax:				
Malaysian income tax:				
- Current financial year	3	4	2	3
- Under provision in prior years	1	28	-	-
	4	32	2	3
Deferred Taxation: (Note 16)				
Relating to origination and reversal of temporary differences	(3)	91	-	-
Total	<u>1</u>	<u>123</u>	<u>2</u>	<u>3</u>

8. TAX EXPENSE (continued)

A reconciliation of tax expense applicable to profit/(loss) before tax at the statutory income tax rate to tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) before tax	<u>22,356</u>	<u>(105,911)</u>	<u>(90,575)</u>	<u>(86,529)</u>
Tax calculated at Malaysian statutory tax rate of 24% (2022: 24%)	5,365	(25,419)	(21,738)	(20,767)
Income not subject to tax	(27,508)	(2,155)	(2)	-
Expenses not deductible for tax purpose	20,241	24,292	21,742	20,770
Deferred tax assets not recognised during the financial year	1,872	2,410	-	-
Tax effect of share in results of associates	30	967	-	-
Under provision in prior years	1	28	-	-
	<u>1</u>	<u>123</u>	<u>2</u>	<u>3</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

9. LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing net loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2023	2022
Net loss for the financial year attributable to owners of the Company (RM'000)	<u>(19,224)</u>	<u>(103,333)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,316,199</u>	<u>1,316,199</u>
Basic loss per share (sen)	<u>(1.5)</u>	<u>(7.9)</u>

10. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
2023					
Cost					
At 1 January 2023	13,970	18,910	6,982	11,474	51,336
Addition	-	750	1	-	751
Disposal	-	-	-	(2,387)	(2,387)
Written off	-	-	(303)	-	(303)
At 31 December 2023	<u>13,970</u>	<u>19,660</u>	<u>6,680</u>	<u>9,087</u>	<u>49,397</u>
Accumulated Depreciation					
At 1 January 2023	4,549	18,456	6,749	10,094	39,848
Charge for the financial year	279	79	86	1,347	1,791
Disposal	-	-	-	(2,387)	(2,387)
Written off	-	-	(303)	-	(303)
At 31 December 2023	<u>4,828</u>	<u>18,535</u>	<u>6,532</u>	<u>9,054</u>	<u>38,949</u>
Accumulated Impairment Losses					
At 1 January 2023/ 31 December 2023	<u>-</u>	<u>-</u>	<u>53</u>	<u>-</u>	<u>53</u>
Net Book Value					
At 31 December 2023	<u>9,142</u>	<u>1,125</u>	<u>95</u>	<u>33</u>	<u>10,395</u>

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
2022					
Cost					
At 1 January 2022	13,970	26,322	7,849	11,888	60,029
Addition	-	318	24	-	342
Disposal	-	(84)	-	(341)	(425)
Written off	-	(7,646)	(891)	(73)	(8,610)
At 31 December 2022	<u>13,970</u>	<u>18,910</u>	<u>6,982</u>	<u>11,474</u>	<u>51,336</u>
Accumulated Depreciation					
At 1 January 2022	4,270	25,623	7,532	8,214	45,639
Charge for the financial year	279	195	91	2,237	2,802
Disposal	-	(84)	-	(284)	(368)
Written off	-	(7,278)	(874)	(73)	(8,225)
At 31 December 2022	<u>4,549</u>	<u>18,456</u>	<u>6,749</u>	<u>10,094</u>	<u>39,848</u>
Accumulated Impairment Losses					
At 1 January 2022/ 31 December 2022	<u>-</u>	<u>-</u>	<u>53</u>	<u>-</u>	<u>53</u>
Net Book Value					
At 31 December 2022	<u>9,421</u>	<u>454</u>	<u>180</u>	<u>1,380</u>	<u>11,435</u>

The net book value of property, plant and equipment held under hire purchase and finance lease arrangements is as follows:

	Group	
	2023 RM'000	2022 RM'000
Motor vehicles	<u>-</u>	<u>13</u>

11. RIGHT-OF-USE ASSETS

Group	Land RM'000	Building RM'000	Total RM'000
2023			
Cost			
At 1 January/31 December 2023	<u>979</u>	<u>-</u>	<u>979</u>
Accumulated Depreciation			
At 1 January 2023	154	-	154
Charge for the financial year	63	-	63
At 31 December 2023	<u>217</u>	<u>-</u>	<u>217</u>
Net Book Value			
At 31 December 2023	<u><u>762</u></u>	<u><u>-</u></u>	<u><u>762</u></u>
2022			
Cost			
At 1 January 2022	979	11,031	12,010
Ceased	-	(11,031)	(11,031)
At 31 December 2022	<u>979</u>	<u>-</u>	<u>979</u>
Accumulated Depreciation			
At 1 January 2022	90	4,579	4,669
Charge for the financial year	64	1,568	1,632
Ceased	-	(6,147)	(6,147)
At 31 December 2022	<u>154</u>	<u>-</u>	<u>154</u>
Net Book Value			
At 31 December 2022	<u><u>825</u></u>	<u><u>-</u></u>	<u><u>825</u></u>

The Group leased a building with a lease term of 53 months from 2020. The maturity analysis of lease liabilities was disclosed in Note 25. The lease had ceased in the previous financial year.

The Group leases a land with a lease term of 168 months from 2021. The maturity analysis of lease liabilities is disclosed in Note 25.

12. INVENTORIES

		Group	
		2023	2022
		RM'000	RM'000
(a) Non-Current			
Land Held for Property Development	(i)	<u>15,629</u>	<u>21,591</u>
(b) Current			
Property Development Costs	(ii)	<u>4,541</u>	<u>1,431</u>
At Cost:			
Completed property units for sale		1,050	2,313
Good-in-transit		47	-
Work-in-progress		1,325	2,397
Store and consumables		39	39
		<u>2,461</u>	<u>4,749</u>
At Net Realisable Value:			
Raw materials		890	898
Finished goods		2,057	2,127
		<u>2,947</u>	<u>3,025</u>
		<u>5,408</u>	<u>7,774</u>
Total		<u>9,949</u>	<u>9,205</u>

During the financial year, inventories recognised as an expense in profit or loss of the Group was RM12.3 million (2022: RM23.3 million).

The land was charged as security for the RCCLS and bonds and debts issued by the Company as disclosed in Notes 26 and 28 respectively.

The title in respect of the land has yet to be registered in the name of a subsidiary.

		Group	
		2023	2022
		RM'000	RM'000
(i) Land Held for Property Development			
Freehold land, at cost			
At 1 January		21,591	21,914
Cost incurred during the financial year		22	182
Transfer to property development costs		(5,984)	(413)
Written off		-	(92)
At 31 December		<u>15,629</u>	<u>21,591</u>

12. INVENTORIES (continued)

	Group	
	2023 RM'000	2022 RM'000
(ii) Property Development Costs		
At 1 January		
Freehold land	5,046	4,683
Development costs	71,929	66,121
	<u>76,975</u>	<u>70,804</u>
Cost incurred during the financial year:		
Development costs	<u>1,354</u>	<u>5,758</u>
Reversal of completed projects	<u>(414)</u>	<u>-</u>
Cost recognised in profit or loss:		
At 1 January	(75,544)	(63,283)
Recognised during the financial year	(4,228)	(12,261)
Reversal of completed projects	414	-
At 31 December	<u>(79,358)</u>	<u>(75,544)</u>
Transfer from land held for property development	<u>5,984</u>	<u>413</u>
At 31 December	<u>4,541</u>	<u>1,431</u>

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Unquoted Shares		
At cost	25,916	25,916
Accumulated impairment losses	(20,501)	(20,501)
	<u>5,415</u>	<u>5,415</u>
Cost of investment arising from share options	2,458	2,458
Accumulated impairment losses	(2,458)	(2,458)
	<u>-</u>	<u>-</u>
	<u>5,415</u>	<u>5,415</u>

Movement of the accumulated impairment losses account is as follows:

	Company	
	2023 RM'000	2022 RM'000
At 1 January/31 December	<u>22,959</u>	<u>22,959</u>

13. INVESTMENT IN SUBSIDIARIES (continued)

Certain investment in subsidiaries with carrying values totalling RM5.4 million (2022: RM5.4 million) have been charged as security for the RCSLS and bonds and debts issued by the Company as disclosed in Notes 26 and 28 respectively.

Details of subsidiaries are as follows:

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2023 %	2022 %	
LCB Harta (M) Sdn Bhd	Malaysia	100.00	100.00	Managing of debts novated from the Company and certain of its subsidiaries pursuant to a debt restructuring exercise undertaken by the Company and certain of its subsidiaries
Limpahjaya Sdn Bhd	Malaysia	100.00	100.00	Investment holding, and trading in steel products and related services
Lion Construction & Engineering Sdn Bhd	Malaysia	100.00	100.00	Construction and civil engineering works, and investment holding
Lion Rubber Works Sdn Bhd	Malaysia	100.00	100.00	Ceased operations
Lion Steelworks Sdn Bhd	Malaysia	100.00	100.00	Manufacture and distribution of office equipment, security equipment and steel related products
Lion Trading & Marketing Sdn Bhd	Malaysia	100.00	100.00	Trading and marketing of security equipment, office equipment and steel related products
LCB Harta (L) Limited *	Malaysia	100.00	100.00	Acquisition and management of USD denominated consolidated and rescheduled debts
Total Triumph Investments Limited	British Virgin Islands	100.00	100.00	Investment holding

13. INVESTMENT IN SUBSIDIARIES (continued)

Details of subsidiaries are as follows: (continued)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2023 %	2022 %	
Subsidiaries of Limpahjaya Sdn Bhd				
Bersatu Investments Company Limited *	Hong Kong	71.00	71.00	Ceased operations
Megasteel Sdn Bhd #	Malaysia	79.00	78.89	Ceased operations
Umevest Sdn Bhd	Malaysia	100.00	100.00	Ceased operations
Secretarial Communications Sdn Bhd	Malaysia	100.00	100.00	Secretarial and share registration services
Subsidiary of Megasteel Sdn Bhd				
Megasteel Harta (L) Limited *	Malaysia	100.00	100.00	To issue and manage bonds pursuant to its parent company's debt financing exercise
Subsidiary of Lion Construction & Engineering Sdn Bhd				
PMB Building System Sdn Bhd	Malaysia	100.00	100.00	Investment holding
Subsidiary of PMB Building System Sdn Bhd				
PMB Jaya Sdn Bhd	Malaysia	100.00	100.00	Ceased operations
Subsidiary of Lion Steelworks Sdn Bhd				
Lion Fichet Sdn Bhd	Malaysia	100.00	100.00	Ceased operations

13. INVESTMENT IN SUBSIDIARIES (continued)

Details of subsidiaries are as follows: (continued)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2023 %	2022 %	
Subsidiary of Total Triumph Investments Limited				
Bright Steel Sdn Bhd	Malaysia	100.00	100.00	Manufacturing, sale and distribution of steel and iron products, leasing of equipment and trading of building materials
Subsidiaries of Bright Steel Sdn Bhd				
Bright Steel Service Centre Sdn Bhd	Malaysia	100.00	100.00	Ceased operations
Century Container Industries Sdn Bhd	Malaysia	100.00	100.00	Ceased operations
Omali Corporation Sdn Bhd	Malaysia	100.00	100.00	Investment holding
Subsidiary of LCB Harta (L) Limited				
Pancar Tulin Sdn Bhd	Malaysia	100.00	100.00	Property development
Subsidiary of Pancar Tulin Sdn Bhd				
Tanahmas Impian Sdn Bhd	Malaysia	100.00	100.00	Ceased operations

Notes:

* Financial statements of subsidiaries not audited by Ong Boon Bah & Co.

Financial statements of subsidiary is prepared on break-up basis.

13. INVESTMENT IN SUBSIDIARIES (continued)

Megasteel Sdn Bhd ("Megasteel"), the subsidiary company with non-controlling interests which the Group regards as material to the Group is set out below:

	2023	2022
	RM'000	RM'000
Accumulated balances of non-controlling interests:		
- Material non-controlling interests: Megasteel	<u>(1,813)</u>	<u>(82,801)</u>
Profit/(Loss) allocated to non-controlling interests:		
- Material non-controlling interests: Megasteel	<u>41,579</u>	<u>(2,701)</u>

The summarised financial information of the material non-controlling interests is provided below. This information is based on amounts before inter-company eliminations.

	Megasteel	
	2023	2022
	RM'000	RM'000
Summarised Statement of Profit or Loss:		
Revenue	-	-
Profit/(Loss) for the financial year	<u>196,955</u>	<u>(12,791)</u>
Summarised Statement of Financial Position:		
Current assets	514	647
Current liabilities	<u>(9,101)</u>	<u>(392,860)</u>
Net liabilities	<u>(8,587)</u>	<u>(392,213)</u>
Summarised Statement of Cash Flows:		
Operating activities	20	33
Financing activity	*	-
Net increase in cash and cash equivalents	<u>20</u>	<u>33</u>

* Financing activity included RM100 from the issuance of shares.

14. INVESTMENT IN ASSOCIATES

	Group	
	2023 RM'000	2022 RM'000
Quoted Shares outside Malaysia		
At cost	95,994	95,994
Accumulated impairment losses	(52,457)	(52,457)
	43,537	43,537
Unquoted Shares		
At cost	844,786	844,786
Accumulated impairment losses	(447,512)	(447,512)
	397,274	397,274
	440,811	440,811
Share of post-acquisition results and reserves	(421,555)	(424,244)
	19,256	16,567
Market value of quoted shares: Quoted shares outside Malaysia	24,117	25,518
Represented by: Share of net assets other than goodwill	62,457	58,559
	Company	
	2023 RM'000	2022 RM'000
Unquoted Shares		
At cost	1,540	1,540
Accumulated impairment losses	(1,540)	(1,540)
	-	-

Movement of the accumulated impairment losses account is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January/31 December	499,969	499,969	1,540	1,540

14. INVESTMENT IN ASSOCIATES (continued)

The associates are as follows:

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2023 %	2022 %	
Lion Plantations Sdn Bhd	Malaysia	30.00	30.00	Investment holding
ACB Resources Berhad	Malaysia	# 47.66	# 47.66	Investment holding
Lion Insurance Company Limited *	Malaysia	# 36.28	# 36.28	Captive insurance business
Lion Asiapac Limited *	Republic of Singapore	# 29.98	# 29.98	Investment holding

Notes:

Held by subsidiaries.

* Financial statements of associates not audited by Ong Boon Bah & Co.

The summarised financial information of the associates is as follows:

	Group	
	2023 RM'000	2022 RM'000
Assets		
Current assets	420,879	386,217
Non-current assets	75,582	70,682
Total assets	<u>496,461</u>	<u>456,899</u>
Liabilities		
Current liabilities	(2,240,049)	(2,090,803)
Non-current liabilities	(8,865)	(6,734)
Total liabilities	<u>(2,248,914)</u>	<u>(2,097,537)</u>
Results		
Revenue	185,962	181,804
Loss for the year	<u>(126,054)</u>	<u>(155,243)</u>

The Group's share of losses of the associates has been recognised to the extent of the carrying amount of the investments. The cumulative unrecognised share of losses amounted to RM960.9 million (2022: RM901.0 million) and current year's unrecognised share of loss amounted to RM59.9 million (2022: RM68.8 million).

15. INVESTMENT SECURITIES

(a) Non-Current

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fair Value Through Other Comprehensive Income				
Quoted Shares in Malaysia	295	326	35	17
Unquoted Shares	964	964	-	-
	<u>1,259</u>	<u>1,290</u>	<u>35</u>	<u>17</u>
Market value of quoted shares	<u>295</u>	<u>326</u>	<u>35</u>	<u>17</u>

(b) Current - Unquoted Bonds

	Group	
	2023 RM'000	2022 RM'000
Unquoted bonds	12,627	12,219
Exchange difference	586	665
	<u>13,213</u>	<u>12,884</u>
Impairment losses	<u>(13,213)</u>	<u>(12,884)</u>
	<u>-</u>	<u>-</u>

Movement of the accumulated impairment losses account is as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	12,884	12,219
Reversal	(257)	-
Exchange difference	586	665
At 31 December	<u>13,213</u>	<u>12,884</u>

Investments in unquoted bonds represent consolidated and rescheduled USD debts issued by Amsteel Harta (L) Limited ("ACB SPV") ("ACB SPV Debts") acquired by a subsidiary, from its holder in previous financial years. The ACB SPV Debts constitute direct, unsubordinated and secured obligations of the ACB SPV and were charged as security for the RCCLS and bonds and debts issued by the Company.

The terms of the ACB SPV Debts are as follows:

- (i) The ACB SPV Debts are receivable annually on 31 December of each calendar year and are subject to late payment charges of 1% per annum above the cash yield-to-maturity.
- (ii) The ACB SPV Debts are secured by assets included in the proposed divestment programme for ACB Resources Berhad ("ACB") and its subsidiaries ("ACB Group"), certain assets and investments, and such other securities provided and as may be provided from time to time by the ACB Group to the Security Trustee for the benefit of, *inter alia*, the holders of the ACB SPV Debts.

16. DEFERRED TAX ASSETS

	Group	
	2023 RM'000	2022 RM'000
At 1 January	12	103
Recognised in profit or loss (Note 8)	3	(91)
At 31 December	<u>15</u>	<u>12</u>

Deferred Tax Assets of the Group

	Lease liabilities	
	2023 RM'000	2022 RM'000
At 1 January	12	103
Recognised in profit or loss (Note 8)	3	(91)
At 31 December	<u>15</u>	<u>12</u>

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

	Group	
	2023 RM'000	2022 RM'000
Unused tax losses	2,144,969	2,143,569
Unabsorbed capital allowances	207,989	209,221
	<u>2,352,958</u>	<u>2,352,790</u>

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 subsidiaries 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 subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

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

17. CONTRACT ASSETS/LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Revenue recognised to date	134,332	237,994
Progress billings issued to date	<u>(141,179)</u>	<u>(215,984)</u>
	<u>(6,847)</u>	<u>22,010</u>
Represented by:		
Contract assets	-	22,010
Contract liabilities	<u>(6,847)</u>	-
	<u>(6,847)</u>	<u>22,010</u>

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for sale of development properties. Contract assets are transferred to receivable when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received progress payment in advance from customers for sale of development properties. Contract liabilities are recognised as revenue as the Group performs under the contract.

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables	30,001	22,623	-	-
Accumulated impairment losses (a)	(9,492)	(9,490)	-	-
	20,509	13,133	-	-
Other receivables	4,313	4,637	226	231
Accumulated impairment losses (b)	(3,799)	(3,804)	(226)	(231)
	514	833	-	-
Prepayments	48,715	48,191	-	-
Deposits	2,392	3,670	-	-
	<u>72,130</u>	<u>65,827</u>	<u>-</u>	<u>-</u>

Included in receivables and prepayments of the Group are related parties balances of which RM12.2 million (2022: RM9.8 million) are in trade receivables, RM0.6 million (2022: RM0.8 million) are in other receivables and RM48.7 million (2022: RM47.9 million) are in prepayments.

Included in other receivables of the Company are related parties balances of RM0.1 million (2022: RM0.1 million).

The Group's normal trade credit terms range from 14 days to 120 days (2022: 14 days to 120 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

18. TRADE AND OTHER RECEIVABLES (continued)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2023 RM'000	2022 RM'000
Neither past due nor impaired	7,809	1,536
1 to 30 days past due not impaired	-	-
31 to 60 days past due not impaired	-	-
61 to 90 days past due not impaired	403	739
91 to 180 days past due not impaired	1,490	1,789
More than 180 days past due not impaired	10,807	9,069
	12,700	11,597
Impaired	9,492	9,490
	30,001	22,623

(a) Movement of the accumulated impairment losses account for trade receivables is as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	9,490	10,909
Addition	2	-
Reversal	-	(1,419)
At 31 December	9,492	9,490

(b) Movement of the accumulated impairment losses account for other receivables is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	3,804	3,615	231	231
Addition	-	203	-	-
Reversal	(5)	(14)	(5)	-
At 31 December	3,799	3,804	226	231

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's receivables that are neither past due nor impaired have been renegotiated during the financial year.

18. TRADE AND OTHER RECEIVABLES (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM12.7 million (2022: RM11.6 million) that are past due at the reporting date but not impaired.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors, other than a related party balance of RM12.2 million (2022: RM9.8 million).

19. AMOUNT DUE FROM/TO SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Amount due from subsidiaries	14,373	14,366
Accumulated impairment losses	(14,373)	(14,366)
	<u>-</u>	<u>-</u>
Amount due to subsidiaries	<u>309,227</u>	<u>248,580</u>

Movement of the accumulated impairment losses account is as follows:

	Company	
	2023 RM'000	2022 RM'000
At 1 January	14,366	14,361
Addition	7	5
At 31 December	<u>14,373</u>	<u>14,366</u>

The amount due from/to subsidiaries which arose mainly from inter-company advances and payments made on behalf are unsecured, repayable on demand and interest free (2022: interest free).

20. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits with licensed banks	4,821	30,318	370	443
Cash and bank balances	32,192	53,028	720	531
	<u>37,013</u>	<u>83,346</u>	<u>1,090</u>	<u>974</u>

Deposits of the Group and of the Company carry weighted average interest rates ranging from 2.10% to 3.30% (2022: 1.40% to 2.70%) and 2.10% to 2.95% (2022: 1.40% to 2.70%) per annum respectively.

Deposits of the Group and of the Company had tenure of maturity which range from 2 to 31 days (2022: 5 to 31 days) and 2 to 13 days (2022: 5 to 14 days) respectively.

21. SHARE CAPITAL

	Group and Company	
	2023 '000	2022 '000
Number of Ordinary Shares:		
At 1 January/31 December	<u>1,316,199</u>	<u>1,316,199</u>
	RM'000	RM'000
Issued Share Capital:		
At 1 January/31 December	<u>1,413,884</u>	<u>1,413,884</u>

22. RESERVES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-Distributable:				
Capital reserve	56,023	50,538	3,046	3,046
Foreign currency translation reserve	21,518	15,908	-	-
Fair value adjustment reserve	(13,650)	(16,782)	140	122
Equity component of RCLS	8,990	8,990	8,990	8,990
	<u>72,881</u>	<u>58,654</u>	<u>12,176</u>	<u>12,158</u>
Accumulated losses	<u>(2,875,003)</u>	<u>(2,927,370)</u>	<u>(3,220,519)</u>	<u>(3,129,942)</u>
	<u>(2,802,122)</u>	<u>(2,868,716)</u>	<u>(3,208,343)</u>	<u>(3,117,784)</u>

The nature and purpose of each category of reserves are as follows:

(a) Capital Reserve

Capital reserve comprises mainly share of post acquisition reserves of associates and profits recorded by a subsidiary of the Company which was incorporated to manage the Ringgit Malaysia debts and bonus share issue through retained earnings by a subsidiary.

(b) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations.

(c) Fair Value Adjustment Reserve

Fair value adjustment reserve represents the cumulative fair value changes of fair value through other comprehensive income.

(d) Equity Component of RCLS

This reserve represents the fair value of the equity component of RCLS, net of deferred tax liabilities, as determined on the date of issue.

23. PREFERENCE SHARES

Megasteel Sdn Bhd ("Megasteel") issued Preference "D" Shares, Preference "E" Shares, Preference "F" Shares and Preference "G" Shares, of which Preference "D" Shares and Preference "F" Shares were issued to the immediate holding company, Limpahjaya Sdn Bhd. The Preference "E" Shares and Preference "G" Shares were held by a related party.

Pursuant to the Proposed Capital Reduction and Share Issuance of Megasteel which was effected on 11 January 2023, the capital of Megasteel comprising ordinary shares, Preference "D" Shares, Preference "E" Shares, Preference "F" Shares and Preference "G" Shares had been cancelled as disclosed in Note 35.

	Group	
	2023 RM'000	2022 RM'000
Preference "E" Shares Issued Share Capital:		
At 1 January	11,000	11,000
Cancellation (Note 35)	<u>(11,000)</u>	-
At 31 December	<u>-</u>	<u>11,000</u>
Preference "G" Shares Issued Share Capital:		
At 1 January	100,000	100,000
Cancellation (Note 35)	<u>(100,000)</u>	-
At 31 December	<u>-</u>	<u>100,000</u>
Total	<u>-</u>	<u>111,000</u>

24. LOANS AND BORROWINGS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short Term Borrowings				
Secured:				
RCSLS (Note 26)	184,887	52,654	184,887	52,654
Finance lease liability (Note 27)	13	13	-	-
	<u>184,900</u>	<u>52,667</u>	<u>184,887</u>	<u>52,654</u>
Long Term Borrowings				
Secured:				
RCSLS (Note 26)	187,089	313,927	187,089	313,927
Finance lease liability (Note 27)	16	29	-	-
	<u>187,105</u>	<u>313,956</u>	<u>187,089</u>	<u>313,927</u>
Total Borrowings				
RCSLS (Note 26)	371,976	366,581	371,976	366,581
Finance lease liability (Note 27)	29	42	-	-
	<u>372,005</u>	<u>366,623</u>	<u>371,976</u>	<u>366,581</u>

24. LOANS AND BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities of the Group

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities excluded RCSSLs are those for which cash flows were classified in the Group's statements of cash flows as cash flows from financing activities:

	As at 1.1.2023 RM'000	Repayment RM'000	Interest accrued RM'000	As at 31.12.2023 RM'000
Finance lease liability	<u>42</u>	<u>(15)</u>	<u>2</u>	<u>29</u>
	As at 1.1.2022 RM'000	Repayment RM'000	Interest accrued RM'000	As at 31.12.2022 RM'000
Finance lease liability	<u>54</u>	<u>(14)</u>	<u>2</u>	<u>42</u>

Reconciliation of liabilities arising from financing activities of the Group and of the Company

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 were classified in the Group's and the Company's statements of cash flows as cash flows from financing activities:

	As at 1.1.2023 RM'000	Repayment RM'000	Interest accrued RM'000	As at 31.12.2023 RM'000
RCSSLs	<u>366,581</u>	<u>(16,008)</u>	<u>21,403</u>	<u>371,976</u>
	As at 1.1.2022 RM'000	Repayment RM'000	Interest accrued RM'000	As at 31.12.2022 RM'000
RCSSLs	<u>354,568</u>	<u>(8,724)</u>	<u>20,737</u>	<u>366,581</u>

The weighted average effective interest rates at the reporting date for the respective credit facilities are as follows:

	Group and Company	
	2023	2022
	%	%
Fixed rate		
RCSSLs	<u>5.8</u>	<u>5.8</u>

25. LEASE LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
At 1 January	875	7,320
Ceased	-	(5,528)
Finance costs (Note 7)	48	303
Payment of lease rental	(95)	(1,220)
At 31 December	<u>828</u>	<u>875</u>
Breakdown:		
Current	50	47
Non-Current	778	828
	<u>828</u>	<u>875</u>

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

Group	Future minimum lease payments RM'000	Interest RM'000	Present value of lease payments RM'000
2023			
Less than 1 year	95	(45)	50
Later than 1 year and not later than 5 years	379	(150)	229
More than 5 years	665	(116)	549
	<u>1,139</u>	<u>(311)</u>	<u>828</u>
2022			
Less than 1 year	95	(48)	47
Later than 1 year and not later than 5 years	380	(163)	217
More than 5 years	759	(148)	611
	<u>1,234</u>	<u>(359)</u>	<u>875</u>

25. LEASE LIABILITIES (continued)

Reconciliation of liabilities arising from financing activities of the Group

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were classified in the Group's statements of cash flows as cash flows from financing activities:

	As at 1.1.2023 RM'000	Finance costs RM'000	Financing cash flows RM'000	As at 31.12.2023 RM'000	
Group					
Lease liabilities	<u>875</u>	<u>48</u>	<u>(95)</u>	<u>828</u>	
	As at 1.1.2022 RM'000	Finance costs RM'000	Financing cash flows RM'000	Cessation of lease RM'000	As at 31.12.2022 RM'000
Group					
Lease liabilities	<u>7,320</u>	<u>303</u>	<u>(1,220)</u>	<u>(5,528)</u>	<u>875</u>

26. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS")

Pursuant to the completion of the LCB Scheme for implementation on 27 February 2009, the Company had converted a portion of its LCB Class B Bonds and LCB Debts into LCB RCSLS as follows:

- (a) RM294,747,299 nominal value of LCB Class B(a) Bonds with present value of RM286,834,000 into RM286,834,000 nominal value of LCB Class B(a) RCSLS;
- (b) RM200,000,000 nominal value of LCB Class B(b) Bonds with present value of RM178,769,000 into RM178,769,000 nominal value of LCB Class B(b) RCSLS; and
- (c) RM5,252,701 nominal value of LCB Debts with present value of RM5,130,000 into RM5,130,000 nominal value of LCB Class B(c) RCSLS.

Salient terms of the RCSLS are as follows:

- (i) The tranches of RCSLS are as follows:

	Class	Nominal Value RM'000	Maturity Date	Coupon Rate (per annum)
RCSLS	B(a)	286,834	31.12.2015	5.00%
RCSLS	B(b)	178,769	31.12.2015	7.00%
RCSLS	B(c)	<u>5,130</u>	31.12.2015	4.25%
		<u>470,733</u>		

The RCSLS are subject to late payment charge of 1% per annum above the coupon rate.

26. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS") (continued)

Salient terms of the RCSLS are as follows: (continued)

(ii) Conversion right and rate

The RCSLS were convertible into new ordinary shares in the Company ("LCB Shares") during the conversion period at the conversion price of RM1.00 nominal amount of the RCSLS for every new LCB Share. In conjunction with the capital reconstruction undertaken by the Company in the previous financial years, the conversion price of the RCSLS has been adjusted from RM1.00 to RM5.00.

(iii) Conversion period

The RCSLS are convertible into new LCB Shares on or after the issue date (27 February 2009) of the RCSLS but ending on the maturity date (31 December 2015). In the previous financial years, the RCSLS Holders had granted approval for the extension of time for the redemption of the RCSLS to 31 December 2030 and as such, the conversion period was extended to 31 December 2030 accordingly.

(iv) Redeemability

The redemption of the RCSLS at RM1.00 for every RM1.00 nominal value of RCSLS is as follows:

- Mandatory Early Redemption - to redeem in chronological order of the redemption date in the event the surplus in the Redemption Account is RM5,000,000 or more on a pro rata basis with the LCB Bonds, LCB Debts and RCSLS.
- Redemption Upon Maturity - all outstanding RCSLS and not converted on the expiry of the conversion period will be redeemed for cash at RM1.00 per RCSLS.
- Mandatory Redemption

(a) the Company shall redeem 20% of the total RCSLS issued at every redemption date as follows:

- 31 December 2011;
- 31 December 2012;
- 31 December 2013;
- 31 December 2014; and
- 31 December 2015

(b) all outstanding RCSLS shall be redeemed upon the occurrence of a shareholders' or creditors' winding up of the Company or upon the declaration of the event of default.

In the previous financial years, RCSLS Holders have granted approval for the extension of time for the redemption of the RCSLS up to 31 December 2030.

(v) Security

The securities for the RCSLS shall be the same as the securities for the LCB Bonds and LCB Debts (Note 28).

26. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS") (continued)

Salient terms of the RCSLS are as follows: (continued)

(vi) Ranking of New Shares

The new LCB Shares to be issued pursuant to the conversion of the RCSLS shall rank *pari passu* in all respects with the then existing issued and paid-up shares of the Company, except that they will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the crediting of the new shares into the securities account of the holder maintained with Bursa Depository Malaysia Sdn Bhd.

As at 31 December 2023, RM431,440,672 (2022: RM447,596,906) nominal value of RCSLS remained outstanding.

The value of the RCSLS has been split into the liability component and the equity component, representing the fair value of the conversion option. The RCSLS are accounted for in the statements of financial position as follows:

	Group and Company	
	2023	2022
	RM'000	RM'000
Liability component at beginning of the financial year	366,581	354,568
Interest expenses recognised during the financial year (Note 7)	21,403	20,737
Repayment during the financial year	(16,008)	(8,724)
Liability component at end of the financial year	<u>371,976</u>	<u>366,581</u>
Breakdown:		
Current	184,887	52,654
Non-Current	187,089	313,927
	<u>371,976</u>	<u>366,581</u>

The RCSLS are redeemable over the following periods:

	Group and Company	
	2023	2022
	RM'000	RM'000
Within 1 year	184,887	52,654
From 1 to 2 years	39,637	136,985
From 2 to 5 years	97,531	102,061
After 5 years	49,921	74,881
	<u>371,976</u>	<u>366,581</u>

Included in the RCSLS is an amount of RM334.2 million (2022: RM329.4 million) due to a related party.

27. FINANCE LEASE LIABILITY

	Group	
	2023	2022
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	14	14
Later than 1 year and not later than 2 years	16	14
Later than 2 years and not later than 5 years	-	17
	<u>30</u>	<u>45</u>
Future finance charges	(1)	(3)
	<u>29</u>	<u>42</u>
Present value of finance lease payments:		
Not later than 1 year	13	13
Later than 1 year and not later than 2 years	16	13
Later than 2 years and not later than 5 years	-	16
	<u>29</u>	<u>42</u>
Analysed as:		
Due within 12 months	13	13
Due after 12 months	16	29
	<u>29</u>	<u>42</u>

The finance lease liability carries interest rate at the reporting date at 2.5% (2022: 2.5%) per annum.

28. BONDS AND DEBTS

	Group and Company	
	2023	2022
	RM'000	RM'000
Current		
Secured:		
LCB Bonds	145,254	142,873
LCB Debts	1,131	1,087
	<u>146,385</u>	<u>143,960</u>
Non-Current		
Secured:		
LCB Bonds	947,378	925,363
LCB Debts	5,511	5,322
	<u>952,889</u>	<u>930,685</u>
Total		
Secured:		
LCB Bonds	1,092,632	1,068,236
LCB Debts	6,642	6,409
	<u>1,099,274</u>	<u>1,074,645</u>

28. BONDS AND DEBTS (continued)

The bonds and debts are redeemable/repayable over the following periods:

	Group and Company	
	2023 RM'000	2022 RM'000
Within 1 year	146,385	143,960
From 1 to 2 years	126,647	35,413
From 2 to 5 years	327,391	520,100
After 5 years	498,851	375,172
	1,099,274	1,074,645

Reconciliation of liabilities arising from financing activities of the Group and of the Company

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 were classified in the Group's and the Company's statements of cash flows as cash flows from financing activities:

	As at 1.1.2023 RM'000	Redemption/ Repayment RM'000	Interest accrued RM'000	Exchange differences RM'000	As at 31.12.2023 RM'000
LCB Bonds	1,068,236	(43,633)	68,029	-	1,092,632
LCB Debts	6,409	(359)	280	312	6,642
	1,074,645	(43,992)	68,309	312	1,099,274

	As at 1.1.2022 RM'000	Redemption/ Repayment RM'000	Interest accrued RM'000	Exchange differences RM'000	As at 31.12.2022 RM'000
LCB Bonds	1,009,689	(5,981)	64,528	-	1,068,236
LCB Debts	6,099	(275)	272	313	6,409
	1,015,788	(6,256)	64,800	313	1,074,645

Included in the Bonds and Debts is an amount of RM1,044.8 million (2022: RM1,020.3 million) due to a related party.

The Company had on 27 February 2009 implemented the LCB Scheme which is to address its debt obligation to redeem/repay the LCB Bonds and LCB Debts issued by the Company pursuant to the Group Wide Restructuring Scheme ("GWRS") implemented in 2003.

On 27 February 2009, the Company had:

- (i) fully redeemed its LCB Class A Bonds amounting to RM35.9 million;
- (ii) converted RM900,000,000 nominal value of LCB Class B(b) Bonds with a present value of RM804,460,000 into 804,460,000 new ordinary shares; and
- (iii) converted a portion of its LCB Class B Bonds and LCB Debts into RCSLS (Note 26).

28. BONDS AND DEBTS (continued)

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

- (i) The tranches of LCB Bonds and LCB Debts are as follows:

	Class	Nominal Value RM'000	Net Present Value RM'000	Maturity Date	Cash Yield-to-Maturity (per annum)
LCB Bonds	B(a)	592,647	408,881	31.12.2019	5.00%
LCB Bonds	B(b)	1,347,652	809,717	31.12.2020	7.00%
LCB Debts	B	10,734	7,974	31.12.2019	4.25%
		<u>1,951,033</u>	<u>1,226,572</u>		

The LCB Bonds and LCB Debts are redeemable/repayable annually on 31 December of each calendar year and are subject to late payment charges of 1% per annum above the cash yield-to-maturity.

- (ii) The Security Trustee holds the following securities ("Securities") for the benefit of the holders of the LCB Bonds and LCB Debts:
- The assets included in the Proposed Divestment Programme ("PDP") for the Group. If there is an existing security on any such assets, the Security Trustee will take a lower priority security interest;
 - The LDHB Inter-Co Repayment received by the Company;
 - Entire/Partial investment in Lion Plate Mills Sdn Bhd ("LPM")*, Bright Steel Sdn Bhd, Megasteel, LCB Harta (L) Limited and certain investment in associates;
 - The Residual Assets, if any;
 - Dividends upstreaming from LPM and Bright Steel Sdn Bhd;
 - The excess, if any, of the ACB SPV Debts and proceeds of the Property Development Project known as Mahkota Cheras Project;
 - All rights, title and interest of the Company and Limpahjaya Sdn Bhd under the Deed of Undertaking;
 - Proceeds from the disposal of 66,666,667 ordinary shares in Megasteel;
 - 33,333,333 ordinary shares in Megasteel;
 - Shares and assets in Pancar Tulin Sdn Bhd (including the property development project);
 - Shares in LCB Harta (L) Limited;
 - Such other securities as may be provided from time to time to the Security Trustee for the benefit of the Bondholders, RCSLS Holders and the Lenders; and

28. BONDS AND DEBTS (continued)

The principal terms and conditions of the LCB Bonds and LCB Debts are as follows: (continued)

- (ii) The Security Trustee holds the following securities ("Securities") for the benefit of the holders of the LCB Bonds and LCB Debts: (continued)
- (m) The Redemption Account and the General Escrow Account held by the Company. The Redemption Account will capture the LCB Dedicated Cash Flows.

Dedicated Cash Flows means cash flow from the following sources:

- net surplus proceeds from the disposal of any assets in the PDP for the Group over which there is presently a security, if applicable;
- proceeds of the LDHB Inter-Co Repayment received by the Company (including any loyalty payment received following the full repayment of LDHB Inter-Co Repayment);
- dividends or cash flow from the Deed of Undertaking;
- subject to the proportions allocated pursuant to the Trust Deed, dividends and disposal proceeds from Bright Steel Sdn Bhd and LPM;
- repayment proceeds from the ACB SPV Debts and proceeds from the Property Development Project; and
- proceeds from the disposal of 11.1% of the issued and paid-up share capital of Megasteel.

Monies captured in the Redemption Account can only be used towards redemption/repayment of the LCB Bonds, LCB Debts and RCSLS and cannot be utilised for any other purposes.

- * LPM was disposed of on 31 December 2013. Consequent thereon, LPM is no longer a subsidiary of the Company and was excluded from the LCB Scheme.

The LCB Bonds, LCB Debts and RCSLS constitute direct, unsubordinated and secured obligations of the Company, being the issuer.

The LCB Bonds, LCB Debts and RCSLS ranked *pari passu* amongst each other over the Securities held by the Security Trustee under items (a) to (m) above.

In the previous financial years, Bondholders and Lenders had granted approval for extension of the redemption/repayment period for LCB Bonds and LCB Debts up to 31 December 2034.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables	8,516	12,577	-	-
Other payables	39,141	164,585	4,412	4,383
Accruals	23,133	22,558	16,128	16,128
Provision for costs of completion	11,878	21,410	-	-
	82,668	221,130	20,540	20,511

Included in payables of the Group and of the Company are related parties balances of which RM0.6 million (2022: RM0.6 million) and RM Nil (2022: RM Nil) respectively are in trade payables, RM7.1 million (2022: RM5.7 million) and RM4.1 million (2022: RM4.0 million) respectively are in other payables.

At as 31 December 2022, included in other payables of the Group was an accrued cost on preference shares of RM110.4 million. This amount was reversed upon the cancellation of the preference shares of Megasteel pursuant to the Proposed Capital Reduction and Share Issuance of Megasteel as disclosed in Notes 23 and 35.

30. RELATED PARTY TRANSACTIONS

Related parties refer to entities in which certain substantial shareholders of the Company or persons connected with such substantial shareholders have substantial interests.

Significant transactions undertaken with related parties are as follows:

Name of Company	Type of Transactions	Group	
		2023 RM'000	2022 RM'000
Amsteel Mills Sdn Bhd	Sales of scrap	92	412
	Rental expenses	686	335
PM Holdings Sdn Bhd	Management fee	2,295	1,942
Lion Group Management Services Sdn Bhd	Management fee	1,166	1,080
	Rental expenses	35	35
Posim Marketing Sdn Bhd	Trade purchases	33	8
Lion Mining Sdn Bhd	Rental income	2,455	2,676
Likom Caseworks Sdn Bhd	Sales of property, plant and equipment	-	225
	Trade purchases	2	6

30. RELATED PARTY TRANSACTIONS (continued)

Significant transactions undertaken with related parties are as follows: (continued)

Amsteel Mills Sdn Bhd, PM Holdings Sdn Bhd, Lion Group Management Services Sdn Bhd and Posim Marketing Sdn Bhd are subsidiaries of Lion Industries Corporation Berhad, a substantial shareholder of the Company wherein a substantial shareholder of the Company has a substantial interest.

Lion Mining Sdn Bhd is a company wherein a substantial shareholder of the Company has a substantial interest.

Likom Caseworks Sdn Bhd is a subsidiary of Lion Diversified Holdings Berhad (In Liquidation), a substantial shareholder of the Company wherein certain substantial shareholders of the Company have substantial interests.

The Directors of the Company are of the opinion that the above transactions have been entered into in 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.

31. SEGMENTAL ANALYSIS

The Group is organised into 3 major business segments:

- | | |
|----------------|---|
| (i) Property | - property development |
| (ii) Furniture | - manufacturing, distribution and trading of office equipment and security equipment |
| (iii) Others | - investment holding, secretarial and share registration services, leasing of equipment and trading of building materials |

No geographical segmental analysis is presented as the Group operates principally in Malaysia.

The Directors are of the opinion that all inter-segment transactions were carried out on terms and conditions not materially different from those obtainable in transactions with independent third parties.

31. SEGMENTAL ANALYSIS (continued)

Group	Property RM'000	Furniture RM'000	Others RM'000	Elimination RM'000	Group RM'000
2023					
Revenue					
External	10,996	10,983	2,567	-	24,546
Inter-segment	-	-	24	(24)	-
	<u>10,996</u>	<u>10,983</u>	<u>2,591</u>	<u>(24)</u>	<u>24,546</u>
Results					
Segment results	1,020	(3,582)	3,429	-	867
Interest income	1,388	20	143	-	1,551
Profit from operations					2,418
Finance costs					(90,595)
Reversal of accrued cost on preference shares					110,400
Reversal of impairment losses on:					
- receivables (net)					3
- investment securities					257
Share in results of associates					(127)
Profit before tax					22,356
Tax expense					(1)
Net profit for the financial year					<u>22,355</u>
Assets					
Segment assets	63,317	9,132	74,688	-	147,137
Investment in associates					19,256
Unallocated corporate assets					5,178
Consolidated total assets					<u>171,571</u>
Liabilities					
Segment liabilities	23,768	3,636	62,939	-	90,343
Unallocated corporate liabilities					1,471,279
Consolidated total liabilities					<u>1,561,622</u>
Other information					
Capital expenditure	1	750	-	-	751
Depreciation	26	124	1,704	-	1,854

31. SEGMENTAL ANALYSIS (continued)

Group	Property RM'000	Furniture RM'000	Others RM'000	Elimination RM'000	Group RM'000
2022					
Revenue					
External	31,785	13,603	2,798	-	48,186
Inter-segment	-	-	27	(27)	-
	<u>31,785</u>	<u>13,603</u>	<u>2,825</u>	<u>(27)</u>	<u>48,186</u>
Results					
Segment results	(3,366)	(3,877)	(1,691)	-	(8,934)
Interest income	1,005	14	122	-	1,141
Loss from operations					(7,793)
Finance costs					(95,320)
Reversal of impairment loss on receivables					1,230
Share in results of associates					(4,028)
Loss before tax					(105,911)
Tax expense					(123)
Net loss for the financial year					<u>(106,034)</u>
Assets					
Segment assets	127,962	12,856	74,711	-	215,529
Investment in associates					16,567
Unallocated corporate assets					4,544
Consolidated total assets					<u>236,640</u>
Liabilities					
Segment liabilities	30,446	3,234	299,325	-	333,005
Unallocated corporate liabilities					1,441,268
Consolidated total liabilities					<u>1,774,273</u>
Other information					
Capital expenditure	2	340	-	-	342
Depreciation	33	1,813	2,588	-	4,434

32. STATEMENTS OF CASH FLOWS

(a) Adjustments for non-cash items and interests

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Gain on disposal of property, plant and equipment	(288)	(421)	-	-
Gain on lease cessation	-	(644)	-	-
Reversal of accrued cost on preference shares	(110,400)	-	-	-
(Reversal of impairment losses)/ Impairment losses on:				
- amount due from subsidiaries	-	-	7	5
- receivables (net)	(3)	(1,230)	(5)	-
- investment securities	(257)	-	-	-
Interest expenses	90,595	95,320	89,712	85,537
Interest income	(1,551)	(1,141)	(9)	(12)
Depreciation:				
- property, plant and equipment	1,791	2,802	-	-
- right-of-use assets	63	1,632	-	-
Share in results of associates	127	4,028	-	-
Unrealised loss on foreign exchange (net)	1,968	236	312	313
Written off of:				
- property, plant and equipment	-	385	-	-
- property development cost	-	92	-	-
- receivables	5	14	5	-
Reversal of allowance for obsolete inventories	(70)	-	-	-
	<u>(18,020)</u>	<u>101,073</u>	<u>90,022</u>	<u>85,843</u>

(b) Purchase of property, plant and equipment

	Group	
	2023 RM'000	2022 RM'000
Purchase by cash (Note 10)	<u>751</u>	<u>342</u>

(c) Cash and cash equivalents at end of the financial year

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits with licensed banks	4,821	30,318	370	443
Cash and bank balances	32,192	53,028	720	531
	<u>37,013</u>	<u>83,346</u>	<u>1,090</u>	<u>974</u>

32. STATEMENTS OF CASH FLOWS (continued)

(c) Cash and cash equivalents at end of the financial year (continued)

The titles of the following bank balances, which arose from a property development project, have not been transferred into the name of the subsidiary:

	Group	
	2023 RM'000	2022 RM'000
Bank balances	<u>5,725</u>	<u>7,024</u>

Included in bank balances of a subsidiary is an amount of RM28.7 million (2022: RM48.8 million) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use for other operations.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised under MFRS 9:

- (a) Financial assets measured at amortised cost ("FAAC");
- (b) Financial liabilities measured at amortised cost ("FLAC"); and
- (c) Fair value through other comprehensive income ("FVOCI").

Group	Carrying amount RM'000	FAAC RM'000	FLAC RM'000	FVOCI RM'000
2023				
Financial assets				
Investment securities	1,259	-	-	1,259
Trade and other receivables	23,415	23,415	-	-
Deposits, cash and bank balances	37,013	37,013	-	-
	<u>61,687</u>	<u>60,428</u>	<u>-</u>	<u>1,259</u>
Financial liabilities				
Trade and other payables	59,535	-	59,535	-
Contract liabilities	6,847	-	6,847	-
Loans and borrowings	372,005	-	372,005	-
Lease liabilities	828	-	828	-
Bonds and debts	1,099,274	-	1,099,274	-
	<u>1,538,489</u>	<u>-</u>	<u>1,538,489</u>	<u>-</u>

33. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised under MFRS 9: (continued)

Company	Carrying amount RM'000	FAAC RM'000	FLAC RM'000	FVOCI RM'000
2023				
Financial assets				
Investment securities	35	-	-	35
Deposits, cash and bank balances	1,090	1,090	-	-
	<u>1,125</u>	<u>1,090</u>	<u>-</u>	<u>35</u>
Financial liabilities				
Other payables	4,412	-	4,412	-
Amount due to subsidiaries	309,227	-	309,227	-
Loans and borrowings	371,976	-	371,976	-
Bonds and debts	1,099,274	-	1,099,274	-
	<u>1,784,889</u>	<u>-</u>	<u>1,784,889</u>	<u>-</u>
Group				
2022				
Financial assets				
Investment securities	1,290	-	-	1,290
Contract assets	22,010	22,010	-	-
Trade and other receivables	17,636	17,636	-	-
Deposits, cash and bank balances	83,346	83,346	-	-
	<u>124,282</u>	<u>122,992</u>	<u>-</u>	<u>1,290</u>
Financial liabilities				
Trade and other payables	198,572	-	198,572	-
Loans and borrowings	366,623	-	366,623	-
Lease liabilities	875	-	875	-
Bonds and debts	1,074,645	-	1,074,645	-
	<u>1,640,715</u>	<u>-</u>	<u>1,640,715</u>	<u>-</u>
Company				
2022				
Financial assets				
Investment securities	17	-	-	17
Deposits, cash and bank balances	974	974	-	-
	<u>991</u>	<u>974</u>	<u>-</u>	<u>17</u>

33. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised under MFRS 9: (continued)

Company	Carrying amount RM'000	FAAC RM'000	FLAC RM'000	FVOCI RM'000
2022				
Financial liabilities				
Other payables	4,383	-	4,383	-
Amount due to subsidiaries	248,580	-	248,580	-
Loans and borrowings	366,581	-	366,581	-
Bonds and debts	1,074,645	-	1,074,645	-
	<u>1,694,189</u>	<u>-</u>	<u>1,694,189</u>	<u>-</u>

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 is exposed to financial risk from operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Group operates within clearly defined guidelines on financial risk management and it is not the Group's policy to engage in speculative transactions.

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

(a) Foreign Currency Risk

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

The Group is exposed to foreign currency risk on deposits, cash and bank balances, trade and other receivables, trade and other payables and bonds and debts that are denominated in currencies other than the functional currency of the Group.

The Group does not hedge the currency risk because the amounts are short term in nature.

Carrying amounts of the Group's exposure to foreign currency risk are as follows:

Group	USD RM'000	Euro RM'000	Others RM'000	Total RM'000
2023				
Deposits, cash and bank balances	1,391	-	-	1,391
Trade and other receivables	69	-	-	69
Trade and other payables	355	24,710	-	25,065
Bonds and debts	6,642	-	-	6,642
	<u>1,391</u>	<u>-</u>	<u>-</u>	<u>1,391</u>

33. FINANCIAL INSTRUMENTS (continued)

Financial Risk Management Objectives and Policies (continued)

(a) Foreign Currency Risk (continued)

Carrying amounts of the Group's exposure to foreign currency risk are as follows: (continued)

	USD RM'000	Euro RM'000	Others RM'000	Total RM'000
Company				
2023				
Bonds and debts	<u>6,642</u>	<u>-</u>	<u>-</u>	<u>6,642</u>
Group				
2022				
Deposits, cash and bank balances	1,681	-	60	1,741
Trade and other receivables	178	-	-	178
Trade and other payables	117	22,039	-	22,156
Bonds and debts	<u>6,409</u>	<u>-</u>	<u>-</u>	<u>6,409</u>
Company				
2022				
Bonds and debts	<u>6,409</u>	<u>-</u>	<u>-</u>	<u>6,409</u>

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's and of the Company's profit/(loss) after tax for the financial year to a reasonably possible change in the USD against the functional currency of the Group and of the Company, with all other variables held constant:

	Profit/(Loss) after tax	
	2023	2022
	RM'000	RM'000
Group		
USD/RM - strengthened 3%	(126)	(106)
- weakened 3%	<u>126</u>	<u>106</u>
Company		
USD/RM - strengthened 3%	(151)	(146)
- weakened 3%	<u>151</u>	<u>146</u>

33. FINANCIAL INSTRUMENTS (continued)

Financial Risk Management Objectives and Policies (continued)

(b) Interest Rate Risk

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

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits. Interest rates of the Group's borrowings are managed through fixed and floating rates. Investments in financial assets are short term in nature and are mostly placed as short term deposits with licensed financial institutions.

The information on maturity dates and effective interest rates of financial assets and liabilities is disclosed in their respective notes.

The interest rate profile of the Group's and of the Company's significant interest bearing financial instruments, based on the carrying amounts as at the end of the reporting dates are as follows:

	2023 RM'000	2022 RM'000
<u>Fixed Rate Instruments</u>		
Group		
Financial liabilities		
Finance lease liability	29	42
Lease liabilities	828	875
RCSLS	371,976	366,581
Bonds and debts	<u>1,099,274</u>	<u>1,074,645</u>
Company		
Financial liabilities		
RCSLS	371,976	366,581
Bonds and debts	<u>1,099,274</u>	<u>1,074,645</u>

Interest rate risk sensitivity analysis

Sensitivity analysis is not disclosed on fixed rate financial liabilities as fixed rate financial liabilities are not exposed to interest rate risk and are measured at amortised cost.

33. FINANCIAL INSTRUMENTS (continued)

Financial Risk Management Objectives and Policies (continued)

(c) 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 trade and other receivables and the Company's exposure to credit risk arises primarily from loans and advances to subsidiaries and financial guarantee given. For other financial assets (investment securities, 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 creditworthiness. 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.

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

	Gross carrying amount RM'000	Individual impairment RM'000	ECLs RM'000	Net balance RM'000
Group				
2023				
Not past due	7,809	-	-	7,809
61 to 90 days past due	403	-	-	403
91 to 180 days past due	1,490	-	-	1,490
More than 180 days past due	10,807	-	-	10,807
Individually impaired	9,492	(9,492)	-	-
	<u>30,001</u>	<u>(9,492)</u>	<u>-</u>	<u>20,509</u>

33. FINANCIAL INSTRUMENTS (continued)

Financial Risk Management Objectives and Policies (continued)

(c) Credit Risk (continued)

Receivables (continued)

Concentration of credit risk (continued)

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

Group	Gross carrying amount RM'000	Individual impairment RM'000	ECLs RM'000	Net balance RM'000
2022				
Not past due	1,536	-	-	1,536
61 to 90 days past due	739	-	-	739
91 to 180 days past due	1,789	-	-	1,789
More than 180 days past due	9,069	-	-	9,069
Individually impaired	9,490	(9,490)	-	-
	<u>22,623</u>	<u>(9,490)</u>	<u>-</u>	<u>13,133</u>

(d) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting dates based on undiscounted contractual payments:

Group	On demand RM'000	Within 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total RM'000
2023					
Trade and other payables	59,535	-	-	-	59,535
Contract liabilities	-	6,847	-	-	6,847
Loans and borrowings	-	193,776	166,030	71,635	431,441
Lease liabilities	-	95	379	665	1,139
Finance lease liability	-	14	16	-	30
Bonds and debts	-	148,777	561,539	834,902	1,545,218
	<u>59,535</u>	<u>349,599</u>	<u>727,964</u>	<u>907,202</u>	<u>2,044,210</u>

33. FINANCIAL INSTRUMENTS (continued)

Financial Risk Management Objectives and Policies (continued)

(d) Liquidity Risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting dates based on undiscounted contractual payments: (continued)

	On demand RM'000	Within 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total RM'000
Company					
2023					
Other payables	4,412	-	-	-	4,412
Amount due to subsidiaries	309,227	-	-	-	309,227
Loans and borrowings	-	193,776	166,030	71,635	431,441
Bonds and debts	-	148,777	561,539	834,902	1,545,218
	<u>313,639</u>	<u>342,553</u>	<u>727,569</u>	<u>906,537</u>	<u>2,290,298</u>
Group					
2022					
Trade and other payables	198,572	-	-	-	198,572
Loans and borrowings	-	55,694	281,606	110,297	447,597
Lease liabilities	-	95	380	759	1,234
Finance lease liability	-	14	31	-	45
Bonds and debts	-	153,074	460,117	976,086	1,589,277
	<u>198,572</u>	<u>208,877</u>	<u>742,134</u>	<u>1,087,142</u>	<u>2,236,725</u>
Company					
2022					
Other payables	4,383	-	-	-	4,383
Amount due to subsidiaries	248,580	-	-	-	248,580
Loans and borrowings	-	55,694	281,606	110,297	447,597
Bonds and debts	-	153,074	460,117	976,086	1,589,277
	<u>252,963</u>	<u>208,768</u>	<u>741,723</u>	<u>1,086,383</u>	<u>2,289,837</u>

33. FINANCIAL INSTRUMENTS (continued)

Determination of Fair Values

(a) Financial Instrument Carried at Amortised Cost

The carrying amounts of financial liabilities of the Group as at the reporting date approximated their fair values except as set out below:

	Group Carrying amount RM'000	Fair value RM'000
2023		
Financial liabilities		
Lease liabilities	828	828
Finance lease liability	<u>29</u>	<u>29</u>
2022		
Financial liabilities		
Lease liabilities	875	875
Finance lease liability	<u>42</u>	<u>42</u>

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

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

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

- (ii) Quoted investments

The fair value of quoted shares is determined by reference to the stock exchange quoted market bid prices at the close of the business at the reporting date.

- (iii) Unquoted investments

It is not practical to estimate the fair value of the Group's unquoted 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.

- (iv) Loans and borrowings

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.

33. FINANCIAL INSTRUMENTS (continued)

Determination of Fair Values (continued)

(b) Financial Instrument Carried at Fair Value

The Group classifies 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 liabilities;
- (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 year.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2023				
Financial asset				
Investment securities				
- quoted shares	295	-	-	295
- unquoted shares	-	-	964	964
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Company				
2023				
Financial asset				
Investment securities				
- quoted shares	35	-	-	35
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Group				
2022				
Financial asset				
Investment securities				
- quoted shares	326	-	-	326
- unquoted shares	-	-	964	964
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Company				
2022				
Financial asset				
Investment securities				
- quoted shares	17	-	-	17
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains the Group's stability and growth in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group regularly reviews and manages its capital structure and makes adjustments to it, taking into consideration of changes in economic conditions, future capital requirements of the Group, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	372,005	366,623	371,976	366,581
Bonds and debts	1,099,274	1,074,645	1,099,274	1,074,645
Less: Deposits, cash and bank balances	(37,013)	(83,346)	(1,090)	(974)
Net debt	<u>1,434,266</u>	<u>1,357,922</u>	<u>1,470,160</u>	<u>1,440,252</u>
Equity attributable to owners of the Company	<u>(1,388,238)</u>	<u>(1,454,832)</u>	<u>(1,794,459)</u>	<u>(1,703,900)</u>
Gearing ratio	<u>NM</u>	<u>NM</u>	<u>NM</u>	<u>NM</u>

NM = Not meaningful

35. SIGNIFICANT EVENT

On 11 June 2019, Megasteel Sdn Bhd ("Megasteel"), a subsidiary of the Company, obtained the approval of its shareholders for the proposed capital reduction and share issuance involving the cancellation of all existing ordinary shares and preference shares of Megasteel and the simultaneous issuance of 100 ordinary shares at RM1.00 per share for cash to the existing shareholders of Megasteel proportionate to their shareholding in Megasteel ("Proposed Capital Reduction and Share Issuance").

The High Court of Malaya had on 28 December 2022 confirmed the Proposed Capital Reduction and Share Issuance.

The Proposed Capital Reduction and Share Issuance was effected on 11 January 2023 upon the lodgement of the Order of the High Court of Malaya sanctioning the Proposed Capital Reduction and Share Issuance with the Companies Commission of Malaysia on even date.

Pursuant to the Proposed Capital Reduction and Share Issuance:

- (i) the capital of Megasteel comprising the following shares had been cancelled:
 - (a) 600,000,001 ordinary shares;
 - (b) 49,000,000 redeemable preference "D" shares;
 - (c) 11,000,000 redeemable preference "E" shares;
 - (d) 26,670,000 redeemable preference "F" shares; and
 - (e) 100,000,000 redeemable convertible preference "G" shares.
- (ii) a total of 100 new ordinary shares had been issued and allotted to the existing shareholders of Megasteel proportionate to their shareholding at RM1.00 per share for cash.