

**BINA PURI HOLDINGS BHD.**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors of Bina Puri Holdings Bhd. hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

**Principal Activities**

The principal activities of the Company are contractor for earthworks and building, project management services and investment holding. The principal activities of the subsidiary companies are disclosed in Note 9 to the financial statements.

**Financial Results**

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

	<b>Group RM'000</b>	<b>Company RM'000</b>
(Loss)/Profit for the financial year	(80,485)	20,395
Attributable to:		
Owners of the Parent	(74,749)	20,395
Non-controlling interests	(5,736)	-
	(80,485)	20,395

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**Reserves and Provisions**

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

### **Dividends**

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

### **Issue of Shares and Debentures**

During the financial year, the Company issued:

- (a) 143,111,000 new ordinary shares at issue price of ranging from RM0.0494 to RM0.0542 per ordinary share for a total cash consideration of RM7,518,922 through private placement;
- (b) 10,000 new ordinary shares through conversion of Warrants at an exercise price of RM0.10 for a total cash consideration of RM1,000; and
- (c) 23,414,237 new ordinary shares through Share Issuance Scheme at an issue price of RM0.076 per share for a total cash consideration of RM1,779,482 for working capital purposes.

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

There was no issuance of debentures during the financial year.

### **Share Options**

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

Share Issuance Scheme (“SIS”) was implemented on 1 March 2019 to enable the Company to grant new and additional SIS options to the eligible persons in accordance with the By-Laws of the SIS. The maximum number of shares which may be allocated under the SIS shall not exceed in aggregate fifteen percent (15%) of the total number of issued shares (excluding treasury shares, if any) of the Company at any point in time during the duration of the SIS or such other limit prescribed by any guidelines, rules and/or regulation of the relevant authorities from time to time throughout the duration of the SIS. The salient features and other terms of SIS are disclosed in Note 24(b) to the financial statements.

**Share Options (Cont'd)**

As at 30 June 2022, the options offered to take up unissued ordinary shares and the exercise price is as follows:

<b>Date of offer</b>	<b>Exercise price</b>	<b>Number of options over ordinary shares</b>			<b>At 30.6.2022</b>
		<b>At 1.7.2021</b>	<b>Exercised</b>	<b>Lapsed</b>	
17 February 2020	0.076	54,134,500	(23,414,237)	(4,273,000)	26,447,263

**Warrant 2019/2022**

On 30 December 2019, the Company issued 382,089,550 warrants on the basis of 1 warrant for 1 existing ordinary shares of the Company.

Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 28 November 2019 up to the date of expiry on 13 December 2019, at an exercise price of RM0.10 each or such adjusted price in accordance with the provisions in the Deed Poll.

The warrants were constituted under deed poll dated as disclosed in the Note 24(c) to the financial statements.

**Directors**

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

Tan Sri Dato' Wong Foon Meng  
 Tan Sri Datuk Tee Hock Seng, JP \*  
 Dr. Tan Cheng Kiat \*  
 Datuk Matthew Tee Kai Woon \*  
 Ir. Ghazali Bin Bujang  
 Mohd Najib Bin Abdul Aziz

*\* Director of the Company and of its subsidiary companies*

**Directors (Cont'd)**

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year and during the period from the end of the financial year to the date of this report are:

Cheo Chet Lan @ Chow Sak Nam, KMN	Dato' Nik Ismail Bin Dato' Nik Yusoff	Datuk Roslan Bin Datuk Hj. Ahmad
Borhan Bin Othman Ali	Dato' Gan Yeew Tian	Dato' Ng Kee Leen
Ang Kiam Chai	Chow Chee Seng	David Ng Chee Hwa
Emil Malik Ibrahim	Foong Yuen Fatt	Gan Choo Ann
Haji Ismail Bin Omar	Heap Wei Guan	Hoong Leng Wai
Kang Jimmi	Kittipat Songcharoen	Lai Hoong Kit
Lee Poh Teng	Lee Tong Leong	Mohd Azim bin Latip
Yam Lee Ken	Ling Hie Ai	Mohamad Naim Bin Rosli
Muhammad Saleh Bin Jusman	Mohd Zaharudin Bin Hussain	Nasir Bin Machingal Mamath
Ng Keong Wee	Norpaizah Binti Abdul Wahab	Ooi Tat Lean
Syed Sarfaraz H Rizvi	Tay Hock Lee	Ting Teck Kai
Yam Huang Meng	Ng Chye Poh #	Dato' Sri Yong Seng Yeow #
Datuk Borhan Bin Mohd Doya #	Tan Sri Datuk Seri (Dr) Foong Cheng Yuen #	Adnan Bin Abdullah, PPN, PJK # (Deceased)
Hoi Choi Wan #	Hi Siow Wea #	

# Directors resigned during the financial year

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

**Directors' Interests in Shares**

The interests and deemed interests in the shares and options over ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouse or children) according to the Register of Directors' Shareholdings are as follows:

		<b>Number of ordinary shares</b>			
		<b>At</b>			<b>At</b>
		<b>1.7.2021</b>	<b>Acquired</b>	<b>Disposed</b>	<b>30.6.2022</b>
<b>Interests in the Company</b>					
<b>Direct interest</b>					
Tan Sri Datuk Tee					
	(1)	126,931,504	3,000,000	(800,000)	129,131,504
		85,174,473	11,134,237	-	96,308,710
Datuk Matthew					
		75,119,159	10,100,000	-	85,219,159
		<b>Number of warrants</b>			
		<b>At</b>			<b>At</b>
		<b>1.7.2021</b>	<b>Acquired</b>	<b>Exercised</b>	<b>30.6.2022</b>
<b>Interests in the Company</b>					
<b>Direct interest</b>					
Tan Sri Datuk Tee					
	(2)	19,139,778	-	-	19,139,778
Datuk Matthew					
		4,618,925	-	(10,000)	4,608,925

**Directors' Interests in Shares (Cont'd)**

	<b>Number of SIS options over ordinary shares</b>			
	<b>At 1.7.2021</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 30.6.2022</b>
<b>Interests in the Company</b>				
<b>Direct Interest</b>				
Tan Sri Datuk Tee				
Hock Seng, JP	3,000,000	-	(3,000,000)	-
Datuk Matthew				
Tee Kai Woon	10,120,000	-	(9,280,000)	840,000
Dr Tan Cheng Kiat	6,500,000	6,500,000	(11,134,237)	1,865,763

Notes:

<sup>1</sup> *Including shares held through nominee company and 800,000 shares held through Tee Hock Seng Holdings Sdn. Bhd.*

<sup>2</sup> *Including warrants held through nominee company and 400,000 warrants held through Tee Hock Seng Holdings Sdn. Bhd.*

By virtue of their interests in the shares of the Company, Tan Sri Datuk Tee Hock Seng, JP is deemed to have interests in the shares of all its subsidiary companies during the financial year to the extent that the Company has an interest under Section 8(4) of the Companies Act 2016.

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

**Directors' Benefits**

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors and disclosed in the 'Directors' Remuneration' of this report) 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options granted under the SIS and warrants.

**Directors' Remuneration**

The details of the Directors' remuneration paid/payable to Directors of the Group and of the Company during the financial year are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Salary and other emoluments	1,458	1,458
Directors' fees	330	276
Defined contribution plans	99	99
	<u>1,887</u>	<u>1,833</u>

**Indemnity and Insurance Costs**

During the financial year, Directors and officers of the Group and of the Company were covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and officers of the Group and of the Company subject to the terms of the policy. The total amount of indemnity coverage and insurance premium paid during the year for the Directors' and officers' Liability Insurance of the Group and of the Company were RM5,000,000 and RM20,000 respectively.

There was no indemnity given to or insurance effected for auditors of the Group and of the Company in accordance with Section 289 of the Companies Act 2016.

**Other Statutory Information**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) 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.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and
  - (iii) 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.

### **Subsidiary Companies**

The details of the subsidiary companies are disclosed in Note 9 to the financial statements.

### **Subsequent Event**

The details of the subsequent event are disclosed in Note 44 to the financial statements.

### **Auditors' Remuneration**

The details of the auditors' remuneration for the financial year are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Auditors' remuneration		
- Statutory audit	587	200
- Non-statutory audit	45	45
	<u>632</u>	<u>245</u>

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**Auditors**

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

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

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TAN SRI DATUK TEE HOCK SENG, JP

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DATUK MATTHEW TEE KAI WOON

KUALA LUMPUR

**STATEMENT BY DIRECTORS**

The Directors of Bina Puri Holdings Bhd., state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2022 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors,

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TAN SRI DATUK TEE HOCK SENG, JP

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DATUK MATTHEW TEE KAI WOON

KUALA LUMPUR

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

I, Datuk Matthew Tee Kai Woon (MIA Membership No: CA 19635), being the Director primarily responsible for the financial management of Bina Puri Holdings Bhd., do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

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DATUK MATTHEW TEE KAI WOON

Subscribed and solemnly declared by the abovenamed Datuk Matthew Tee Kai Woon at Kuala Lumpur in the Federal Territory, this

Before me,

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COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BINA PURI HOLDINGS BHD.**

[Registration No.: 199001015515 (207184-X)]  
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**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Bina Puri Holdings Bhd., which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 21 to 164.

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 30 June 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Basis for Opinion**

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

**Independence and Other Ethical Responsibilities**

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BINA PURI HOLDINGS BHD. (CONT'D)**

[Registration No.: 199001015515 (207184-X)]

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**Key Audit Matters**

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

Trade and other receivables and amount owing by associates

Refer to Note 2(d) (Significant Accounting Judgements, Estimates and Assumptions), Notes 14 and 16 (Trade and other receivables) and Note 19 (Amount due from associates).

The total balances of trade and other receivables, and amount due by associates represented 32.7% of the Group's total assets as at 30 June 2022.

The management is required to exercise significant judgement, involving significant estimation, uncertainty subjective assumptions in impairment assessment of the receivables by determining the probability of default by receivables and adjusted with appropriate forward-looking information.

Our audit procedures performed in relation to management's impairment assessment included the following:

- Checked the expected timing and quantum of receipts of receivables by comparing to the historical payment trend of debtors and sighting of correspondences between the Group and the debtors;
- Assessed and considered the reasonableness of the forward-looking information included in management's assessment;
- Discussed with management to understand the status of the ongoing negotiation on the recovery of receivables and corroborated the key assumptions included in the ECL model; and
- Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Based on the procedures performed, we noted no significant exceptions.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BINA PURI HOLDINGS BHD. (CONT'D)**

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

Revenue and cost recognition on construction contracts and property development activities

Refer to Note 2(d) (Significant Accounting Judgements, Estimates and Assumptions) and Note 30 (Revenue).

A significant proportion of the Group's and of the Company's revenues and profits are derived from construction contracts and property development projects which span more than one accounting period. The Group and the Company use percentage-of-completion method in accounting for construction contracts and property development activities. The stage of completion is measured by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project.

We focused on this area because management applies significant judgement in determining the stage of completion, extent of costs incurred and estimated total costs, as well as appropriateness of provision for liquidated ascertained damages.

Our audit procedures performed in this area included, among others:

- Selected a sample of costs incurred to date to invoice and/or progress claim such as sub-contractor claim certificates, verified by the Group's and Company's internal quantity surveyor or the employers and assessed the adequacy of accruals of costs made;
- Challenged the assumptions in deriving at the estimates of construction contract and property development costs and compared the estimated costs to supporting documentation such as approved budgets, quotations, contracts and variation orders with sub-contractors;
- In instances where projects have been delayed, we have tested management's estimates of the liquidated ascertained damages provisions required to supporting documentation such as signed sale and purchase agreements with unit buyers, correspondences with unit buyers or sub-contractors and extension of time approvals;
- Assessed management's workings on the computation of percentage-of-completion; and
- Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Based on the procedures performed, we noted no significant exceptions.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BINA PURI HOLDINGS BHD. (CONT'D)**

[Registration No.: 199001015515 (207184-X)]  
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**Key Audit Matters (Cont'd)**

Fair value of investment properties

As at 30 June 2022, the Group's investment properties carried at fair value amounted to RM209.7 million.

The investment properties comprise various categories of properties such as shopping mall and commercial space. The valuations of the investment properties through investment methods were performed by independent external valuers.

We have identified the fair value of investment properties as a key audit matter due to complexities in determining the fair value of the investment properties, which involved significant estimates and judgements in determining the appropriate valuation methods and developing the underlying assumptions to be applied.

Our audit procedures performed in this area included, among others:

- We have assessed the capabilities, competency and objectivity of the independent external valuers through verification of their qualifications and registration;
- We assessed whether the valuation methodologies were consistent with those used in the prior year and commonly used for the types of investment properties being valued.
- We reviewed the external valuation reports of the investment properties from independent valuers and discussed the valuation methodologies and assumptions used in the valuation with the independent professional valuers;
- We assessed the reasonableness of the inputs underpinning the valuation and challenged the valuers on judgements and estimates used;
- We discussed with valuers to understand the basis of adjustments made to the significant unobservable inputs of the properties by considering factors related to the appropriateness of the rental rates, outgoings, term yield, and void rates used;
- We reviewed and assessed the appropriateness and adequacy of the disclosures in the financial statements; and

Based on the procedures performed, we noted no significant exceptions.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BINA PURI HOLDINGS BHD. (CONT'D)**

[Registration No.: 199001015515 (207184-X)]

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

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

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

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

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BINA PURI HOLDINGS BHD. (CONT'D)**

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BINA PURI HOLDINGS BHD. (CONT'D)**

[Registration No.: 199001015515 (207184-X)]

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BINA PURI HOLDINGS BHD. (CONT'D)**

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**Other Matters**

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

UHY

Firm Number: AF 1411

Chartered Accountants

YEOH AIK CHUAN

Approved Number: 02239/07/2024 J

Chartered Accountant

KUALA LUMPUR

**BINA PURI HOLDINGS BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	56,258	62,314	518	740
Right-of-use assets	5	75,559	73,810	12,844	13,309
Investment properties	6	209,725	205,600	-	-
Intangible assets	7	1,350	8,585	-	-
Inventories	8	7,870	7,487	-	-
Investment in subsidiary companies	9	-	-	137,789	118,889
Investment in associates	10	1,416	3,839	30,050	33,455
Investment in joint venture	11	12,479	5,132	-	-
Other investments	13	2,781	2,781	2,832	2,832
Trade receivables	14	2,148	1,843	-	-
Deferred tax assets	15	380	3,645	-	-
		<u>369,966</u>	<u>375,036</u>	<u>184,033</u>	<u>169,225</u>
<b>Current Assets</b>					
Inventories	8	197,938	269,186	-	-
Trade receivables	14	134,320	147,488	1,574	-
Other receivables	16	209,754	270,238	61,458	66,866
Contract assets	17	171,517	228,750	-	-
Amount due from subsidiary companies	18	-	-	118,385	98,090
Amount due from associates	19	30,459	32,063	28,396	31,756
Tax recoverable		747	1,006	107	107
Fixed deposits with licensed banks	20	14,026	14,649	367	7
Cash and bank balances	21	23,300	18,624	724	13
		<u>782,061</u>	<u>982,004</u>	<u>211,011</u>	<u>196,839</u>
Assets held for sale	22	-	111	-	-
		<u>782,061</u>	<u>982,115</u>	<u>211,011</u>	<u>196,839</u>
<b>Total Assets</b>		<u>1,152,027</u>	<u>1,357,151</u>	<u>395,044</u>	<u>366,064</u>

**BINA PURI HOLDINGS BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2022 (CONT'D)**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>EQUITY</b>					
Share capital	23	246,521	236,435	246,521	236,435
Reserves	24	(78,993)	(4,334)	49,346	29,738
Equity attributable to owners of the parent		167,528	232,101	295,867	266,173
Non-controlling interests		107,169	133,331	-	-
<b>Total Equity</b>		<b>274,697</b>	<b>365,432</b>	<b>295,867</b>	<b>266,173</b>
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Trade payables	25	1,767	2,279	-	-
Lease liabilities	26	446	400	-	-
Bank borrowings	27	234,810	139,064	55,680	-
Deferred tax liabilities	15	14,241	18,129	-	-
		<b>251,264</b>	<b>159,872</b>	<b>55,680</b>	<b>-</b>
<b>Current Liabilities</b>					
Contract liabilities	17	10,989	23,357	-	-
Trade payables	25	229,220	295,050	13,102	18,845
Other payables	28	161,333	194,482	13,531	13,972
Lease liabilities	26	270	689	-	-
Bank borrowings	27	189,482	287,082	11,463	62,745
Amount due to subsidiary companies	18	-	-	5,361	4,289
Amount due to associates	19	6	12	6	6
Amount due to a joint venture	29	34	34	34	34
Tax payable		34,732	31,141	-	-
		<b>626,066</b>	<b>831,847</b>	<b>43,497</b>	<b>99,891</b>
<b>Total Liabilities</b>		<b>877,330</b>	<b>991,719</b>	<b>99,177</b>	<b>99,891</b>
<b>Total Equity and Liabilities</b>		<b>1,152,027</b>	<b>1,357,151</b>	<b>395,044</b>	<b>366,064</b>

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

**BINA PURI HOLDINGS BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	30	234,919	287,466	25,801	1,364
Cost of sales		(219,672)	(265,826)	-	(3,110)
Gross profit/(loss)		15,247	21,640	25,801	(1,746)
Other income		19,423	11,359	42	4,498
Administrative expenses		(68,779)	(60,247)	(11,213)	(10,680)
Net (loss)/gain on impairment of financial instruments		(16,228)	(27)	12,391	-
Finance costs	31	(26,516)	(37,130)	(6,626)	(7,823)
Share of results of associates and joint ventures		4,924	1,978	-	-
(Loss)/Profit before tax	32	(71,929)	(62,427)	20,395	(15,751)
Taxation	33	(8,556)	(1,295)	-	-
(Loss)/Profit for the financial year		(80,485)	(63,722)	20,395	(15,751)

**BINA PURI HOLDINGS BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Other comprehensive income/(loss)</b>					
<i>Item that is or may be reclassified subsequently to profit or loss</i>					
Exchange translation differences for foreign operations		734	(1,267)	-	-
<b>Other comprehensive income/(loss) for the financial year</b>		734	(1,267)	-	-
<b>Total comprehensive (loss)/income for the financial year</b>		(79,751)	(64,989)	20,395	(15,751)
<b>(Loss)/Profit for the financial year attributable to:</b>					
Owners of the parent		(74,749)	(63,910)	20,395	(15,751)
Non-controlling interests		(5,736)	188	-	-
		(80,485)	(63,722)	20,395	(15,751)

**BINA PURI HOLDINGS BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the parent		(73,872)	(64,831)	20,395	(15,751)
Non-controlling interests		(5,879)	(158)	-	-
		<u>(79,751)</u>	<u>(64,989)</u>	<u>20,395</u>	<u>(15,751)</u>
<b>Loss per share</b>					
Basic loss					
per share (sen)	34(i)	<u>(4.8)</u>	<u>(6.8)</u>		
Diluted loss					
per share (sen)	34(ii)	<u>(4.8)</u>	<u>(6.7)</u>		

**BINA PURI HOLDINGS BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

		Attributable to Owners of the Parent							
		Non-Distributable				Distributable			
		Share Capital	Foreign Currency Translation Reserve	Warrant Reserve	Employee Share Option Reserve	Accumulated Losses	Total	Non- Controlling Interests	Total Equity
Group	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2021		236,435	(11,370)	10,039	1,819	(4,822)	232,101	133,331	365,432
Loss for the financial year		-	-	-	-	(74,749)	(74,749)	(5,736)	(80,485)
Other comprehensive income for the financial year		-	926	-	-	(49)	877	(143)	734
Total comprehensive loss for the financial year		-	926	-	-	(74,798)	(73,872)	(5,879)	(79,751)
<b>Transactions with owners:</b>									
Issuance of ordinary shares:									
- Private placement	23	7,519	-	-	-	-	7,519	-	7,519
- Exercise of SIS options	23	2,566	-	-	(787)	-	1,779	-	1,779
- Lapse of SIS options	24	-	-	-	(143)	143	-	-	-
- Conversion of warrants	23	1	-	*	-	-	1	-	1
Dividends paid to non- controlling interests		-	-	-	-	-	-	(20,283)	(20,283)
Total transaction with owners		10,086	-	-	(930)	143	9,299	(20,283)	(10,984)
At 30 June 2022		246,521	(10,444)	10,039	889	(79,477)	167,528	107,169	274,697

\* denote RM263

**BINA PURI HOLDINGS BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

	Attributable to Owners of the Parent							
	Non-Distributable				Distributable		Non-Controlling Interests	Total Equity
	Share Capital	Foreign Currency	Warrant Reserve	Employee Share Reserve	(Accumulated Losses)/ Retained Earnings			
Translation Reserve		RM'000	RM'000	RM'000	RM'000	RM'000		
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>								
At 1 July 2020	180,856	(10,402)	10,039	3,287	58,744	242,524	121,441	363,965
Loss for the financial year	-	-	-	-	(63,910)	(63,910)	188	(63,722)
Other comprehensive loss for the financial year	-	(968)	-	-	47	(921)	(346)	(1,267)
Total comprehensive loss for the financial year	-	(968)	-	-	(63,863)	(64,831)	(158)	(64,989)
Acquisition of subsidiary companies	-	-	-	-	-	-	12,198	12,198
Balance carried forward	180,856	(11,370)	10,039	3,287	(5,119)	177,693	133,481	311,174

**BINA PURI HOLDINGS BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

		Attributable to Owners of the Parent								
		Non-Distributable			Distributable					
		Foreign		Employee	(Accumulated					
		Currency		Share	Losses)/		Non-	Total		
		Share	Translation	Option	Retained	Total	Controlling	Equity		
		Capital	Reserve	Reserve	Earnings	RM'000	Interests	RM'000		
Note		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Group</b>										
	Balance brought forward	180,856	(11,370)	10,039	3,287	(5,119)	177,693	133,481	311,174	
	<b>Transactions with owners:</b>									
	Issuance of ordinary shares:									
	- Private placement	23	26,342	-	-	-	26,342	-	26,342	
	- Exercise of SIS options	23	5,437	-	(1,667)	-	3,770	-	3,770	
	- Lapse of SIS options	24	-	-	(297)	297	-	-	-	
	- Grant of SIS options	24	-	-	496	-	496	-	496	
	- Acquisition of subsidiary companies	23	23,800	-	-	-	23,800	-	23,800	
	Dividends paid to non-controlling interests		-	-	-	-	-	(150)	(150)	
	Total transaction with owners		55,579	-	(1,468)	297	54,408	(150)	54,258	
	At 30 June 2021		236,435	(11,370)	10,039	1,819	(4,822)	232,101	133,331	365,432

**BINA PURI HOLDINGS BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

	Attributable to Owners of the Parent						
	Non-distributable				Distributable		
	Share Capital RM'000	Warrant Reserve RM'000	Foreign Currency Translation Reserve RM'000	Employee Share Option Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000	
<b>Company</b>							
At 1 July 2021	236,435	10,039	54	1,819	17,826	266,173	
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	20,395	20,395	
<b>Transaction with owners:</b>							
Issuance of ordinary shares:							
- Private placement	23	7,519	-	-	-	7,519	
- Exercise of SIS options	23	2,566	-	(787)	-	1,779	
- Lapse of SIS options	24	-	-	(143)	143	-	
- Conversion of warrants	23	1	*	-	-	1	
Total transaction with owners		10,086	-	(930)	143	9,299	
At 30 June 2022		246,521	10,039	54	889	38,364	295,867

\* denote RM263

**BINA PURI HOLDINGS BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

	Note	Attributable to Owners of the Parent				Retained Earnings RM'000	Total Equity RM'000
		Non-distributable		Distributable			
		Share Capital RM'000	Warrant Reserve RM'000	Currency Translation Reserve RM'000	Employee Share Option Reserve RM'000		
<b>Company</b>							
At 1 July 2020		180,856	10,039	54	3,287	33,532	227,768
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(15,751)	(15,751)
<b>Transactions with owners:</b>							
Issuance of ordinary shares:							
- Private placement	23	26,342	-	-	-	-	26,342
- Exercise of SIS options	23	5,437	-	-	(1,667)	-	3,770
- Lapse of SIS options	24	-	-	-	(45)	45	-
- Grant of SIS options	24	-	-	-	244	-	244
- Acquisition of subsidiary companies	23	23,800	-	-	-	-	23,800
Total transaction with owners		55,579	-	-	(1,468)	45	54,156
At 30 June 2021		236,435	10,039	54	1,819	17,826	266,173

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

**BINA PURI HOLDINGS BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash Flows From</b>				
<b>Operating Activities</b>				
(Loss)/Profit before tax	(71,929)	(62,427)	20,395	(15,751)
Adjustments for:				
Bad debts written off	36	31,716	-	-
Deposit written off	1,341	-	-	-
Inventories written off	3	-	-	-
Depreciation of:				
- property, plant and equipment	7,678	7,533	245	254
- right-of-use assets	2,506	2,470	465	465
Dividend income	(75)	(63)	(24,315)	(63)
Impairment loss on:				
- trade receivables	2,854	27	62	-
- other receivables	13,373	-	2,221	-
- amount due from subsidiary companies	-	-	9,630	-
- goodwill on consolidation	7,235	3,000	-	-
- investment in associates	-	-	3,405	-
Reversal on impairment loss on				
amount due from subsidiary companies	-	-	(24,304)	-
Property, plant and equipment written off	-	113	-	-
Fair value gain on investment properties	(4,125)	-	-	-
Unwinding of discount on				
trade receivables	(135)	(841)	-	-
Gain on disposal of:				
- property, plant and equipment	(830)	(942)	-	-
- right-of-use assets	(315)	-	-	-
- investment properties	-	(1,122)	-	-
- subsidiary companies	-	(2,663)	-	(4,000)
- assets held for sale	(64)	(55)	-	-
Interest expenses	26,516	37,130	6,626	7,823
Interest income	(3,200)	(2,419)	-	-
Share of results of associates	2,423	137	-	-
Share of results of joint venture	(7,347)	(2,115)	-	-
Unrealised loss on foreign exchange	669	50	-	5
Operating (loss)/gain before working capital changes	(23,386)	9,529	(5,570)	(11,267)

**BINA PURI HOLDINGS BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash Flows From Operating Activities (Cont'd)</b>					
Changes in working capital:					
Contract assets		57,299	45,417	-	4,492
Contract liabilities		(12,368)	(17,911)	-	-
Inventories		70,948	(20,781)	-	-
Trade and other receivables		55,768	(152,637)	25	(20,615)
Trade and other payables		(99,524)	149,474	(6,184)	(3,450)
Amount due from associates		1,604	(872)	-	-
Exchange difference		(1,590)	-	-	-
Amount due from subsidiary companies		-	-	-	(3)
		<u>72,137</u>	<u>2,690</u>	<u>(6,159)</u>	<u>(19,576)</u>
Cash generated from/ (used in) operations		48,751	12,219	(11,729)	(30,843)
Interest paid		(26,516)	(37,130)	(6,626)	(7,823)
Interest received		3,200	2,419	-	-
Tax refunded		-	1,329	-	-
Tax paid		(5,329)	-	-	-
		<u>(28,645)</u>	<u>(33,382)</u>	<u>(6,626)</u>	<u>(7,823)</u>
Net cash from/(used in) operating activities		<u>20,106</u>	<u>(21,163)</u>	<u>(18,355)</u>	<u>(38,666)</u>
<b>Cash Flows From Investing Activities</b>					
Purchase of property, plant and equipment	4(a)	(212)	(6,427)	(23)	(368)
Purchase of right of use assets		(3,373)	-	-	-
Proceeds from disposal of:					
- property, plant and equipment		869	1,223	-	-
- right of use assets		462	-	-	-
- asset held for sale		175	-	-	-
- investment properties		-	4,300	-	-
- investment in subsidiary company	9(c)	-	33,782	-	34,000
Balance carried forward		<u>(2,079)</u>	<u>32,878</u>	<u>(23)</u>	<u>33,632</u>

**BINA PURI HOLDINGS BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash Flows From</b>					
<b>Investing Activities (Cont'd)</b>					
Balance brought forward		(2,079)	32,878	(23)	33,632
Acquisition of associate		-	(35)	-	-
Acquisition of subsidiary companies, net of cash acquired	9(b)	-	3,990	-	-
Additional investment in subsidiary companies		-	-	(250)	(1,650)
Advances to subsidiary companies		-	-	-	(15,848)
Advances to associates		-	-	3,360	(3,338)
Change in pledge deposits		(2,117)	-	-	(1)
Capital contribution to subsidiary companies		-	-	1,570	(1,314)
Dividend received		75	63	-	63
Net cash (used in)/from investing activities		(4,121)	36,896	4,657	11,544
<b>Cash Flows From</b>					
<b>Financing Activities</b>					
Proceeds from issuance of share capital		-	26,342	-	26,342
Dividends paid to non-controlling interests		(20,283)	(150)	-	-
Drawdown of bank borrowings		10,500	-	10,500	-
Repayment of bank borrowings		(19,769)	(12,468)	(1,100)	(3,300)
Advances from associates		(6)	6	-	-
Advances from subsidiary companies		-	-	1,072	1,993
Repayment to shareholders		-	(8,179)	-	-
Proceeds from exercise of					
- SIS options		1,779	3,770	1,779	3,770
- warrants		1	-	1	-
- private placement of shares		7,519	-	7,519	-
Repayment of lease liabilities		(630)	(294)	-	-
Net cash (used in)/from financing activities		(20,889)	9,027	19,771	28,805

**BINA PURI HOLDINGS BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Net increase in cash and cash equivalents</b>		(4,904)	24,760	6,073	1,683
Effect of exchange translation differences on cash and cash equivalents		(575)	1,207	-	-
<b>Cash and cash equivalents at the beginning of the financial year</b>		<u>9,580</u>	<u>(16,387)</u>	<u>(9,582)</u>	<u>(11,265)</u>
<b>Cash and cash equivalents at the end of the financial year</b>		<u>4,101</u>	<u>9,580</u>	<u>(3,509)</u>	<u>(9,582)</u>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>					
Cash and bank balances	21	23,300	18,624	724	13
Fixed deposits with licensed banks	20	14,026	14,649	367	7
Bank overdrafts	27	(19,855)	(12,440)	(4,593)	(9,595)
		<u>17,471</u>	<u>20,833</u>	<u>(3,502)</u>	<u>(9,575)</u>
Less: Fixed deposits pledged with licensed banks	20	<u>(13,370)</u>	<u>(11,253)</u>	<u>(7)</u>	<u>(7)</u>
		<u>4,101</u>	<u>9,580</u>	<u>(3,509)</u>	<u>(9,582)</u>

**BINA PURI HOLDINGS BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash outflows for leases for a leasee</b>				
<b>Included in net cash from operating activities:</b>				
Interest paid in relation to lease liabilities	(31)	(40)	-	-
<b>Included in net cash from financing activities:</b>				
Payment of lease liabilities	(630)	(294)	-	-
<b>Total cash outflows for leases</b>	(661)	(334)	-	-

**BINA PURI HOLDINGS BHD.**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2022**

**1. Corporate Information**

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

The registered office and the principal place of business of the Company is located at Wisma Bina Puri, 88 Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan.

The principal activities of the Company are as contractor for earthworks and building, project management services and investment holding. The principal activities of the subsidiary companies are disclosed in Note 9. There have been no significant changes in the nature of these activities during the financial year.

**2. Basis of Preparation**

**(a) Statement of compliance**

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

**Adoption of amended standards**

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

Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest rate benchmark reform – Phase 2
Amendments to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

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

## (a) Statement of compliance (Cont'd)

**Standards issued but not yet effective**

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

		<b>Effective dates for financial periods beginning on or after</b>
		<hr/>
Amendments to MFRS 3	References to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs and amendments to MFRSs when they become effective.

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

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

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, unless otherwise indicated in the significant accounting policies in Note 3.

(c) Functional and presentation currency

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

(d) Significant accounting judgements, estimates and assumption

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

**Judgements**

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

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

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

- (d) Significant accounting judgements, estimates and assumption (Cont'd)

**Judgements (Cont'd)**

Satisfaction of performance obligations in relation to contracts with customers

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

The Group recognises revenue over time in the following circumstances:

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

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

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

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

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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

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

**Key sources of estimation uncertainty**

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

Useful lives/ depreciation of property, plant and equipment and right-of-use (“ROU”) assets

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amounts at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

Impairment of goodwill on consolidation

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy in Note 3(p)(i) on impairment of non-financial assets.

When value-in-use calculations are undertaken, management estimates the expected future cash flows from the cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment losses.

The carrying amounts as at end of the reporting period and key assumptions applied in the impairment assessment of goodwill are given in Note 7.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 9.

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

- (d) Significant accounting judgements, estimates and assumption (Cont'd)

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

Impairment of investment in associates and joint ventures

The Group reviews its investments in associates and investments in joint ventures when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Group evaluates the recoverable amounts based on market performance, economic and political situation of the country in which the joint ventures and associates operate.

The carrying amounts at the reporting date for investments in associates and joint ventures are disclosed in Notes 10 and 11 respectively.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 15.

Revenue and cost recognition on construction contracts and property development activities

The Group and the Company recognise revenue and cost from construction contract and property development activities in the profit or loss by using input method by reference to the stage of completion method. The stage of completion is determined by the proportion that contract cost or property development costs incurred for work performed to date bear to the estimated total contract or property development costs.

Significant judgement is involved in determining the stage of completion, extent of costs incurred and estimated total costs, as well as appropriateness of provision for liquidated ascertained damages.

Where the total actual revenue and cost incurred are different from the total estimated revenue and cost incurred, such differences will impact the contract profit or losses recognised.

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

- (d) Significant accounting judgements, estimates and assumption (Cont'd)

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

Revenue and cost recognition on construction contracts and property development activities (Cont'd)

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations and determining whether there is any exposure to Liquidated Ascertained Damage ("LAD") based on the facts and circumstances of the relevant construction or development projects being delayed. In making these judgements, the Group and the Company evaluate based on experience and by relying on the work of specialists.

The carrying amount of property development costs and contract assets/liabilities arising from performance under construction contracts at the reporting date are disclosed in Notes 8 and 17 respectively.

Fair value of investment properties

The Group carries their investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialists to assess fair value as at 30 June 2022 for investment properties. For investment properties, valuation methodologies based on investment approach were used. The key assumptions used to determine the fair value of the properties are provided in Note 6.

Provision for expected credit loss of financial assets at amortised cost

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

The Group and the Company use a provision matrix to calculate expected credit loss for their receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed, if any.

The assessment of the correlation between historical observed default rates, forecast economic condition and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Notes 14, 16, 18 and 19 respectively.

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

- (d) Significant accounting judgements, estimates and assumption (Cont'd)

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

Discount rate used in leases

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

Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30 June 2022, the Group and the Company have tax recoverable of RM747,000 and RM107,000 (2021: RM1,006,000 and RM107,000) respectively and tax payable of RM34,732,000 and Nil (2021: RM31,141,000 and Nil) respectively.

3. **Significant Accounting Policies**

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

- (a) Basis of consolidation

- (i) Subsidiary companies

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

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

- (a) Basis of consolidation (Cont'd)
  - (i) Subsidiary companies (Cont'd)

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

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

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

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

(iii) Disposal of subsidiary company

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

(iv) Goodwill on consolidation

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

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

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation (Cont'd)

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

(b) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in an associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture. Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

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

#### (b) Investment in associates and joint ventures (Cont'd)

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

#### (c) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

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

(d) Foreign currency

(i) Foreign currency transactions and balances

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

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

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

(ii) Foreign operations

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

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

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

(d) Foreign currency (Cont'd)

(ii) Foreign operations (Cont'd)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(p)(i).

(i) Recognition and measurement

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

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

Freehold buildings	50 years
Plant, machinery and equipment	2 - 20 years
Renovations, electrical installation, furniture and fittings	5 - 10 years
Office equipment	10 years
Truck and motor vehicles	5 - 20 years

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

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

(f) Leases

(i) As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(p)(i).

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

Building	Over the remaining lease period
Leasehold land and buildings	15 - 50 years
Truck and motor vehicles	5 - 20 years

The ROU assets are subject to impairment.

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

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

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

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

#### (i) Leases (Cont'd)

##### (i) As lessee (Cont'd)

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

The Group applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

##### (ii) As lessor

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

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

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

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

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

#### (ii) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

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

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

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

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

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

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

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

#### (iii) Intangible assets

##### (i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

##### (ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

##### (iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(p)(i) on impairment of non-financial assets for intangible assets.

#### (i) Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amounts due from subsidiary companies and associate companies, fixed deposit with licensed banks and cash and bank balances.

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

#### (i) Financial assets (Cont'd)

##### (i) Finance assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

##### (ii) Finance assets through comprehensive income (“FVOCI”)

###### Equity instruments

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

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

##### (iii) Finance assets through profit or loss (“FVTPL”)

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

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

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

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

#### (j) Financial liabilities

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

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

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

#### (k) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

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

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

#### (l) Offsetting of financial instruments

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

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

#### (m) Inventories

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

#### (i) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

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

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and where development activities can be completed within the Group's and the Company's normal operating cycle.

#### (ii) Property under development and completed property

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

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

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

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

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

(m) Inventories (Cont'd)

(iii) Completed properties held for sale

The cost of completed properties is stated at the lower of historical cost and net realisable value. Historical cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended case, related development costs to projects, direct building costs and other costs of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(n) Contract assets/Contract liabilities

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

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

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

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

(o) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily converted to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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

(p) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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

(p) Impairment of assets (Cont'd)

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

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

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

(q) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

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

(ii) Warrants

Warrants are classified as equity instruments. The issuance of ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of the warrants, the proceeds are credited to share capital and the related warrant reserves are reversed. The warrant reserves in relation to unexercised warrants at the expiry of the warrants will be reversed into retained earnings.

(r) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component. Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

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

**(r) Compound financial instruments (Cont'd)**

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

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

**(s) Provisions**

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

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

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

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

(t) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group have no further payment obligations.

(iii) Equity-settled share-based payment transaction

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

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company’s financial statements.

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

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

(t) Employee benefits (Cont'd)

(iii) Equity-settled share-based payment transaction (Cont'd)

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

(u) Borrowing costs

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

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

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

(v) Revenue recognition

(i) Revenue from contracts with customers

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

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

(v) Revenue recognition (Cont'd)

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

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

The Group recognises revenue from the following major sources:

(a) Revenue from property development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance does not create an asset with an alternative use to the Group and to the Company and the Group and the Company have an enforceable right to payment for performance completed to-date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

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

(v) Revenue recognition (Cont'd)

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

(b) Revenue from construction contracts

A contract with a customer is classified by the Group and by the Company as a construction contract when the contract relates to work on assets under the control of the customer and therefore the Group's and the Company's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group and of the Company suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only 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 outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in Note 3(s).

(c) Sales of goods

Revenue from sale of goods is recognised when control of the products has transferred, being at the point the customer purchases the goods.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Payment of the transaction price is due immediately at the point the customer purchases the goods.

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

(v) Revenue recognition (Cont'd)

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

(d) Rendering of services

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

(ii) Rental income

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

(iii) Interest income

Interest income is recognised as it accrues 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.

(iv) Sale of electricity

Revenue is recognised when electricity is consumed by customer based on meter reading of the customer.

(v) Management fee

Management fee is recognised when services are rendered.

(w) Income tax

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

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

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

(w) Income tax (Cont'd)

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

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

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

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

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

(x) Segment reporting

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

(y) Contingencies

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

(z) Fair value measurement

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

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

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

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

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

## 4. Property, Plant and Equipment

	Freehold land and buildings RM'000	Plant, machinery and equipment RM'000	Renovation, electrical installation, furniture and fittings RM'000	Office equipment RM'000	Trucks and motor vehicles RM'000	Total RM'000
<b>Group</b>						
<b>2022</b>						
<b>Cost</b>						
At 1 July	10,274	70,677	35,430	12,180	26,437	154,998
Additions	-	21	84	104	3	212
Disposals	-	(256)	(43)	(291)	(4,054)	(4,644)
Reclassification	-	(1,751)	-	1,321	430	-
Exchange differences	-	2,107	710	116	47	2,980
At 30 June	10,274	70,798	36,181	13,430	22,863	153,546
<b>Accumulated depreciation</b>						
At 1 July	3,738	34,367	17,758	10,725	26,096	92,684
Charge for the financial year	190	3,942	2,505	849	264	7,750
Disposals	-	(244)	(32)	(275)	(4,054)	(4,605)
Reclassification	-	(301)	375	285	(359)	-
Exchange differences	-	937	367	114	41	1,459
At 30 June	3,928	38,701	20,973	11,698	21,988	97,288
<b>Carrying amount</b>						
At 30 June	6,346	32,097	15,208	1,732	875	56,258

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

	<b>Freehold land and buildings RM'000</b>	<b>Plant, machinery and equipment RM'000</b>	<b>Renovation, electrical installation, furniture and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Trucks and motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Group</b>						
<b>2021</b>						
<b>Cost</b>						
At 1 July	4,570	75,367	32,142	16,124	30,941	159,144
Additions	-	1,595	3,824	310	698	6,427
Acquisition of subsidiary companies	6,140	45	486	483	5	7,159
Disposals	(218)	(265)	-	(12)	(3,750)	(4,245)
Disposal of subsidiary companies	-	(3,962)	(1,079)	(4,130)	(1,282)	(10,453)
Written off	-	-	(51)	(578)	(164)	(793)
Transfer to asset held for sale	(218)	-	-	-	-	(218)
Exchange differences	-	(2,103)	108	(17)	(11)	(2,023)
At 30 June	10,274	70,677	35,430	12,180	26,437	154,998

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

	<b>Freehold land and buildings RM'000</b>	<b>Plant, machinery and equipment RM'000</b>	<b>Renovation, electrical installation, furniture and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Trucks and motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Group</b>						
<b>2021</b>						
<b>Accumulated depreciation</b>						
At 1 July	563	34,878	18,110	12,874	30,213	96,638
Charge for the financial year	73	4,336	1,704	712	911	7,736
Acquisition of subsidiary companies	3,316	44	476	474	5	4,315
Disposals	(107)	(265)	-	(12)	(3,580)	(3,964)
Disposal of subsidiary companies	-	(3,841)	(1,075)	(4,124)	(1,282)	(10,322)
Written off	-	-	(38)	(480)	(162)	(680)
Transfer to asset held for sale	(107)	-	-	-	-	(107)
Exchange differences	-	(785)	(1,419)	1,281	(9)	(932)
At 30 June	<u>3,738</u>	<u>34,367</u>	<u>17,758</u>	<u>10,725</u>	<u>26,096</u>	<u>92,684</u>
<b>Carrying amount</b>						
At 30 June	<u>6,536</u>	<u>36,310</u>	<u>17,672</u>	<u>1,455</u>	<u>341</u>	<u>62,314</u>

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

	<b>Renovation, electrical installation, furniture and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Trucks and motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Company</b>				
<b>2022</b>				
<b>Cost</b>				
At 1 July	2,346	3,384	915	6,645
Additions	14	9	-	23
At 30 June	2,360	3,393	915	6,668
<b>Accumulated depreciation</b>				
At 1 July	2,278	3,023	604	5,905
Charge for the financial year	26	135	84	245
At 30 June	2,304	3,158	688	6,150
<b>Carrying amount</b>				
At 30 June	56	235	227	518
<b>2021</b>				
<b>Cost</b>				
At 1 July	2,342	3,380	555	6,277
Additions	4	4	360	368
At 30 June	2,346	3,384	915	6,645
<b>Accumulated depreciation</b>				
At 1 July	2,251	2,887	513	5,651
Charge for the financial year	27	136	91	254
At 30 June	2,278	3,023	604	5,905
<b>Carrying amount</b>				
At 30 June	68	361	311	740

**4. Property, Plant and Equipment (Cont'd)****(a) Assets held in trust**

Included in property, plant and equipment of the Group is a freehold land with a net book value of RM935,000 (2021: RM935,000) which is held in trust by former director of the Company.

**(b) Assets pledged as securities to licensed banks**

The carrying amount of freehold land and buildings amounted to approximately RM2,714,132 (2021: RM2,778,132) is pledged as securities for bank borrowings as disclosed in Note 27.

**(c) Included in depreciation charged of the Group for the financial year is RM71,529 (2021: RM202,542) being capitalised into construction and property development cost.****5. Right-of-Use Assets**

	<b>Long leasehold land and buildings RM'000</b>	<b>Short leasehold land and buildings RM'000</b>	<b>Trucks and motor vehicles RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<b>Group</b>					
<b>2022</b>					
<b>Cost</b>					
At 1 July	88,012	1,738	2,615	307	92,672
Additions	3,373	-	-	240	3,613
Disposal	-	-	(885)	-	(885)
Exchange differences	1,118	-	-	11	1,129
At 30 June	<u>92,503</u>	<u>1,738</u>	<u>1,730</u>	<u>558</u>	<u>96,529</u>

## 5. Right-of-Use Assets (Cont'd)

	<b>Long leasehold land and buildings RM'000</b>	<b>Short leasehold land and buildings RM'000</b>	<b>Trucks and motor vehicles RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<b>Group</b>					
<b>2022</b>					
<b>Accumulated depreciation</b>					
At 1 July	15,473	1,230	2,098	61	18,862
Charge for the financial year	2,275	54	165	92	2,586
Disposal	-	-	(738)	-	(738)
Exchange differences	257	-	-	3	260
At 30 June	18,005	1,284	1,525	156	20,970
<b>Carrying amount</b>					
At 30 June	74,498	454	205	402	75,559
<b>2021</b>					
<b>Cost</b>					
At 1 July	62,684	1,738	2,315	-	66,737
Additions	-	-	300	307	607
Acquisition of subsidiary companies	26,446	-	-	-	26,446
Exchange differences	(1,118)	-	-	-	(1,118)
At 30 June	88,012	1,738	2,615	307	92,672

5. **Right-of-Use Assets (Cont'd)**

	<b>Long leasehold land and buildings RM'000</b>	<b>Short leasehold land and buildings RM'000</b>	<b>Trucks and motor vehicles RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<b>Group</b>					
<b>2021</b>					
<b>Accumulated depreciation</b>					
At 1 July	13,251	1,176	1,699	-	16,126
Charge for the financial year	2,216	54	283	61	2,614
Acquisition of subsidiary companies	204	-	-	-	204
Exchange differences	(198)	-	116	-	(82)
At 30 June	<u>15,473</u>	<u>1,230</u>	<u>2,098</u>	<u>61</u>	<u>18,862</u>
<b>Carrying amount</b>					
At 30 June	<u>72,539</u>	<u>508</u>	<u>517</u>	<u>246</u>	<u>73,810</u>

	<b>Company</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<b>Long leasehold land and buildings</b>		
<b>Cost</b>		
At 1 July/30 June	<u>19,795</u>	<u>19,795</u>
<b>Accumulated depreciation</b>		
At 1 July	6,486	6,021
Charge for the financial year	465	465
At 30 June	<u>6,951</u>	<u>6,486</u>
<b>Carrying amount</b>		
At 30 June	<u>12,844</u>	<u>13,309</u>

**5. Right-of-Use Assets (Cont'd)****(a) Purchase of right-of-use assets**

The aggregate cost of the purchase of right-of-use assets of the Group and of the Company during the financial year under the lease and cash payment are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Aggregate costs	3,613	607
Less: Finance lease financing	-	(300)
Less: Lease liabilities	(240)	(307)
Cash payments	3,373	-

**(b) Assets held under finance leases**

Included in the above, trucks and motor vehicle with carrying amount of RM204,923 (2021: RM517,067) of the Group are pledged as securities for the related lease liabilities as disclosed in Note 26.

**(c) Lease period for leasehold land**

Leasehold land consists of:

- (i) Two pieces of land with unexpired lease period of 99 years, expiring on 4 June 2094 with remaining useful lives of 72 years (2021: 73 years).
- (ii) Two pieces of land with unexpired lease period of 99 years, expiring on 17 October 2089 with remaining useful lives of 67 years (2021: 68 years).
- (iii) One piece of land with unexpired lease period of 50 years, expiring on 8 July 2024 with remaining useful lives of 2 years (2021: 3 years).
- (iv) One piece of land with unexpired lease period of 50 years, expiring on 6 June 2055 with remaining useful lives of 33 years (2021: 34 years).
- (v) One piece of land with unexpired lease period of 50 years, expiring on 16 September 2027 with remaining useful lives of 5 years (2021: 6 years).

**5. Right-of-Use Assets (Cont'd)**

- (d) Lease period for leasehold building

Leasehold building consists of:

- (vi) Four units of properties with unexpired lease period of 99 years, expiring on 31 December 2098 with remaining useful lives of 76 years (2021: 77 years).
- (vii) Seventeen units of properties with unexpired lease period of 99 years, expiring on 11 December 2112 with remaining useful lives of 90 years (2021: 91 years).
- (e) Included in depreciation charged of the Group for the financial year is RM79,946 (2021: RM144,403) being capitalised into property development cost.
- (f) The carrying amount of leasehold land and buildings amounted to approximately RM11,086,406 (2021: RM11,272,104) is pledged as securities for bank borrowings as disclosed in Note 27.

**6. Investment Properties**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	205,600	208,778
Disposals	-	(3,178)
Changes in fair value recognised in profit or loss	4,125	-
At 30 June	209,725	205,600
Included in the above are:		
<b>At fair value</b>		
Shopping mall	209,725	205,600

- (a) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers amounting to RM209,725,000 (2021: RM205,600,000). The independent professional qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segment of the investment properties valued. The fair value measurements of the investment properties are based on the highest and best use. The fair values are within level 3 of the fair value hierarchy.

There was no transfer between levels during current and previous financial year.

6. **Investment Properties (Cont'd)**

(a) Fair value basis of investment properties (Cont'd)

Level 3 fair value

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3 are as shown below:

<b>Investment properties</b>	<b>Valuation techniques</b>	<b>Range</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value</b>
Main Place Mall	Investment		<u>Shopping complex</u>	
Jalan USJ 21/10, 47640 UEP Subang Jaya, Selangor.	Method	1.90-32.00	Actual rental rate (RM/psf/month)	expected market rental growth were higher/(lower)
		2.38-40.00	Reversionary rental rate (RM/psf/month)	expected reversionary rental growth were higher/(lower)
		3.87	Outgoings (RM/psf/month)	expected outgoings rate were lower/(higher)
		3.6	Reversionary outgoings (RM/psf/month)	expected reversionary outgoings rate were lower/(higher)
		5.4	Term yield (%)	term yield rate were lower/(higher)
		5.9	Reversionary yield (%)	reversionary yield were lower/ (higher)
		10	Void rate (%)	void rate were lower/(higher)

6. **Investment Properties (Cont'd)**

(a) Fair value basis of investment properties (Cont'd)

Level 3 fair value (Cont'd)

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3 are as shown below: (Cont'd)

<b>Investment properties</b>	<b>Valuation techniques</b>	<b>Range</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value</b>
Commercial lots	Investment		<u>Commercial lots</u>	
The Main Place Residences Jalan USJ 21/10, 47640 UEP Subang Jaya, Selangor.	Method	1.90-4.50	Actual rental rate (RM/psf/month)	expected market rental growth were higher/(lower)
		0.33	Outgoings (RM/psf/month)	expected outgoings rate were lower/(higher)
		6	Term yield (%)	term yield rate were lower/(higher)
		10	Void rate (%)	void rate were lower/(higher)
Car park	Investment			
The Main Place Residences Jalan USJ 21/10, 47640 UEP Subang Jaya, Selangor.	Method	139	Actual rental rate (RM/bay/month)	expected market rental growth were higher/(lower)
		0.33	Outgoings (RM/psf/month)	expected outgoings rate were lower/(higher)
		0.363	Reversionary outgoings (RM/psf/month)	expected reversionary outgoings rate were lower/(higher)
		6	Term yield (%)	term yield rate were lower/(higher)
		10	Void rate (%)	void rate were lower/(higher)

**6. Investment Properties (Cont'd)****(a) Fair value basis of investment properties (Cont'd)**

The following table provides the fair value measurement hierarchy of the Group's investment properties:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Level 3</b>		
Shopping mall	209,725	205,600
	<u>209,725</u>	<u>205,600</u>

**(b) Income and expenses recognised in profit or loss**

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

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Lease income	12,082	11,252
Direct operating expenses:		
- Income generating investment properties	(9,873)	(10,879)
	<u>(9,873)</u>	<u>(10,879)</u>

**(c) Investment properties pledged as securities to licensed banks**

Investment properties of the Group amounting to RM209,725,000 (2021: RM205,600,000) have been pledged to secure banking facilities granted to the Group as disclosed in Note 27.

**7. Intangible Assets**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Goodwill on consolidation</b>		
<b>Cost</b>		
At 1 July/30 June	15,858	15,858
	<u>15,858</u>	<u>15,858</u>
<b>Accumulated impairment losses</b>		
At 1 July	7,273	4,273
Impairment losses recognised	7,235	3,000
At 30 June	14,508	7,273
	<u>14,508</u>	<u>7,273</u>
<b>Carrying amount</b>		
At 30 June	1,350	8,585
	<u>1,350</u>	<u>8,585</u>

## 7. Intangible Assets (Cont'd)

### (a) Impairment testing for cash-generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest CGU level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each cash-generating unit ("CGU") are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Power supply division	350	350
Property division	1,000	8,235
	<u>1,350</u>	<u>8,585</u>

The recoverable amounts of CGUs in respect of the goodwill were determined based on value-in-use ("VIU") calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a three to five-year period.

Key assumptions used in the VIU calculations for the goodwill impairment assessment is selling price per square foot, average room rate, occupancy rate, operating costs and margin. The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

A pre-tax discount rates of 14% (2021: 14%) per annum were applied in determining the recoverable amounts of the CGUs. The discount rate used are pre-tax and reflect the specific risks relating to the respective CGU.

Based on the assessment on impairment, an impairment loss of RM7,235,000 (2021: RM3,000,000) was recognised in the profit or loss.

8. **Inventories**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>		
Land held for property development (Note a)	7,870	7,487
<b>Current</b>		
Property development cost (Note b)	186,079	231,123
Other inventories (Note c)	11,859	38,063
	197,938	269,186
	205,808	276,673

(a) Land held for property development

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 July</b>		
- Land cost incurred to date	5,240	5,240
- Development costs incurred to date	2,247	2,247
	7,487	7,487
<b>Add: Costs incurred during the financial year</b>		
- Development costs	383	-
<b>At 30 June</b>		
- Land cost incurred to date	5,240	5,240
- Development costs incurred to date	2,630	2,247
	7,870	7,487

## 8. Inventories (Cont'd)

## (b) Property development costs

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cumulative property development costs</b>		
At 1 July		
- Land costs	84,725	84,725
- Development expenditure	146,398	134,442
	<u>231,123</u>	<u>219,167</u>
<b>Add: Costs incurred during the financial year</b>		
- Land costs	100	-
- Development expenditure	25,426	65,675
	<u>25,526</u>	<u>65,675</u>
<b>Less: Costs recognised in profit or loss</b>		
- Development expenditure	<u>(70,570)</u>	<u>(43,945)</u>
<b>Less: Reclassified to inventory</b>		
- Development expenditure	<u>-</u>	<u>(9,774)</u>
<b>Carrying amount</b>		
At 30 June		
- Land costs	84,825	84,725
- Development expenditure	101,254	146,398
	<u>186,079</u>	<u>231,123</u>

- (i) The property development cost of the Group amounting to RM65,614,965 (2021: RM150,288,000) were charged to a licensed bank to secure a banking facility granted to the Group as stated in Note 27.
- (ii) The depreciation of property, plant and equipment and right-of-use assets capitalised in property development cost during the financial year are as follow:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation of:		
- Property, plant and equipment	6	8
- Right-of-use assets	80	144
	<u>86</u>	<u>152</u>

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

## (c) Other inventories

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Finished goods	4,001	938
Completed development unit	7,680	37,007
Spare parts	178	118
	11,859	38,063

9. **Investment in Subsidiary Companies**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>In Malaysia</b>		
<b>At cost</b>		
Unquoted shares	79,905	79,655
Capital contribution to subsidiary companies, at cost	63,380	44,730
	143,285	124,385
Less: Accumulated impairment losses	(5,504)	(5,504)
	137,781	118,881
<b>Outside Malaysia</b>		
<b>At cost</b>		
Unquoted shares	1,845	1,845
Less: Accumulated impairment losses	(1,837)	(1,837)
	8	8
	137,789	118,889

Capital contribution represents unsecured, interest free non-trade advances given to subsidiary companies. The settlement of these advances is neither planned nor likely to occur in the foreseeable future and it is the Company's intention to treat them as a long-term source of capital to the subsidiary companies. As these advances are, in substance, a part of the Company's net investment in those subsidiary companies, they are stated at cost less impairment losses, if any.

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

The subsidiary companies and shareholdings therein are as follows:

Name of Company	Place of business/ Country of incorporation	Effective Interest		Principal Activities
		2022 %	2021 %	
<b>Direct holding:</b>				
Bina Puri Sdn. Bhd.	Malaysia	100	100	Contractor of earthworks, buildings and road construction
Aksi Bina Puri Sdn. Bhd. *	Malaysia	60	-	Investment holding
Bina Puri Ventures Sdn. Bhd. *	Malaysia	100	100	Investment holding and contractor of earthworks, buildings and road construction
Bina Puri Infrastructure Pte. Ltd. **	India	100	100	Inactive
Gugusan Murni Sdn. Bhd. *	Malaysia	100	100	Property developer and management
Maskimi Venture Sdn. Bhd. *	Malaysia	100	100	Commission agent
Bina Puri Power Sdn. Bhd. *	Malaysia	100	100	Investment holding
Puri Residences Management Sdn. Bhd. (formerly known as Bina Puri Realty Sdn. Bhd.) *	Malaysia	100	100	Investment holding
Bina Puri Juara Sdn. Bhd. *	Malaysia	100	100	Investment holding
Bina Puri Gah Sdn. Bhd. *	Malaysia	60	60	Inactive
Bina Puri Pakistan Private Ltd. *	Malaysia	99.97	99.97	Builder of motorway

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

The subsidiary companies and shareholdings therein are as follows: (Cont'd)

Name of Company	Place of business/ Country of incorporation	Effective Interest		Principal Activities
		2022 %	2021 %	
<b>Direct holding: (Cont'd)</b>				
Bina Puri Properties (B) Sdn. Bhd. *	Brunei Darussalam	100	100	Renting of service apartment and property management
Bina Puri (B) Sdn. Bhd. *	Brunei Darussalam	90	90	Contractor of earthworks, buildings and road construction
Bina Puri Properties Sdn. Bhd.	Malaysia	100	100	Property developer and management
Bina Puri Hong Kong Ltd *	Hong Kong	100	100	Inactive
BP Energy Sdn. Bhd. *	Malaysia	100	100	Inactive
Bina Puri Builder Sdn. Bhd.	Malaysia	100	100	Contractor of earthworks, buildings and road construction
Bina Puri Hydro Sdn. Bhd. *	Malaysia	51	51	Project management consultancy services
<b>Indirect holding:</b>				
<b>Subsidiary companies of Bina Puri Properties Sdn. Bhd.</b>				
Aksi Bina Puri Sdn. Bhd. *	Malaysia	-	60	Investment holding
Ascotville Development Sdn. Bhd. *	Malaysia	100	100	Property developer and management
BP S14 Sdn. Bhd. *	Malaysia	100	100	Inactive

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

The subsidiary companies and shareholdings therein are as follows: (Cont'd)

Name of Company	Place of business/ Country of incorporation	Effective Interest		Principal Activities
		2022 %	2021 %	
<b>Indirect holding: (Cont'd)</b>				
<i>Subsidiary companies of Bina Puri Properties Sdn. Bhd. (Cont'd)</i>				
BP Healthcare Development Sdn. Bhd. *	Malaysia	100	100	Inactive
Ideal Heights Properties Sdn. Bhd.	Malaysia	57	57	Property developer and management
<i>Subsidiary companies of Ideal Heights Properties Sdn. Bhd.</i>				
Ideal Heights Sdn. Bhd.	Malaysia	57	57	Inactive
Ideal Heights Property Management Sdn. Bhd.	Malaysia	57	57	Property development and property management
Ideal Heights Development Sdn. Bhd.	Malaysia	40	40	Property development
The Waterfront Sdn. Bhd. (formerly known as Ideal Heights Hotel Management Sdn. Bhd.)	Malaysia	40	40	Hotel management
<i>Subsidiary company of Ideal Heights Development Sdn. Bhd.</i>				
Imperium Residence Property Management Sdn. Bhd.	Malaysia	40	40	Property development
<i>Subsidiary company of Bina Puri Sdn. Bhd.</i>				
Konsortium Syarikat Bina Puri-TA3 JV Sdn. Bhd. *	Malaysia	70	70	Contractor for earthworks, building and road

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

The subsidiary companies and shareholdings therein are as follows: (Cont'd)

Name of Company	Place of business/ Country of incorporation	Effective Interest		Principal Activities
		2022 %	2021 %	
<b>Indirect holding: (Cont'd)</b>				
<i>Subsidiary company of</i>				
<i>Bina Puri Ventures</i>				
<i>Sdn. Bhd.</i>				
Maskimi Polyol Sdn. Bhd. *	Malaysia	100	100	Manufacturer of polyol
<i>Subsidiary company of</i>				
<i>Bina Puri Power</i>				
<i>Sdn. Bhd.</i>				
PT Megapower Makmur *	Republic of Indonesia	56	56	Power supply building materials
<i>Subsidiary companies of</i>				
<i>Bina Puri Juara Sdn. Bhd.</i>				
Bina Puri Mining Sdn. Bhd. *	Malaysia	100	100	Inactive
BP Solar Sdn. Bhd. *	Malaysia	100	100	Inactive
Sungai Long Industries Sdn. Bhd. *	Malaysia	51	51	Quarry operator and contractor of road paving projects
KM Quarry Sdn. Bhd. *	Malaysia	70	70	Quarry operator and contractor of road paving projects

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

The subsidiary companies and shareholdings therein are as follows: (Cont'd)

Name of Company	Place of business/ Country of incorporation	Effective Interest		Principal Activities
		2022 %	2021 %	
<b>Indirect holding: (Cont'd)</b>				
<b><i>Subsidiary companies of Aksi Bina Puri Sdn. Bhd.</i></b>				
Sumbangan Lagenda Sdn. Bhd. *	Malaysia	36	36	Property developer, management and investment holding
Karak Land Sdn. Bhd. *	Malaysia	42	42	Property developer and management
Semarak Semerah Sdn. Bhd. *	Malaysia	60	60	Investment holding
<b><i>Subsidiary company of Semarak Semerah Sdn. Bhd.</i></b>				
Star Effort Sdn. Bhd. *	Malaysia	57	57	Property developer and management

\* *Subsidiary companies not audited by UHY*

\*\* *Subsidiary companies without audited financial statements and auditors' reports but the unaudited financial statements of the subsidiary companies were adopted by the Group for the purpose of the consolidated financial statements of the Group*

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

## (a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interest:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2022	2021	2022	2021	2022	2021
	%	%	RM'000	RM'000	RM'000	RM'000
Sumbangan Lagenda Sdn. Bhd.	64	64	2,321	(705)	72,596	70,275
PT Megapower Makmur	44	44	602	(233)	15,092	14,490
					<u>87,688</u>	<u>84,765</u>
Individually immaterial subsidiary companies with non-controlling interests					<u>19,481</u>	<u>48,566</u>
Total non-controlling interests					<u>107,169</u>	<u>133,331</u>

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	PT Megapower Makmur		Sumbangan Lagenda Sdn. Bhd.	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<i>Summarised statements of financial position</i>				
Non-current assets	56,537	59,559	209,987	205,947
Current assets	5,735	4,992	12,259	11,247
Non-current liabilities	(26,719)	(1,950)	(76,209)	(75,396)
Current liabilities	(1,385)	(29,802)	(32,606)	(31,993)
Net assets	<u>34,168</u>	<u>32,799</u>	<u>113,431</u>	<u>109,805</u>

9. **Investment in Subsidiary Companies (Cont'd)**(a) **Material partly-owned subsidiary companies (Cont'd)**

	<b>PT Megapower Makmur</b>		<b>Sumbangan Lagenda Sdn. Bhd.</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<i><b>Summarised statements of profit or loss and other comprehensive income</b></i>				
Revenue	14,065	12,322	12,082	11,252
Profit/(Loss) for the financial year	435	(577)	3,626	(1,102)
Total comprehensive income/(loss) for the financial year	<u>385</u>	<u>(529)</u>	<u>3,626</u>	<u>(1,102)</u>
<i><b>Summarised statements of cash flows</b></i>				
Net cash from operating activities	4,831	5,877	2,192	1,793
Net cash used in investing activities	(18)	(31)	(12)	(38)
Net cash (used in)/from financing activities	<u>(4,946)</u>	<u>(5,274)</u>	<u>(1,179)</u>	<u>1,310</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(133)</u>	<u>572</u>	<u>1,001</u>	<u>3,065</u>

(b) **Acquisition of subsidiary companies**

- (iii) During the financial year, Bina Puri Properties Sdn. Bhd. (“BPPSB”) disposed off 60% of its shareholdings in Aksi Bina Puri Sdn. Bhd. (“ABPSB”) to the Company, for a total consideration of RM250,000 (“Internal Reorganisation”). Upon completion of Internal Reorganisation, ABPSB become direct subsidiary company of the Company.

The Internal Reorganisation did not have any effect on the issued and paid up share capital of the Company or its major shareholders’ shareholding or material effect on the earnings, net assets or gearing of the Group on a consolidated basis.

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

## (b) Acquisition of subsidiary companies (Cont'd)

- (ii) In the previous financial year, BPPSB increased its investment in Ideal Heights Properties Sdn. Bhd. ("IHPSB") by acquiring 2,022,593 ordinary shares representing 44.5% of the issued and paid-up capital in IHPSB for a total consideration of RM26,938,000. Consequently, IHPSB has become a 56.5% owned subsidiary company of BPPSB.

The following summarises the major classes of consideration transferred, and the recognised amount of assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred

	<b>2021</b> <b>RM'000</b>
Cash consideration paid	3,138
Transfer from other investment	546
Allotment of shares	23,800
	<u>27,484</u>

Fair value of identifiable assets acquired and liabilities assumed at the date of acquisition

Property, plant and equipment	2,844
Right-of-use assets	26,242
Deferred tax assets	73
Contract assets	5,528
Inventories	1,106
Trade and other receivables	34,019
Cash and bank balances	7,128
Trade and other payables	(52,483)
Bank borrowings	(12,041)
Tax payables	(20)
Deferred tax liabilities	(1)
Non-controlling interest	(1,530)
Total identifiable net assets	<u>10,865</u>

**9. Investment in Subsidiary Companies (Cont'd)****(b) Acquisition of subsidiary companies (Cont'd)**

- (ii) The following summarises the major classes of consideration transferred, and the recognised amount of assets acquired and liabilities assumed at the acquisition date: (Cont'd)

Net cash inflows arising from acquisition of subsidiary company

	<b>2021</b> <b>RM'000</b>
Purchase consideration settled in cash	3,138
Less: Cash and cash equivalents of subsidiary company acquired	(7,128)
	(3,990)

**(c) Disposal of subsidiary company**

In the previous financial year, the Company disposed of 20,000,000 ordinary shares representing 100% of the issued and paid-up capital in Bina Puri Construction Sdn. Bhd. ("BPCSB") for a total consideration of RM34,000,000.

The effect of the disposal of BPCSB on the financial position of the Group as at the date of disposal was as follows:

	<b>2021</b> <b>RM'000</b>
Property, plant and equipment	131
Trade and other receivables	50,495
Amount due from holding company	1,264
Contract assets	87,600
Tax recoverable	96
Cash and cash equivalents	218
Trade and other payables	(17,516)
Amount due to related companies	(90,951)
Total net assets disposed	31,337
Gain on disposal	2,663
Proceeds from disposal	34,000
Less: Cash and bank balances disposed	(218)
Net cash inflows from disposal	33,782

## 10. Investment in Associates

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>In Malaysia</b>				
<b>At cost</b>				
Unquoted shares	30,495	30,460	30,250	30,250
Share of post- acquisition reserves	(29,967)	(29,564)	-	-
Acquisition during the financial year	*	35	-	-
	<u>528</u>	<u>931</u>	<u>30,250</u>	<u>30,250</u>
<b>Less: Accumulated impairment losses</b>				
At 1 July	(460)	(460)	(250)	(250)
Impairment loss recognised	-	-	(3,405)	-
At 30 June	<u>(460)</u>	<u>(460)</u>	<u>(3,655)</u>	<u>(250)</u>
	<u>68</u>	<u>471</u>	<u>26,595</u>	<u>30,000</u>
<b>Outside Malaysia</b>				
<b>At cost</b>				
Unquoted shares	3,916	3,916	3,916	3,916
Share of post- acquisition reserves	(2,107)	(87)	-	-
	<u>1,809</u>	<u>3,829</u>	<u>3,916</u>	<u>3,916</u>
<b>Less: Accumulated impairment losses</b>				
At 1 July/30 June	(461)	(461)	(461)	(461)
	<u>1,348</u>	<u>3,368</u>	<u>3,455</u>	<u>3,455</u>
	<u>1,416</u>	<u>3,839</u>	<u>30,050</u>	<u>33,455</u>

\* denote RM335

## 10. Investment in Associates (Cont'd)

Details of the associates are as follows:

Name of Company	Place of business/ Country of incorporation	Effective Interest		Principal Activities
		2022 %	2021 %	
<b>Direct holding:</b>				
Bina Puri Holdings (Thailand) Ltd. *	Thailand	49	49	Investment holding
Bina Puri (Thailand) Ltd. *	Thailand	25	25	Contractor of earthworks, buildings and road construction
Bina Puri Saudi Co. Ltd. **	Arab Saudi	50	50	Inactive
KL-Kuala Selangor Expressway Berhad ("KLGSE") *	Malaysia	50	50	Builder and operator of an expressway
Bina Puri Amat Aramak Properties Sdn. Bhd. *	Malaysia	50	50	Inactive
Bina Puri Amat Aramak Sdn. Bhd. *	Malaysia	50	50	Inactive
<b>Indirect holding:</b>				
<b>Held through Bina Puri Juara Sdn. Bhd.</b>				
Dimara Building System Sdn. Bhd. *	Malaysia	30	30	Contractor in steel engineering works
Bina Puri Sentosa Venture Sdn. Bhd. *	Malaysia	50	50	Inactive
<b>Held through Bina Puri Power Sdn. Bhd.</b>				
Serambi Idaman Sdn. Bhd. *	Malaysia	35	35	Inactive

10. **Investment in Associates (Cont'd)**

Details of the associates are as follows: (Cont'd)

Name of Company	Place of business/ Country of incorporation	Effective Interest		Principal Activities
		2022 %	2021 %	
<i>Indirect holding: (Cont'd)</i>				
<i>Held through Bina Puri Properties Sdn. Bhd.</i>				
BP XA Sdn. Bhd. *	Malaysia	50	50	Inactive
<i>Held through Karak Land Sdn. Bhd.</i>				
Karak Spring Sdn. Bhd. *	Malaysia	21	21	Durian Plantation
<i>Held through The Waterfront Sdn. Bhd. (formerly known as Ideal Heights Hotel Management Sdn. Bhd.)</i>				
Majestic Bay Seafood Restaurant Sdn. Bhd. **	Malaysia	13	-	Business in restaurant activity

\* *Associates not audited by UHY*\*\* *Associates without audited financial statements and auditors' reports but the unaudited financial statements of the associates were adopted by the Group for the purpose of the consolidated financial statements of the Group*

**10. Investment in Associates (Cont'd)**

The Group has not recognised its share of losses of KL-Kuala Selangor Expressway Berhad amounting to RM7,746,000 (2021: RM8,494,000) because the Group's cumulative shares of losses has exceeded its interest in the associate and the Group has no obligation in respect of these losses. The Group cumulative losses not recognised were RM121,599,000 (2021: RM113,853,000).

During the financial year, the 40% owned subsidiary company of the Company, The Waterfront Sdn. Bhd. (formerly known as Ideal Heights Hotel Management Sdn. Bhd.) ("TWSB") had subscribed 335 ordinary shares, representing 33.5% equity interest in an associate, Majestic Bay Seafood Restaurant Sdn. Bhd. ("MBSSB").

In the previous financial year, the wholly-owned subsidiary company of the Company, Bina Puri Power Sdn. Bhd. ("BPBSB") had subscribed 35 ordinary shares, representing 35% equity interest in newly incorporated associate, Serambi Idaman Sdn. Bhd. ("SISB"). Subsequently, on 20 July 2020, BPBSB had subscribed for an addition 34,965 ordinary shares in SISB. Consequently, SISB become 35% owned associates of BPBSB.

Summarised financial informations of the Group's material associates, KL-Kuala Selangor Expressway Berhad ("KLKSE") is set out below:

	<b>KLKSE</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Summarised statements of financial position</i></b>		
Non-current assets	915,282	930,167
Current assets	91,064	69,874
Non-current liabilities	(1,218,533)	(1,183,469)
Current liabilities	(20,979)	(34,247)
Net liabilities	<u>(233,166)</u>	<u>(217,675)</u>
Interest in associate	50%	50%
Group's share of net assets	(116,583)	(108,838)
Carrying value of the Group's interest in associates	<u>(116,583)</u>	<u>(108,838)</u>
<b><i>Summarised statements of profit or loss and other comprehensive income</i></b>		
Revenue	49,290	26,680
Loss for the financial year	(15,491)	(16,988)
Total comprehensive loss for the financial year	<u>(15,491)</u>	<u>(16,988)</u>
Interest in associate	50%	50%
Group's share of profit or loss	<u>(7,746)</u>	<u>(8,494)</u>

There are no commitment nor contingent liabilities relating to the Group's interest in the associates.

## 11. Investment in Joint Venture

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>In Malaysia:</b>		
<b>At cost</b>		
Unquoted shares	3,000	3,000
Share of post-acquisition reserves	9,479	2,132
	12,479	5,132

Details of the joint venture are as follows:

<b>Name of Company</b>	<b>Place of business/ Country of incorporation</b>	<b>Effective Interest</b>		<b>Principal Activities</b>
		<b>2022</b>	<b>2021</b>	
		<b>%</b>	<b>%</b>	
<b><i>Held through Bina Puri Sdn. Bhd.</i></b>				
PPESW BPSB JV Sdn. Bhd. *	Malaysia	30	30	Developing and upgrading the Pan Borneo Highway (WP06) from Sg. Awik Bridge to Bintangor Junction

\* Joint venture not audited by UHY

Summarised financial informations of the Group's joint venture, PPESW BPSB JV Sdn. Bhd. ("PPESW") is set out below:

	<b>PPESW</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Summarised statements of financial position</i></b>		
Non-current assets	490	644
Current assets	79,165	73,847
Non-current liabilities	(113)	(953)
Current liabilities	(37,947)	(56,431)
Net assets	41,595	17,107
Interest in associate	30%	30%
Group's share of net assets	12,479	5,132
Carrying value of the Group's interest in joint venture	12,479	5,132

**11. Investment in Joint Venture (Cont'd)**

Summarised financial informations of the Group's joint venture, PPESW BPSB JV Sdn. Bhd. ("PPESW") is set out below: (Cont'd)

	<b>PPESW</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Summarised statements of profit or loss and other comprehensive income</i></b>		
Revenue	185,048	194,242
Profit for the financial year	24,490	7,107
Total comprehensive income for the financial year	24,490	7,107
Interest in associate	30%	30%
Group's share of profit or loss	7,347	2,132

**12. Investment in Joint Operations**

Details of the joint operations are as follows:

<b>Name of Company</b>	<b>Place of business/ Country of incorporation</b>	<b>Effective Interest</b>		<b>Principal Activities</b>
		<b>2022</b>	<b>2021</b>	
		<b>%</b>	<b>%</b>	
<b><i>Joint operation under the Company</i></b>				
SPK-Bina Puri Joint Venture	United Arab Emirates	30	30	Builder and contractor for general engineering and construction works
<b><i>Joint operation under Bina Puri Sdn. Bhd.</i></b>				
UEMC-Bina Puri Joint Venture	Malaysia	40	40	Builder and contractor for general engineering and construction works

The financial statements of the joint operations have been amalgamated with the financial statements of the Company and the wholly owned subsidiary company, Bina Puri Sdn. Bhd. for the year ended 30 June 2022 under their respective categories of income, expenses, assets and liabilities.

## 13. Other Investments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Financial assets at fair value through other comprehensive income</b>				
At 1 July	6,085	6,631	6,136	6,136
Changes in ownership interests and transfer to investment in subsidiary companies	-	(546)	-	-
At 30 June	<u>6,085</u>	<u>6,085</u>	<u>6,136</u>	<u>6,136</u>
<b>Accumulated impairment losses</b>				
At 1 July/30 June	<u>(3,304)</u>	<u>(3,304)</u>	<u>(3,304)</u>	<u>(3,304)</u>
<b>Carrying amount</b>				
At 30 June	<u>2,781</u>	<u>2,781</u>	<u>2,832</u>	<u>2,832</u>
<b>Presented as:</b>				
Unquoted shares, in Malaysia	2,725	2,725	2,832	2,832
Transferable corporate membership in golf and country membership	56	56	-	-
	<u>2,781</u>	<u>2,781</u>	<u>2,832</u>	<u>2,832</u>

## 14. Trade Receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables:				
- Retention sum	15,247	15,387	-	-
- Third parties	126,066	139,035	1,636	-
	<u>141,313</u>	<u>154,422</u>	<u>1,636</u>	<u>-</u>
Less: Accumulated impairment losses	(4,845)	(5,091)	(62)	-
	<u>136,468</u>	<u>149,331</u>	<u>1,574</u>	<u>-</u>
<b>Presented as:</b>				
Non current	2,148	1,843	-	-
Current	134,320	147,488	1,574	-
	<u>136,468</u>	<u>149,331</u>	<u>1,574</u>	<u>-</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2021: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Retention on contracts, included in trade receivables of the Group and the expected recovery are presented as follows:

	Group	
	2022 RM'000	2021 RM'000
Within one year	13,099	13,544
More than one year	2,148	1,843
	<u>15,247</u>	<u>15,387</u>

**14. Trade Receivables (Cont'd)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	5,091	37,011	-	-
Disposal of subsidiary company	-	(231)	-	-
Impairment losses recognised	2,854	27	62	-
Written off	(3,100)	(31,716)	-	-
At 30 June	<u>4,845</u>	<u>5,091</u>	<u>62</u>	<u>-</u>

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within the credit term.

The Group applies the simplified approach to measure the impairment losses on trade receivables and contract assets at lifetime expected credit losses (“Lifetime ECL”). Expected credit losses of all other financial assets are measured at an amount equal to 12 month expected credit losses (“12 - month ECL”) if credit risk on a financial asset has not increased significantly. The Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition to ascertain whether there is a significant increase in credit risk. The assessment takes into consideration the macroeconomic information, credit rating and other supportable forward-looking information.

A significant increase in credit risk is presumed if a debt is more than 180 days past due. Where the credit risk has increased significantly, the impairment loss is measured at an amount equal to lifetime expected credit losses (“Lifetime ECL – Underperforming”).

Full impairment losses are made for financial assets and contract assets that are determined to be credit impaired (“Lifetime ECL - Credit Impaired”). These are debtor who have defaulted on payments and are in financial difficulties.

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

## 14. Trade Receivables (Cont'd)

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	<b>Gross amount RM'000</b>	<b>Loss allowance RM'000</b>	<b>Net Amount RM'000</b>
<b>Group</b>			
<b>2022</b>			
Neither past due nor impaired	45,794	(1)	45,793
<i>Past due not impaired:</i>			
Less than 30 days	8,320	(15)	8,305
31 to 60 days	9,514	(237)	9,277
More than 90 days	75,772	(2,679)	73,093
	<u>93,606</u>	<u>(2,931)</u>	<u>90,675</u>
	139,400	(2,932)	136,468
<b>Credit impaired:</b>			
Individual impaired	1,913	(1,913)	-
	<u>141,313</u>	<u>(4,845)</u>	<u>136,468</u>
<b>2021</b>			
Neither past due nor impaired	69,871	-	69,871
<i>Past due not impaired:</i>			
31 to 60 days	6,376	-	6,376
61 to 90 days	60,909	-	60,909
More than 90 days	17,266	(5,091)	12,175
	<u>84,551</u>	<u>(5,091)</u>	<u>79,460</u>
	<u>154,422</u>	<u>(5,091)</u>	<u>149,331</u>
<b>Company</b>			
<b>2022</b>			
<i>Past due not impaired:</i>			
More than 90 days	1,636	(62)	1,574

As at 30 June 2022, trade receivables of the Group and of the Company amounting to RM90,675,000 and RM1,574,000 (2021: RM79,460,000 and Nil) were past due but not impaired. These relate to a number of customers from whom there is no recent history of default.

Trade receivables of the Group that are individually determined to be impaired amounting to RM1,913,000 (2021: Nil) at the reporting date relate to debtors that are in financial difficulties, have defaulted on payments and/or dispute billings. These receivables are not secured by any collateral or credit enhancements.

15. **Deferred Tax Assets/(Liabilities)**Deferred tax assets

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	3,645	3,670	-	-
Acquisition of a subsidiary company	-	73	-	-
Recognised in profit or loss	(1)	(98)	-	-
Over provision in prior years	(3,264)	-	-	-
At 30 June	<u>380</u>	<u>3,645</u>	<u>-</u>	<u>-</u>

Deferred tax liabilities

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	(18,129)	(14,017)	-	-
Acquisition of a subsidiary company	-	(4,111)	-	-
Recognised in profit or loss	(424)	(13)	-	-
Under provision in prior years	4,312	12	-	-
At 30 June	<u>(14,241)</u>	<u>(18,129)</u>	<u>-</u>	<u>-</u>

The net deferred tax assets and liabilities shown on the statement of financial position after appropriate offsetting are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	380	3,645	37	43
Deferred tax liabilities	(14,241)	(18,129)	(37)	(43)
	<u>(13,861)</u>	<u>(14,484)</u>	<u>-</u>	<u>-</u>

15. **Deferred Tax Assets/(Liabilities) (Cont'd)**

The movements and components of the deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

<b>Deferred tax assets Group</b>	<b>Unabsorbed capital allowances RM'000</b>	<b>Unutilised tax losses RM'000</b>	<b>Other temporary difference RM'000</b>	<b>Total RM'000</b>
At 1 July 2021	84	1,364	2,197	3,645
Recognised in profit or loss	(1)	18	(18)	(1)
Under/(Over) provision in prior years	297	(1,382)	(2,179)	(3,264)
At 30 June 2022	<u>380</u>	<u>-</u>	<u>-</u>	<u>380</u>
At 1 July 2020	84	1,389	2,197	3,670
Acquisition of a subsidiary company	-	73	-	73
Recognised in profit or loss	-	(98)	-	(98)
At 30 June 2021	<u>84</u>	<u>1,364</u>	<u>2,197</u>	<u>3,645</u>
		<b>Accelerated capital allowances RM'000</b>	<b>Revaluation of investment property RM'000</b>	<b>Total RM'000</b>
<b>Deferred tax liabilities Group</b>				
At 1 July 2021		(33)	(18,096)	(18,129)
Recognised in profit or loss		(11)	(413)	(424)
Under provision in prior years		33	4,279	4,312
At 30 June 2022		<u>(11)</u>	<u>(14,230)</u>	<u>(14,241)</u>
At 1 July 2020		(32)	(13,985)	(14,017)
Recognised in profit or loss		(13)	-	(13)
Acquisition of a subsidiary company		-	(4,111)	(4,111)
Under provision in prior years		12	-	12
At 30 June 2021		<u>(33)</u>	<u>(18,096)</u>	<u>(18,129)</u>

**15. Deferred Tax Assets/(Liabilities) (Cont'd)**

The movements and components of the deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (Cont'd)

	<b>Accelerated capital allowances</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Deferred tax liabilities</b>		
<b>Company</b>		
At 1 July	(43)	(43)
Recognised in profit or loss	6	-
At 30 June	(37)	(43)
	<b>Unutilised tax losses</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Deferred tax assets</b>		
<b>Company</b>		
At 1 July	43	43
Recognised in profit or loss	(6)	-
At 30 June	37	43

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

Deferred tax liabilities	(14,241)	(18,129)	(37)	(43)
	(13,861)	(14,484)	-	-
	-	-		

**Deferred tax assets not recognised**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

**16. Other Receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables				
- Third parties	192,661	213,275	47,454	50,861
- Related parties	6,737	36,123	273	16,466
	<u>199,398</u>	<u>249,398</u>	<u>47,727</u>	<u>67,327</u>
Less: Accumulated impairment losses	(13,797)	(490)	(2,711)	(490)
	<u>185,601</u>	<u>248,908</u>	<u>45,016</u>	<u>66,837</u>
Deposits	21,702	20,443	16,414	29
Prepayments	2,394	879	28	-
GST recoverable	57	8	-	-
	<u>209,754</u>	<u>270,238</u>	<u>61,458</u>	<u>66,866</u>

The Group's and the Company's other receivables are non-trade, unsecured, interest-free and are repayable on demand.

The Groups' amount due by related parties represents interest receivable from companies in which certain Directors of the Group have interests. The amount is non-trade, unsecured, interest-free and are repayable on demand and is expected to be settled in cash.

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	490	2,030	490	490
Impairment losses recognised	13,373	-	2,221	-
Written off	(66)	(1,540)	-	-
At 30 June	<u>13,797</u>	<u>490</u>	<u>2,711</u>	<u>490</u>

**16. Other Receivables (Cont'd)**

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

Included in deposits of the Group and of the Company is an amount of RM16,291,000 (2021: RM16,291,000), which is deposit paid for the acquisition of land in Laos. The balance consideration is disclosed as capital commitment in Note 39.

**17. Contract Assets/(Liabilities)**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Contract assets</u>		
Construction contracts (Note a)	157,974	228,750
Property development activities (Note b)	13,543	-
	<u>171,517</u>	<u>228,750</u>
<u>Contract liabilities</u>		
Construction contracts (Note a)	(250)	(19,237)
Property development activities (Note b)	(10,739)	(4,120)
	<u>(10,989)</u>	<u>(23,357)</u>
At 30 June:		
Contract assets	171,517	228,750
Contract liabilities	(10,989)	(23,357)
	<u>160,528</u>	<u>205,393</u>

Contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its contracted project activities. The amount due from contract customers will be transferred to trade receivables when the rights become unconditional.

**17. Contract Assets/(Liabilities) (Cont'd)**

Contract liabilities primarily relate to the advance consideration received from customer for construction contract, which revenue is recognised over time during the property development and construction activities.

**(a) Construction contracts**

Included in the Group's contract assets is an amount of RM23,556,000 (2021: RM23,556,000) which relates to the construction costs incurred on a project. The Group is currently engaged in an arbitration process to recover the said amounts from the Government of Pakistan. The recoverability of the said amounts is dependent on the outcome of the mediation process which, based on the advice of the Group's solicitors, the directors are of the opinion that the outcome of the mediation amount is sufficient to recover the contract assets. The status of the arbitration is disclosed in Note 41.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue incurred to date	806,293	2,740,203
Less: Progress billings	<u>(648,569)</u>	<u>(2,530,690)</u>
	<u>157,724</u>	<u>209,513</u>
Presented as:		
Contract assets	157,974	228,750
Contract liabilities	<u>(250)</u>	<u>(19,237)</u>

During the financial year, depreciation of property, plant and equipment of the Group amounting to RM65,049 (2021: RM194,820) was capitalised into construction costs.

**(b) Property development activities**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue incurred to date	310,746	230,810
Less: Progress billings	<u>(307,942)</u>	<u>(234,930)</u>
	<u>2,804</u>	<u>(4,120)</u>
Presented as:		
Contract assets	13,543	-
Contract liabilities	<u>(10,739)</u>	<u>(4,120)</u>

**17. Contract Assets/(Liabilities) (Cont'd)****(b) Property development activities (Cont'd)**

Contract assets in relation to property development activities represent the timing differences in revenue recognition in profit or loss and the milestone billings to purchasers as at the reporting date.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional, when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligation are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

Contract value yet to be recognise as revenue

The following table shows the revenue expected to be recognised in the future relating to performance obligation that were unsatisfied (or partially satisfied) at the reporting date:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Construction contracts	112,733	282,572
Property development activities	51,825	78,619
	<u>164,558</u>	<u>361,191</u>

Based on the information available to the Group, the management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts will be recognised as revenue in the period of next 6 - 36 months.

**18. Amount Due from/(to) Subsidiary Companies****(a) Amount due from subsidiary companies**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amount due from subsidiary companies</b>		
- Trade in nature	11,545	11,545
- Non-trade in nature	133,548	127,927
	<u>145,093</u>	<u>139,472</u>
<b>Less: Accumulated impairment losses</b>		
- Trade in nature	(11,542)	(11,542)
- Non-trade in nature	(15,166)	(29,840)
	<u>(26,708)</u>	<u>(41,382)</u>
	<u>118,385</u>	<u>98,090</u>

Movements in impairment losses on amount due from subsidiary companies during the financial year are as follows:

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	41,382	41,382
Impairment losses recognised	9,630	-
Impairment losses reversed	(24,304)	-
At 30 June	<u>26,708</u>	<u>41,382</u>

Trade balances is given credit term of 30 to 90 days (2021: 30 to 90 days).

Non-trade balances is unsecured, interest-free and repayable on demand.

**18. Amount Due from/(to) Subsidiary Companies (Cont'd)****(b) Amount due to subsidiary companies (Cont'd)**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amount due to subsidiary companies</b>		
- Trade in nature	925	565
- Non-trade in nature	4,436	3,724
	5,361	4,289

Trade balances is given credit term of 30 to 90 days (2021: 30 to 90 days).

Non-trade balances is unsecured, interest-free and repayable on demand.

**19. Amount Due from/(to) Associates****(a) Amount due from associates**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Amount due from associates</b>				
- Trade in nature	9,283	9,283	9,283	9,283
- Non-trade in nature	25,855	27,459	23,792	27,152
	35,138	36,742	33,075	36,435
<b>Less: Accumulated impairment losses</b>				
- Non-trade in nature	(4,679)	(4,679)	(4,679)	(4,679)
	30,459	32,063	28,396	31,756

**19. Amount Due from/(to) Associates (Cont'd)****(a) Amount due from associates (Cont'd)**

Movements in impairment losses on amount due from associates during the financial year are as follows:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July/30 June	4,679	4,679

Trade balances is given credit term of 30 to 90 days (2021: 30 to 90 days).

Non-trade balances is unsecured, interest-free and repayable on demand.

**(b) Amount due to associates**

Trade balances is given credit term of 30 to 90 days (2021: 30 to 90 days).

**20. Fixed Deposits with Licensed Banks**

The interest rates of fixed deposits of the Group ranging from 1.30% to 2.15% (2021: 0.45% to 3.35%) per annum and the maturities of deposits are ranging from 30 to 365 days (2021: 30 to 365 days).

The fixed deposits of the Group and of the Company amounting to RM13,370,000 and RM7,000 (2021: RM11,253,000 and RM7,000) respectively have been pledged to licensed banks as security for bankers' guarantees issued.

**21. Cash and Bank Balances**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	21,603	17,371	724	13
Housing development account	1,697	1,253	-	-
	23,300	18,624	724	13

Included in cash and bank balances of the Group is an amount of RM1,697,000 (2021: RM1,253,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

**21. Cash and Bank Balances (Cont'd)**

Withdrawals from the Housing Development Account are restricted to property development expenditure incurred in respect of the specific development project.

**22. Assets Held for Sale**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	111	-
Reclassification from property, plant and equipment	-	111
Disposal	(111)	-
At 30 June	<u>-</u>	<u>111</u>

On 1 September 2021, the Group entered into a Sales and Purchase Agreement (“SPA”) to dispose of a leasehold building of RM111,060 for a cash consideration of RM175,000, which had resulted a gain of RM63,940. The leasehold building has been reclassified to asset held for sale in the previous financial year. The disposal was completed in September 2021.

**23. Share Capital**

	<b>Group and Company</b>			
	<b>Number of Shares</b>		<b>Amount</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Units'000</b>	<b>Units'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ordinary shares with no par value				
<b>Issued and fully paid shares</b>				
At 1 July	1,431,110	764,078	236,435	180,856
Issuance of new shares pursuant to:				
- private placement	143,111	337,431	7,519	26,342
- share issuance scheme	23,414	49,601	2,566	5,437
- conversion of warrants	10	-	1	-
- acquisition of subsidiary companies	-	280,000	-	23,800
At 30 June	<u>1,597,645</u>	<u>1,431,110</u>	<u>246,521</u>	<u>236,435</u>

**23. Share Capital (Cont'd)**

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM236,435,178 to RM246,521,563 by way of:

- (a) 143,111,000 new ordinary shares at issue price of ranging from RM0.0494 to RM0.0542 per ordinary share for a total cash consideration of RM7,518,922 through private placement;
- (b) 10,000 new ordinary shares through conversion of Warrants at an exercise price of RM0.10 for a total cash consideration of RM1,000; and
- (c) 23,414,237 new ordinary shares through Share Issuance Scheme at an issue price of RM0.076 per share for a total cash consideration of RM1,779,482 for working capital purposes.

In the previous financial year, the Company increased its issued and paid-up ordinary share capital from RM180,856,000 to RM236,435,178 by way of:

- (a) 337,430,900 new ordinary shares through private placement at issue price range from RM0.063 to RM0.1096 for a total cash consideration of RM26,342,323 for working capital purposes;
- (b) 49,601,000 new ordinary shares through Share Issuance Scheme at an issue price of RM0.076 per share for a total cash consideration of RM3,769,676 for working capital purposes; and
- (c) 280,000,000 new ordinary shares of RM0.085 each at RM23,800,000 as partial discharge of the purchase consideration for an acquisition of Ideal Heights Properties Sdn. Bhd., a subsidiary company during the financial year.

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

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

## 24. Reserves

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-distributable</b>					
Foreign currency translation reserve	(a)	(10,444)	(11,370)	54	54
Share option reserve	(b)	889	1,819	889	1,819
Warrant reserve	(c)	10,039	10,039	10,039	10,039
<b>Distributable</b>					
Retained earnings		(79,477)	(4,822)	38,364	17,826
		<u>(78,993)</u>	<u>(4,334)</u>	<u>49,346</u>	<u>29,738</u>

The nature of reserves of the Group and of the Company is as follows:

## (a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

## (b) Share option reserve

A Share Issuance Scheme ("SIS") has been implemented on 1 March 2019 to enable the Company to grant new and additional SIS option to the eligible persons in accordance with the By-Laws of the SIS. The maximum number of shares which may be allotted under the SIS shall not exceed in aggregate fifteen percent (15%) of the total number of issued shares (excluding treasury shares, if any) of the Company at any point in time during the duration of the SIS or such other limit prescribed by any guideline, rule and/or regulation of the relevant authorities from time to time throughout the duration of the SIS.

The SIS shall be in force for a period of five (5) years from 01 March 2019. However, the Board of Directors may at its absolute discretion extend the duration of the scheme upon the recommendation of the option committee, subject always that the duration of the SIS shall not exceed ten (10) years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or other relevant authorities.

**24. Reserves (Cont'd)**

The nature of reserves of the Group and of the Company is as follows: (Cont'd)

**(b) Share option reserve (Cont'd)**

Subject to any adjustments made in accordance with the By-Laws and pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the price payable for the new shares upon exercise of the SIS options shall be based on the five (5) day volume-weighted average market price of the Company's shares immediately preceding the date of offer with a discount of not more than ten percent (10%).

On 17 February 2020, the Company made an offer of 114,575,000 SIS options under the scheme to eligible persons at an exercise price of RM0.076. The SIS options were vested upon acceptance of the offer.

	<b>Group and Company</b>			
	<b>Number of Share Option</b>		<b>Amount</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Units'000</b>	<b>Units'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	54,134	98,132	1,819	3,287
Granted during the financial year	-	14,456	-	496
Lapsed during the financial year	(4,273)	(8,853)	(143)	(297)
Exercised during the financial year	(23,414)	(49,601)	(787)	(1,667)
At 30 June	<u>26,447</u>	<u>54,134</u>	<u>889</u>	<u>1,819</u>
<b>Options exercisable at 30 June</b>	<u>26,447</u>	<u>54,134</u>		

24. **Reserves (Cont'd)**

The nature of reserves of the Group and of the Company is as follows: (Cont'd)

(b) Share option reserve (Cont'd)

During the financial year, 23,414,000 share options were exercised. The weighted average share price at the date of exercise for the year was RM0.0336 (2021: RM0.0336).

The salient features of the SIS are as follows:

(i) Maximum number of SIS shares

The maximum number of SIS shares shall not exceed in aggregate 15% of the total number of issued ordinary shares (excluding treasury shares, if any) at any time over the duration of the SIS, as provided for in the By-Laws.

(ii) Eligibility

Subject to the determination and discretion of the option committee, a director or employee of the Group (excluding dormant subsidiaries) who fulfils the following criteria as at the date of offer shall be eligible to participate in the SIS:

(a) Any employee who fulfils the following criteria as at the date of offer:

- (i) he/she has attained 18 years of age and is not an undischarged bankrupt;
- (ii) he/she is employed by a company within the Group (excluding dormant subsidiaries); and
- (iii) he/she fulfils any other criteria and/or falls within such category as may be determined by the option committee at its sole discretion from time to time.

**24. Reserves (Cont'd)**

The nature of reserves of the Group and of the Company is as follows: (Cont'd)

(b) Share option reserve (Cont'd)

(ii) Eligibility (Cont'd)

(b) Any person who holds a directorship in a company within the Group (excluding dormant subsidiaries), in an executive capacity, and shall have the meaning given in Section 2(1) of the Companies Act 2016 and Section 2(1) of the Capital Markets and Services Act 2007 (excluding independent director, non-executive director and alternate director), who fulfils the following criteria as at the date of offer:

(i) he/she has attained 18 years of age and is not an undischarged bankrupt;

(ii) he/she is a director named in the register of directors of a company within the Group (excluding dormant subsidiaries) for a continuous period of at least 12 months; and

(iii) he/she fulfils any other criteria and/or falls within such category as may be determined by the option committee at its sole discretion from time to time.

(iii) Basis of allotment and maximum allowable allotment of SIS shares

The basis of allocation of the number of SIS shares and the maximum number of SIS shares which may be offered and allotted to an eligible person shall be determined entirely at the discretion of the option committee and subject to the provisions of the By-Laws as well as taking into consideration, where relevant, the eligible person's position, seniority, performance, length of service, contribution to the continued success of the Group and such other factors that the option committee may deem relevant.

Notwithstanding the foregoing, the total number of SIS shares is subject to the following:

(a) not more than 80% of the total number of SIS shares to be issued under the SIS shall be allocated, in aggregate, to the eligible directors and senior management of the Group (excluding dormant subsidiaries);

**24. Reserves (Cont'd)**

The nature of reserves of the Group and of the Company is as follows: (Cont'd)

(b) Share option reserve (Cont'd)

(iii) Basis of allotment and maximum allowable allotment of SIS shares (Cont'd)

(b) not more than 10% of the total number of SIS shares shall be allocated to an eligible person who either singly or collectively through persons connected with the eligible person holds 20% or more of the total number of issued shares in the Company (excluding treasury shares, if any); and

(c) the eligible directors and senior management of the Group (excluding dormant subsidiaries) do not participate in the deliberation or discussion of their own allocation of SIS options, provided always that it is in accordance with the Listing Requirements or prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other requirement of the relevant authorities and as amended from time to time.

(iv) Option price

Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the option price shall be based on the price to be determined by the Board of Directors upon recommendation of the option committee based on the five (5) day volume-weighted average price of the Company's shares immediately preceding the date of offer, with a discount of not more than 10%.

(v) Ranking of the SIS shares

The SIS shares shall, upon allotment and issuance, rank pari passu in all respects with the then existing shares of the Company, save and except that the SIS shares will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment and issuance of such SIS shares.

(vi) Duration of the SIS

The SIS shall be in force for a period of 5 years from 1 March 2019. However, the Board of Directors may at its absolute discretion extend the duration of the New SIS upon the recommendation of the option committee, subject always that the duration of the SIS shall not exceed 10 years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authorities.

**24. Reserves (Cont'd)**

The nature of reserves of the Group and of the Company is as follows: (Cont'd)

**(c) Warrant reserve**

Warrants are classified as equity investment and the value is allocated based on the closing price on the first trading day and recognised in the warrant reserve.

The issuance of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Warrant reserve represents cumulative fair value of the warrants yet to be exercised.

The warrants are valid to be exercised for a period of 3 years from its issue date and ending on 28 November 2022 (“Exercise Period”). During the Exercise Period, each warrant shall entitle its registered holder to subscribe for one new ordinary share of the Company at an exercise price of RM0.10 per warrant in accordance with the provisions of the Deed Poll dated 11 November 2019. Any warrants not exercised will lapse thereafter and cease to be valid.

On 30 December 2019, the Company issued 382,039,550 warrants in connection with the proposed rights issue with warrants. At end of the current financial year, the remaining 382,019,550 (2021: 382,029,550) warrants remain unexercised.

**25. Trade Payables**

- (a) Included in trade payables are retention on contracts of the Group which are unsecured, interest free and expected to be settled as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	57,052	106,178
More than one year	1,767	2,279
	<u>58,819</u>	<u>108,457</u>

- (b) Credit terms of trade payables of the Group and of the Company ranged from 30 to 120 days (2021: 30 to 120 days) depending on the term of the contracts.

## 26. Lease Liabilities

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	1,089	749
Additions	240	634
Payments	(630)	(294)
Exchange differences	17	-
At 30 June	<u>716</u>	<u>1,089</u>
Presented as:		
Non-Current	446	400
Current	270	689
	<u>716</u>	<u>1,089</u>

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	285	724
Later than one year and not later than two years	359	450
Later than two years and not later than five years	95	-
	<u>739</u>	<u>1,174</u>
Less: Future finance charges	(23)	(85)
Present value of lease liabilities	<u>716</u>	<u>1,089</u>

The Group leases buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

27. **Bank Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>				
Term loans	259,230	218,199	34,000	-
Bank overdrafts	12,594	10,849	1,911	9,595
Bridging loan	-	6,902	-	-
Trust receipt and bank acceptance	18,410	61,322	-	-
Revolving credit	112,547	87,375	14,300	53,150
	<u>402,781</u>	<u>384,647</u>	<u>50,211</u>	<u>62,745</u>
<b>Unsecured</b>				
Bank overdrafts	7,261	1,591	2,682	-
Revolving credit	14,250	39,908	14,250	-
	<u>21,511</u>	<u>41,499</u>	<u>16,932</u>	<u>-</u>
	<u>424,292</u>	<u>426,146</u>	<u>67,143</u>	<u>62,745</u>
<b>Analysed as:</b>				
<b>Non-Current</b>				
Term loans	211,730	139,064	32,600	-
Revolving credit	23,080	-	23,080	-
	<u>234,810</u>	<u>139,064</u>	<u>55,680</u>	<u>-</u>
<b>Current</b>				
Term loans	47,500	79,135	1,400	-
Bank overdrafts	19,855	12,440	4,593	9,595
Bridging loan	-	6,902	-	-
Trust receipt and bank acceptance	18,410	61,322	-	-
Revolving credit	103,717	127,283	5,470	53,150
	<u>189,482</u>	<u>287,082</u>	<u>11,463</u>	<u>62,745</u>
	<u>424,292</u>	<u>426,146</u>	<u>67,143</u>	<u>62,745</u>

**27. Bank Borrowings (Cont'd)**

The bank overdrafts, banker acceptance, bridging loan, revolving credit and term loans obtained from licensed banks are secured by the following:

Term loans, bank overdrafts, bridging loan and revolving credit

- (a) A fixed charge over the property, plant and equipment of the subsidiary companies;
- (b) Deeds of assignment over the proceeds of contracts awarded, rental agreement and housing development account to the Group;
- (c) Corporate guarantee provided by the Company and certain subsidiary companies;
- (d) Negative pledge over the entire assets of certain subsidiary companies;
- (e) Investment properties of the subsidiary company;
- (f) Fixed deposits of the subsidiary companies pledged with licensed bank;
- (g) Third party legal charge over the subsidiary company's land/project land;
- (h) Specific debenture over the project;
- (i) Deed of assignment over the power supply rental agreement with the grantor;
- (j) First party first and second legal charge over assets;
- (k) Guaranteed by director of the Company;
- (l) Deeds of assignment over 384 units of apartments under Blocks M, K and L known as Angkasa Apartment at Darau, Menggatal, Kota Kinabalu, Sabah ("UMS Hostel").

The range of interest rates per annum is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	%	%	%	%
Other bank borrowings	3.6% - 9.42%	3.7% - 9.8%	6.5% - 9.5%	3.7% - 9.8%
Term loans	3.45% - 12%	5% - 8%	9.2% - 10%	-

28. **Other Payables**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other payables	84,783	140,306	10,540	8,358
Advances received	7,201	7,734	-	5,565
Deposits received	18,038	5,032	47	-
Accruals	51,311	41,410	2,944	49
	<u>161,333</u>	<u>194,482</u>	<u>13,531</u>	<u>13,972</u>

Included in advances received of the Group is the advances received for contract work yet to be performed is an amount of RM6,350,846 (2021: RM6,883,788).

Included in other payables of the Group and of the Company is the amount due to director amounting to RM3,824,548 and Nil (2021: RM1,714,989 and RM675,215) respectively. Amount due to director represents non trade balances which are unsecured, interest free and repayable on demand.

29. **Amount Due to a Joint Venture**

This represents non-trade balances which is unsecured, interest free and repayable on demand.

## 30. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue from contracts with customers:</b>				
<u>Major goods and services:</u>				
- Contract revenue	40,435	157,094	653	872
- Sale of goods	33,737	13,866	-	-
- Sale of electricity	14,066	12,322	-	-
- Management fees	492	492	492	492
- Rental income	15,872	20,012	341	-
- Dividend income	-	-	24,315	-
- Sale of development properties	111,898	83,680	-	-
- Revenue from hotel	18,394	-	-	-
- Rendering of services	25	-	-	-
	<u>234,919</u>	<u>287,466</u>	<u>25,801</u>	<u>1,364</u>
<b>Timing of revenue recognition:</b>				
At a point in time	82,586	46,692	25,148	492
Overtime	152,333	240,774	653	872
Total revenue from contracts with customers	<u>234,919</u>	<u>287,466</u>	<u>25,801</u>	<u>1,364</u>

## 31. Finance Costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Interest expenses on:</b>				
Lease liabilities	31	40	-	-
Unwinding of discount on trade payables	855	1,326	-	-
Bank borrowings	23,800	34,619	5,947	6,679
Others	1,830	1,145	679	1,144
	<u>26,516</u>	<u>37,130</u>	<u>6,626</u>	<u>7,823</u>

**32. (Loss)/Profit Before Tax**

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Auditors' remuneration				
- Statutory				
- current year	587	475	200	200
- overprovision in prior years	(36)	-	(55)	-
- Non-statutory				
- current year	45	55	45	55
Bad debts written off	36	31,716	-	-
Deposit written off	1,341	-	-	-
Depreciation of property, plant and equipment	7,678	7,533	245	254
Depreciation of right-of-use assets	2,506	2,470	465	465
Gain on disposal of:				
- Property, plant and equipment	(830)	(942)	-	-
- Right-of-use assets	(315)	-	-	-
- Investment properties	-	(1,122)	-	-
- Subsidiary companies	-	(2,663)	-	(4,000)
- Asset held for sale	(64)	(55)	-	-
Impairment loss on:				
- Trade receivables	2,854	27	62	-
- Other receivables	13,373	-	2,221	-
- Amount due from subsidiary companies	-	-	9,630	-
- Investment in associates	-	-	3,405	-
- Goodwill	7,235	3,000	-	-

32. **(Loss)/Profit Before Tax (Cont'd)**

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fair value gain on investment properties	(4,125)	-	-	-
Loss/(Gain) on foreign exchange:				
- Realised	-	(461)	-	-
- Unrealised	669	50	-	5
Inventories written off	3	-	-	-
Property, plant and equipment written off	-	113	-	-
Rental expenses on:				
- Land and premises	68	2,456	-	-
- Machinery and equipment	465	286	-	-
- Others	-	532	-	-
Unwinding of discount on trade receivables	(135)	(841)	-	-
Dividend income	(75)	(63)	(24,315)	(63)
Interest income	(3,200)	(2,419)	-	-
Rental income	(666)	(492)	-	(360)
Government grant	(78)	-	-	-
Deposit forfeited	(43)	-	-	-
Reversal of impairment loss on amount due from subsidiary companies	-	-	(24,304)	-

33. **Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Tax expenses recognised in profit or loss:</b>				
Current income tax:				
Current year provision				
- In Malaysia	4,723	1,312	-	-
- Outside Malaysia	77	81	-	-
Under/(Over) provision in prior years	4,379	(4,111)	-	-
	<u>9,179</u>	<u>(2,718)</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 15):				
Origination and reversal of temporary differences	425	4,025	-	-
Over provision in prior years	(1,048)	(12)	-	-
	<u>(623)</u>	<u>4,013</u>	<u>-</u>	<u>-</u>
Tax expenses for the financial year	<u>8,556</u>	<u>1,295</u>	<u>-</u>	<u>-</u>

**33. Taxation (Cont'd)**

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Loss)/Profit before tax	<u>(71,929)</u>	<u>(62,427)</u>	<u>20,395</u>	<u>(15,751)</u>
At Malaysian statutory tax rate of 24% (2021: 24%)	(17,263)	(14,982)	4,895	(3,780)
Income not subject to tax	(3,080)	(4,353)	(5,836)	(1,353)
Expenses not deductible for tax purposes	15,151	7,562	1,085	1,061
Deferred tax assets not recognised	13,422	16,652	-	4,072
Utilisation of previously unrecognised deferred tax assets	(1,046)	-	(144)	-
Under/(Over) provision of taxation in prior years	4,379	(4,111)	-	-
Over provision of deferred taxation in prior years	(1,048)	(12)	-	-
Effect of share of results of associates	<u>(1,959)</u>	<u>539</u>	<u>-</u>	<u>-</u>
Tax expenses for the financial year	<u>8,556</u>	<u>1,295</u>	<u>-</u>	<u>-</u>

**33. Taxation (Cont'd)**

The Group and the Company have the following estimated unutilised tax losses and unabsorbed capital allowances available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses	161,907	115,796	29,384	29,872
Unabsorbed capital allowances	3,330	4,975	-	138
	<u>165,237</u>	<u>120,771</u>	<u>29,384</u>	<u>30,010</u>

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the unutilised tax losses of the Group and of the Company will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward can be carried forward for a maximum period of 7 consecutive years of assessment. With effect from year of assessment 2022, unutilised tax losses that were allowed to be carried forward up to seven consecutive years was extended to a maximum of ten consecutive years of assessment under the current tax legislation. The unabsorbed capital allowances do not expire under current tax legislation.

Pursuant to Section 44(5F) of the Income Tax Act 1967, the unutilised tax losses can only be carried forward until the following years of assessment.

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Unutilised tax losses to be carried forward until:</b>				
- Year of assessment 2026	-	45,869	-	8,847
- Year of assessment 2027	-	13,142	-	5,056
- Year of assessment 2028	-	16,966	-	-
- Year of assessment 2029	39,028	39,819	8,359	15,969
- Year of assessment 2030	7,147	-	5,056	-
- Year of assessment 2031	16,930	-	-	-
- Year of assessment 2032	39,874	-	15,969	-
- Year of assessment 2033	58,928	-	-	-
	<u>161,907</u>	<u>115,796</u>	<u>29,384</u>	<u>29,872</u>

**34. Loss Per Share****(i) Basic loss per share**

The basic loss per share is calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Loss attributable to owners of the parent	<u>(74,749)</u>	<u>(63,910)</u>
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 July (in thousand of shares)	1,431,110	764,079
Effect of ordinary shares issued during the financial year (in thousand of shares)	<u>128,661</u>	<u>180,079</u>
Weighted average number of ordinary shares at 30 June (in thousand of shares)	<u>1,559,771</u>	<u>944,158</u>
Basic loss per share (in sen)	<u>(4.8)</u>	<u>(6.8)</u>

**(ii) Diluted loss per share**

The number of shares under warrants and SIS were not taken into account in the computation of diluted loss per share as the warrants and SIS do not have any dilutive effect on weighted average number of ordinary shares.

There have been no other transaction involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Loss attributable to owners of the parent	<u>(74,749)</u>	<u>(63,910)</u>
Weighted average number of ordinary shares used in the calculation of basic loss per share (in thousand of shares)	1,559,771	944,158
Adjustment for incremental shares from assumed conversions		
- SIS (in thousand of shares)	<u>-</u>	<u>5,317</u>
Weighted average number of ordinary shares at 30 June (diluted) (in thousand of shares)	<u>1,559,771</u>	<u>949,475</u>
Diluted loss per share (in sen)	<u>(4.8)</u>	<u>(6.7)</u>

## 35. Staff Costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, wages, bonuses and allowances	12,693	10,374	2,767	1,589
Defined contribution plans	1,155	1,127	307	348
Social security contributions	105	107	24	29
Share option under SIS	-	828	-	828
	<u>13,953</u>	<u>12,436</u>	<u>3,098</u>	<u>2,794</u>

Included in staff costs is aggregate amount of remuneration received and receivables by the Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Executive Directors</b>				
Salaries and other emoluments	1,536	1,552	1,482	1,498
Defined contribution plans	99	99	99	99
	<u>1,635</u>	<u>1,651</u>	<u>1,581</u>	<u>1,597</u>
<b>Non-Executive Directors</b>				
- Director's fees	252	252	252	252
<b>Total Directors' remuneration</b>	<u>1,887</u>	<u>1,903</u>	<u>1,833</u>	<u>1,849</u>

## 36. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 July RM'000	Financing cash flows (i) RM'000	Non-cash changes		At 30 June RM'000
			New leases RM'000	Exchange difference RM'000	
<b>Group</b>					
<b>2022</b>					
Lease liabilities	1,089	(630)	240	17	716
Bank borrowings	413,706	(9,269)	-	-	404,437
	<u>414,795</u>	<u>(9,899)</u>	<u>240</u>	<u>17</u>	<u>405,153</u>
<b>2021</b>					
Lease liabilities	749	(294)	634	-	1,089
Bank borrowings	426,174	(12,468)	-	-	413,706
	<u>426,923</u>	<u>(12,762)</u>	<u>634</u>	<u>-</u>	<u>414,795</u>
			At 1 July RM'000	Financing cash flows (i) RM'000	At 30 June RM'000
<b>Company</b>					
<b>2022</b>					
Bank borrowings			53,150	9,400	62,550
Amount due to subsidiary companies			4,289	1,072	5,361
			<u>57,439</u>	<u>10,472</u>	<u>67,911</u>
<b>2021</b>					
Bank borrowings			56,450	(3,300)	53,150
Amount due to subsidiary companies			2,296	1,993	4,289
			<u>58,746</u>	<u>(1,307)</u>	<u>57,439</u>

- (i) The cash flows from loan and borrowings, lease liabilities and amount due to subsidiary companies make up the net amount of proceeds from or repayments of borrowings, lease liabilities and advances from subsidiary companies in the statements of cash flows.

**37. Related Party Disclosures****(a) Identifying related parties**

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

**(b) Significant related party transactions**

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances as disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company during the reporting periods are as follows:

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Transactions with subsidiary companies</b>		
- Rental income	284	284
- Dividend income	24,240	-
	<u>24,524</u>	<u>284</u>

**37. Related Party Disclosures (Cont'd)****(c) Compensation of key management personnel**

Remuneration of Directors is disclosed in Note 35. Aggregate amount of remuneration received and receivables by other key management personnel is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries, wages and other emoluments	1,788	1,804	1,734	1,750
Defined contribution plans	99	99	99	99
	1,887	1,903	1,833	1,849

**38. Segment Information**

The main business segments of the Group comprise the following:

Construction	Construction of earthworks, building and road
Property development	Development of residential and commercial properties
Quarry	Quarry operation and production of ready-mix concrete
Power supply	Generation and supply of electricity

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.





**38. Segment Information (Cont'd)****(a) Adjustments and eliminations**

Inter-segment revenues are eliminated on consolidation.

**(b) Other non-cash income/(expenses) consist of following as presented in the respective notes to the financial statements:**

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Gain on disposal of:		
- property, plant and equipment	(830)	(942)
- right-of-use assets	(315)	-
- investment properties	-	(1,122)
- assets held for sale	(64)	(55)
Impairment loss on:		
- goodwill	7,235	3,000
- trade receivables	2,854	27
- other receivables	13,373	-
Fair value gain on investment properties	(4,125)	-
Bad debts written off		
- trade	36	31,716
Deposit written off	1,341	-
Inventories written off	3	-
Property, plant and equipment written off	-	113
Unwinding of discount on trade receivables	(135)	(841)
Unrealised loss on foreign exchange	669	50
	<u>20,042</u>	<u>31,946</u>

38. **Segment Information (Cont'd)**

## (c) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	<b>Malaysia RM'000</b>	<b>Other Asian Countries RM'000</b>	<b>RM'000</b>
<b>2022</b>			
Revenue from external customers	220,853	14,066	234,919
Non-current assets (exclude deferred tax assets)	298,934	70,652	369,586
Segment assets	1,064,293	87,734	1,152,027
Segment liabilities	793,535	83,795	877,330
<b>2021</b>			
Revenue from external customers	273,840	13,626	287,466
Non-current assets (exclude deferred tax assets)	290,183	81,208	371,391
Segment assets	1,242,273	114,878	1,357,151
Segment liabilities	888,233	103,486	991,719

39. **Capital Commitment**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Capital expenditures</b>		
Approved but not contracted for:		
Property, plant and equipment	15,300	13,810

**40. Contingent Liabilities**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantees given to the licensed banks and financial institutions for banking facilities granted to subsidiary companies	357,629	409,459
Corporate guarantees given to a supplier of goods to subsidiary companies	1,275	31
Guarantees given to secure hire purchase payables of subsidiary companies	-	10

**41. Material Litigations**

The Group and the Company have not engaged in any litigation which will have a material effect on the business or financial position of the Group and of the Company except for the following:

- (i) **In the matter of an arbitration between BK Asiapacific (Malaysia) Sdn. Bhd. (formerly known as BK Burns & Ong Sdn. Bhd.) (“BK Burns”) v UEMC-Bina Puri JV (unincorporated joint venture), UEM Construction Sdn. Bhd. and Bina Puri Sdn. Bhd. (collectively, “UEM-BPSB JV”)**

UEM-BPSB JV is an unincorporated joint venture between UEM Construction Sdn. Bhd. and BPSB (on a 60:40 proportion basis). Malaysia Airport Holdings Berhad had awarded a contract to UEM-BPSB JV to carry out construction works in respect of the development of the new low cost carrier terminal at the Kuala Lumpur International Airport, Sepang. UEM-BPSB JV thereafter engaged BK Burns for provision of commercial and contractual management & advisory services.

A statement of case was filed by BK Burns against UEM-BPSB JV on 16 June 2017 for wrongful termination, claiming for an alleged amount of RM6.9 million for loss and damage and loss of profit, including 5% incentive payment for any commercial settlement. This does not include BK Burns' claim for a monthly fee effective January 2012 until completion and 5% incentive payment during this period.

41. **Material Litigations (Cont'd)**

The Group and the Company have not engaged in any litigation which will have a material effect on the business or financial position of the Group and of the Company except for the following: (Cont'd)

- (i) **In the matter of an arbitration between BK Asiapacific (Malaysia) Sdn. Bhd. (formerly known as BK Burns & Ong Sdn. Bhd.) (“BK Burns”) v UEMC-Bina Puri JV (unincorporated joint venture), UEM Construction Sdn. Bhd. and Bina Puri Sdn. Bhd. (collectively, “UEM-BPSB JV”) (Cont'd)**

UEM-BPSB JV filed its defence on 16 August 2017 which contended inter-alia that there is no agreement of the alleged 5% incentive payment, the termination is valid and no further payments are due and owing to BK Burns.

The Hearing concluded on 1 March 2019. On 25 June 2020, the Arbitrator has determined that BK Burn is entitled for nominal damages of RM3,000 only with no order in respect of loss of profit, interest and costs (“Arbitration Decision”).

On 12 October 2020, BK Burn has filed a Set Aside Application of the Arbitration Decision and the matter is fixed for Case Management on 27 October 2020.

The JV filed Affidavit Reply on 17.11.2020. UEM-BPSB JV opposition are on the grounds that the relief sought by BK Burns does not fall under the express provision in Section 37 of the Arbitration Act 2005. Additionally, there is no basis to BK Burns’ allegations of biasness and/or lack of independence or impartiality. There are also no grounds to support BK Burns’ contention that there was a breach of natural justice.

The hearing is fixed on 14 December 2021. The judge has dismissed BK Burn’s setting aside application.

- (ii) **Bina Puri Pakistan (Private) Limited (“BPPPL”) v National Highway Authority of Pakistan (“NHA”)**

BPPPL had filed an application under Section 20 of the Arbitration Act 1940 of Pakistan before the High Court of Sindh on 28 September 2012 for reference of a dispute to arbitration for the alleged unlawful termination by NHA of the concession agreement dated 16 January 2012 entered into between BPPPL and NHA (“Concession Agreement”). The application was granted on 23 April 2013.

41. **Material Litigations (Cont'd)**

(ii) **Bina Puri Pakistan (Private) Limited (“BPPPL”) v National Highway Authority of Pakistan (“NHA”) (Cont'd)**

BPPPL commenced the arbitral proceedings on 21 October 2013 claiming for a sum of PKR26,760,300,964 (approximately RM720 million) for loss and damage including loss of profit, interest, cost and expenses. NHA contended on 9 December 2013 that the termination is lawful. On 27 March 2019, Mr Justice (R) Nasir-ul-Mulk allowed BPPPL’s claims against NHA as follows:

a declaration that the termination notice issued by NHA was unlawful repudiation and therefore anticipatory breach of the Concession Agreement; and

BPPPL shall be entitled for the actual pre-development cost and actual development costs to be determined by a joint auditor in accordance with the award.

(a) and (b) above are collectively referred to as the “Arbitration Award”.

On 6 April 2019, the Adjudication Award was filed in High Court of Sindh at Karachi to be enforced and made a rule of court. On 25 November 2019, the Court recognised the enforcement of the Arbitration Award and appointed the Auditor to evaluate the damages. On 7 September 2020, the Auditor has directed that the termination payment payable by NHA to BPPPL is PKR873,561,224 with interest of PKR224,681 per day from 21 July 2020 until full settlement.

On 29 October 2020, BPPPL has filed in the enforcement/recovery of award application to the court.

The hearing date for BPPL’s recovery of award is on 14 November 2022. BPPL has filed certificate of urgency.

(Based on BNM’s exchange rate of PKR1:RM0.0269)

(iii) **Conaire Engineering Sdn. Bhd. - L.L.C (“Conaire”) v (1) BPHB and (2) Pembinaan SPK Sdn. Bhd. (“SPK”) (collectively referred as “SPK - BPHB JV”)**

SPK- Bina Puri is an unincorporated joint venture between SPK and Bina Puri (on a 70:30 proportion basis) (“SPK-BPHB JV”). An agreement was entered into between Conaire and the SPK-BPHB JV in respect of the electromechanical and plumbing works at Phase 1, Plot 1, Area B for ‘residential, commercial and entertainment development at Al Reem Island, Abu Dhabi, UAE’. On 17 March 2015, Conaire obtained a judgment in default at the Abu Dhabi Court against SPK-BPHB JV for, amongst others, AED20,718,958.25 (approximately RM23.6/22790854 million) (“Abu Dhabi Judgment”).

41. **Material Litigations (Cont'd)**

(iv) **Conaire Engineering Sdn. Bhd. - L.L.C (“Conaire”) v (1) BPHB and (2) Pembinaan SPK Sdn. Bhd. (“SPK”) (collectively referred as “SPK - BPHB JV”) (Cont'd)**

On 11 April 2016, Conaire issued and served a writ to SPK and Bina Puri to enforce the Abu Dhabi Judgment at the High Court of Pulau Pinang (“Conaire’s Claim”). On 31 October 2017, the High Court of Pulau Pinang directed the case to be heard at the High Court of Kuala Lumpur. Conaire thereafter applied for a summary judgment to enforce the Abu Dhabi Judgment but it was dismissed by the High Court of Kuala Lumpur. On 18 January 2019, the High Court of Kuala Lumpur allowed the Conaire’s Claim (“High Court Judgment”).

On 14 February 2019, SPK and Bina Puri filed an appeal at the Court of Appeal on the High Court Judgment (“Appeal”). On 22 February 2019, SPK and Bina Puri applied to stay the High Court Judgment pending the disposal of the Appeal (“Stay of Execution Application”). On 17 April 2019, the High Court of Kuala Lumpur allowed the Stay of Execution Application. On 12 September 2019, the Court of Appeal has granted SPK and BPHD’s notice of motion to amend the notice of appeal. On 3 February 2021, the Court of Appeal dismissed BPHD’s appeal and varied the High Court judgement.

BPHB has filed application for leave to appeal in Federal Court on 19 February 2021 and on 5 October 2021, SPK and BPHB had obtained the leave to appeal to Federal Court. The Federal Court’s hearing is fixed on 2 September 2022. The Federal Court’s continued hearing is fixed on 31 December 2022.

Bina Puri’s solicitors are of the view that there is a reasonable chance of success subject to the Court of Appeal agreeing to, amongst others, that the judgment obtained by Conaire at the Abu Dhabi Court cannot be enforced in Malaysia under the Reciprocal Enforcement of Judgments Act 1958.

(Based on BNM’s exchange rate of AED1:RM1.1399)

(v) **Bina Puri Mining Sdn. Bhd. (“BPM”) v Bukit Biru Quarry Sdn. Bhd. (“BB Quarry”)**

BPM had filed a suit against BB Quarry on 11 May 2015, claiming for the sum of RM8,714,780 for the breach of the quarry operation agreement dated 1 January 2013 entered into between the parties (“Quarry Operation Agreement”), which includes a claim for misrepresentation. BB Quarry counter-claimed against BPM for a sum of RM1,412.024 being the alleged contract fees, insurance premium and reimbursement of commission fees payable by BPM pursuant to the Quarry Operation Agreement.

41. **Material Litigations (Cont'd)**

(vi) **Bina Puri Mining Sdn. Bhd. (“BPM”) v Bukit Biru Quarry Sdn. Bhd. (“BB Quarry”) (Cont'd)**

The Miri High Court has directed to split the trials into two tiers, firstly, liability of the parties and thereafter the computation of the quantum. The trial has been concluded on 16 May 2018. On 24 December 2018, BPM’s claim has been dismissed while the counter-claim by BB Quarry has been allowed. On 21 January 2019, BPM has filed an appeal at the Court of Appeal.

On 24 June 2021, BPM’s appeal has been dismissed. BPM has filed application for leave of appeal at Federal Court. The hearing will be fixed for on 9 November 2021.

The hearing on 16 April 2020 was adjourned until further notice due to the Restriction Movement Order. The trial has been fixed for on the 14 to 18 February 2022.

The trial has been adjourned until 28 to 30 September 2022.

BPM’s solicitors are of the view that there is a reasonable chance for the appeal in the event the Court of Appeal is agreeable with the ground raised by BPM.

(vii) **Ideal Heights Development Sdn. Bhd. (“IHD”) v Jurujati Konsultant Sdn. Bhd. (“Jurujati”)**

Writ and statement of claim was filed by IHD against Jurujati on 30 December 2020 for seeking of refund for fees overpaid to Jurujati amounting to RM565,520 as well as general damages, interest, and costs.

In Jurujati defend, there has been no overpayment and alleges that IHD owes a sum of RM380,439 for outstanding fees to Jurujati instead.

Currently, both parties are in the midst of complying with the court’s directions on pre-trial documents. No trial dates have been fixed.

On 15 January 2021, IHD filed a writ and a statement of claim at the Shah Alam High Court against Jurujati for loss and damage suffered by IHD as a result of Jurujati’s breach of contract and/or negligence concerning a construction project in Kuantan. The issues in disputes concern the change in design and/or structural drawings, collapse of boardwalk, clogging of the gross pollutant trap.

IHD is claiming for additional costs for the structural of the project in the sum of RM4,293,073 as well as general damages, interest, and costs. The trial dates fixed are 18 November 2022.

41. **Material Litigations (Cont'd)**

(viii) **RHB Bank Berhad (“RHB”) v Bina Puri Holding Bhd (“BPHB”) (SHAH ALAM HIGH COURT SUIT NO. BA-22NCC-37-03/2020)**

A suit was filed by RHB against BPHB for demand under guarantee and indemnity for bank guarantees provided by it in favour of National Housing Authority of Thailand (“NHA”) in respect of a joint venture agreement dated 9 March 2006 between NHA, Bina Puri (Thailand) Ltd (“BPTL”) and Deva Development Public Co. Ltd.

There was a Thai Court judgment dated 16 August 2019 against BPTL and RHB, which is currently appealed upon and pending a hearing date. However, RHB has called on the revolving bank guarantees with EXIM Bank and unilaterally on 13 November 2019, paid a sum of THB323,042,419 into the Thai Court.

Taking into account of the aforesaid payments, RHB now claims against BPHB for the balance, i.e., interest and other expenses in total of THB93,535,468 (RM12,486,330) together with interest of 5% per annum from date of judgement until the date of full settlement and costs. RHB subsequently filed an application for a summary judgment on the THB93,535,468 (RM12,486,330) against BPHB.

However, it was dismissed by the High Court. RHB then appealed against the High Court’ decision in dismissing the summary judgment application to the Court of Appeal which has been dismissed.

The Court has fixed the trial on 1 to 4 August 2023 and 7 to 9 August 2023.

(ix) **RHB Bank Berhad (“RHB”) v Bina Puri Holding Bhd (“BPHB”)**

RHB filed a Writ Action against Bina Puri and BPHB at the Shah Alam High Court vide Writ No: BA-22NCC-106-07/2020 on 20 July 2020.

RHB's cause of action against Bina Puri is for their failure to repay the overdraft facility granted to them. The cause of action against BPHB is based on the same facility in the capacity as a guarantor for the said facility. The sums claimed is for a sum of RM3,922,554 calculated as at 31 May 2020.

RHB filed an application for summary judgment against Bina Puri and BPHB. On 4 February 2021, the Court granted judgment against Bina Puri and BPHB for the sums mentioned above.

On 2 March 2021, Bina Puri and BPHB filed an appeal to the Court of Appeal against the said decision vide Court of Appeal No: B-02(IM)(NCO)-462-03/2021. Bina Puri and BPHB also filed an application for stay of execution which was fixed for hearing on 6 September 2021. The decision of the application for stay of execution was adjourned to 8 October 2021.

**41. Material Litigations (Cont'd)****(ix) RHB Bank Berhad (“RHB”) v Bina Puri Holding Bhd (“BPHB”) (Cont'd)**

The Appeal at the Court of Appeal was heard and dismissed on 7 October 2021 with costs of RM5,000. On 8 October 2021, the application for stay of execution was dismissed with costs of RM4,000.

**(x) Lakehill Resort Development Sdn. Bhd. (LRDSB) v (1) Bina Puri Properties Sdn. Bhd. (“BPPSB”) and (2) Bina Puri Holdings Bhd (“BPHB”)**

Lakehill filed summons on 28 September 2021 for a sum of RM18,356,047 for the outstanding land cost and the owner’s entitlement at the Shah Alam High Court vide Suit no. BA-22NCVC-381-09/2021.

The Court instructed LRDSB to file any interlocutory applications by 25 February 2022. Both parties are in negotiation. The next case management is on 31 October 2022.

**42. Financial Instruments****(a) Classification of financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial Assets</b>				
<i>At fair value</i>				
<i>through other</i>				
<i>comprehensive</i>				
<i>income</i>				
Other investment	2,781	2,781	2,832	2,832

42. **Financial Instruments (Cont'd)**

## (a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>At amortised cost</i>				
<b>Financial Assets</b>				
Trade receivables	136,468	149,331	1,574	-
Other receivables	207,303	269,351	61,430	66,866
Contract assets	171,517	228,750	-	-
Amount due by subsidiary companies	-	-	118,385	98,090
Amount due by associates	30,459	32,063	28,396	31,756
Fixed deposits with licensed banks	14,026	14,649	367	7
Cash and bank balances	23,300	18,624	724	13
	<u>583,073</u>	<u>712,768</u>	<u>210,876</u>	<u>196,732</u>
<b>Financial Liabilities</b>				
Trade payables	230,987	297,329	13,102	18,845
Other payables	161,333	194,482	13,531	13,972
Contract liabilities	10,989	23,357	-	-
Amount due to subsidiary companies	-	-	5,361	4,289
Amount due to associates	6	12	6	6
Amount due to a joint venture	34	34	34	34
Lease liabilities	716	1,089	-	-
Bank borrowings	424,292	426,146	67,143	62,745
	<u>828,357</u>	<u>942,449</u>	<u>99,177</u>	<u>99,891</u>

42. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

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

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

*Exposure to credit risk, credit quality and collateral*

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk.

42. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (Cont'd)

## (i) Credit risk (Cont'd)

*Concentration of credit risk*

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profiles of the Group's trade receivables at the end of financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Countries</i></b>				
Brunei				
Darussalam	3,735	3,682	-	-
Indonesia	2,978	1,916	-	-
Malaysia	129,755	143,733	1,574	-
	<u>136,468</u>	<u>149,331</u>	<u>1,574</u>	<u>-</u>

**Cash and cash equivalents**

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

42. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

**Cash and cash equivalents (Cont'd)**

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

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company also provides corporate guarantee to suppliers of goods to subsidiary companies. The Company monitors on a continuous basis the results of the subsidiary companies and repayments made by the subsidiary companies.

*Exposure to credit risk, credit quality and collateral*

The Company's maximum exposure in this respect is RM358.9 million (2021: RM409.5 million), representing the outstanding banking facilities and for supply of goods to certain subsidiary companies as at the end of the reporting period. There was no indication that the subsidiary company would default on repayment as at the end of the reporting period.

**Financial guarantees**

*Recognition and measurement of impairment loss*

The Company assumes that there is a significant increase in credit risk when a subsidiary company's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary company is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary company is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

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

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

42. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

**Financial guarantees (Cont'd)**

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

**Inter-company loans and advances**

*Recognition and measurement of impairment loss*

Generally, the Company considers loans and advances to subsidiary companies have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary companies' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary companies are not able to pay when demanded. The Company considers a subsidiary company's loan or advance to be credit impaired when:

- The subsidiary company is unlikely to repay its loan or advance to the Company in full;
- The subsidiary company's loan or advance is overdue for more than 365 days; or
- The subsidiary company is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

42. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (Cont'd)

## (ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from their various payables.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	<b>On demand or within 1 year RM'000</b>	<b>1 to 2 years RM'000</b>	<b>2 to 5 years RM'000</b>	<b>After 5 years RM'000</b>	<b>Total contractual cash flows RM'000</b>	<b>Total carrying amount RM'000</b>
<b>Group</b>						
<b>2022</b>						
<b>Financial liabilities</b>						
Trade payables	229,220	1,767	-	-	230,987	230,987
Other payables	161,333	-	-	-	161,333	161,333
Contract liabilities	10,989	-	-	-	10,989	10,989
Amount due to associates	6	-	-	-	6	6
Amount due to a joint venture	34	-	-	-	34	34
Lease liabilities	285	359	95	-	739	716
Bank borrowings	217,191	86,062	88,967	92,959	485,179	424,292
	<u>619,058</u>	<u>88,188</u>	<u>89,062</u>	<u>92,959</u>	<u>889,267</u>	<u>828,357</u>

42. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (Cont'd)

## (ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	<b>On demand or within 1 year RM'000</b>	<b>1 to 2 years RM'000</b>	<b>2 to 5 years RM'000</b>	<b>After 5 years RM'000</b>	<b>Total contractual cash flows RM'000</b>	<b>Total carrying amount RM'000</b>
<b>Group</b>						
<b>2021</b>						
<b>Financial liabilities</b>						
Trade payables	295,050	2,279	-	-	297,329	297,329
Other payables	194,482	-	-	-	194,482	194,482
Contract liabilities	23,357	-	-	-	23,357	23,357
Amount due to associates	12	-	-	-	12	12
Amount due to a joint venture	34	-	-	-	34	34
Lease liabilities	724	450	-	-	1,174	1,089
Bank borrowings	82,235	64,089	27,193	279,822	453,339	426,146
	<b>595,894</b>	<b>66,818</b>	<b>27,193</b>	<b>279,822</b>	<b>969,727</b>	<b>942,449</b>

42. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (Cont'd)

## (ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	<b>On demand or within 1 year RM'000</b>	<b>1 to 2 years RM'000</b>	<b>2 to 5 years RM'000</b>	<b>After 5 years RM'000</b>	<b>Total contractual cash flows RM'000</b>	<b>Total carrying amount RM'000</b>
<b>Company</b>						
<b>2022</b>						
<b>Financial liabilities</b>						
Trade payables	13,102	-	-	-	13,102	13,102
Other payables	13,531	-	-	-	13,531	13,531
Amount due to subsidiary companies	5,361	-	-	-	5,361	5,361
Amount due to associates	6	-	-	-	6	6
Amount due to a joint venture	34	-	-	-	34	34
Bank borrowings	16,217	19,688	19,972	24,875	80,752	67,143
Financial guarantee *	358,904	-	-	-	358,904	-
	<u>407,155</u>	<u>19,688</u>	<u>19,972</u>	<u>24,875</u>	<u>471,690</u>	<u>99,177</u>

42. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (Cont'd)

## (ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	<b>On demand or within 1 year RM'000</b>	<b>1 to 2 years RM'000</b>	<b>2 to 5 years RM'000</b>	<b>After 5 years RM'000</b>	<b>Total contractual cash flows RM'000</b>	<b>Total carrying amount RM'000</b>
<b>Company</b>						
<b>2021</b>						
<b>Financial liabilities</b>						
Trade payables	18,845	-	-	-	18,845	18,845
Other payables	13,972	-	-	-	13,972	13,972
Amount due to subsidiary companies	4,289	-	-	-	4,289	4,289
Amount due to associates	6	-	-	-	6	6
Amount due to a joint venture	34	-	-	-	34	34
Bank borrowings	62,745	-	-	-	62,745	62,745
Financial guarantee *	409,500	-	-	-	409,500	-
	<u>509,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>509,391</u>	<u>99,891</u>

\* Being corporate guarantee granted for banking facilities and supply of goods to certain subsidiary companies which will only be encashed in the event of default by these companies.

42. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (Cont'd)

## (iii) Market risk

## (a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Brunei Dollar (“BND”), Indonesian Rupiah (“IDR”), Pakistan Rupee (“PKR”), United States Dollar (“USD”) and other currency.

<b>Group 2022</b>	<b>Denominated in</b>					<b>Total RM'000</b>
	<b>BND RM'000</b>	<b>IDR RM'000</b>	<b>PKR RM'000</b>	<b>USD RM'000</b>	<b>Others RM'000</b>	
Trade and other receivables	4,400	3,091	-	-	-	7,491
Fixed deposits with licensed banks	7,209	468	-	-	-	7,677
Cash and bank balances	443	1,458	5	3,110	-	5,016
Trade and other payables	(19,061)	(854)	(174)	(74)	(10)	(20,173)
Lease liabilities	-	(422)	-	-	-	(422)
Bank borrowings	(7,334)	(1,227)	-	-	-	(8,561)
	<u>(14,343)</u>	<u>2,514</u>	<u>(169)</u>	<u>3,036</u>	<u>(10)</u>	<u>(8,972)</u>

42. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (Cont'd)

## (iii) Market risk (Cont'd)

## (a) Foreign currency risk (Cont'd)

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Brunei Dollar (“BND”), Indonesian Rupiah (“IDR”), Pakistan Rupee (“PKR”), United States Dollar (“USD”) and other currency. (Cont'd)

<b>Group 2021</b>	<b>Denominated in</b>					<b>Total RM'000</b>
	<b>BND RM'000</b>	<b>IDR RM'000</b>	<b>PKR RM'000</b>	<b>USD RM'000</b>	<b>Others RM'000</b>	
Trade and other receivables	4,359	2,283	-	-	-	6,642
Fixed deposits with licensed banks	6,996	418	-	-	-	7,414
Cash and bank balances	129	1,538	5	1	35	1,708
Trade and other payables	(14,106)	(173)	(269)	(46)	(10)	(14,604)
Lease liabilities	-	(256)	-	-	-	(256)
Bank borrowings	(8,037)	-	(134)	-	-	(8,171)
	<u>(10,659)</u>	<u>3,810</u>	<u>(398)</u>	<u>(45)</u>	<u>25</u>	<u>(7,267)</u>

42. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (Cont'd)

## (iii) Market risk (Cont'd)

## (a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the BND, IDR, PKR and USD exchange rates against RM, with all other variables held constant.

Group	2022		2021	
	Change in currency rate RM'000	Effect on loss before tax RM'000	Change in currency rate RM'000	Effect on loss before tax RM'000
BND	Strengthened 5%	(717)	Strengthened 5%	(533)
	Weakened 5%	717	Weakened 5%	533
IDR	Strengthened 5%	126	Strengthened 5%	191
	Weakened 5%	(126)	Weakened 5%	(191)
PKR	Strengthened 5%	(8)	Strengthened 5%	(20)
	Weakened 5%	8	Weakened 5%	20
USD	Strengthened 5%	152	Strengthened 5%	(2)
	Weakened 5%	(152)	Weakened 5%	2
Others	Strengthened 5%	(1)	Strengthened 5%	1
	Weakened 5%	1	Weakened 5%	(1)

## (b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

42. **Financial Instruments (Cont'd)**

## (b) Financial risk management objectives and policies (Cont'd)

## (iii) Market risk (Cont'd)

## (b) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>		
<b>Financial asset</b>		
Fixed deposits with licensed banks	14,026	14,649
	<u>          </u>	<u>          </u>
<b>Financial liabilities</b>		
Lease liabilities	716	1,089
	<u>          </u>	<u>          </u>
<b>Floating rate instruments</b>		
<b>Financial liabilities</b>		
Bank borrowings	424,292	426,146
	<u>          </u>	<u>          </u>
<b>Company</b>		
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>		
<b>Financial asset</b>		
Fixed deposits with licensed banks	367	7
	<u>          </u>	<u>          </u>
<b>Floating rate instruments</b>		
<b>Financial liabilities</b>		
Bank borrowings	67,143	62,745
	<u>          </u>	<u>          </u>

42. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

**Interest rate risk sensitivity analysis**

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.5% (2021: 0.5%) interest rate at the end of the reporting period would have increased/(decreased) the Group's loss before tax by RM2,121,000 and RM336,000 (2021: RM2,131,000 and RM314,000) respectively, arising mainly as a result of lower/ higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Other price risk

Equity price risk arises from the Group's investments in equity securities.

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

Management of the Group monitors the equity investments on a portfolio basis. All buy and sell decisions are approved by the Directors of the Company.

*Equity price risk sensitivity analysis*

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI").

A 5% strengthening in FBMKLCI at the end of the reporting period would have increased the Group's other comprehensive income by approximately Nil (2021: Nil) for investments classified as fair value through other comprehensive income. A 5% weakening in FBMKLCI would have had equal but opposite effect on other comprehensive income.

42. **Financial Instruments (Cont'd)**

## (d) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Carrying
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	amount RM'000
<b>Group</b>					
<b>2022</b>					
<b>Financial assets</b>					
Other investments					
- Unquoted shares	-	-	2,725	2,725	2,725
- Transferable corporate golf membership	-	-	56	56	56
	-	-	2,781	2,781	2,781
<b>2021</b>					
<b>Financial assets</b>					
Other investments					
- Unquoted shares	-	-	2,725	2,725	2,725
- Transferable corporate golf membership	-	-	56	56	56
	-	-	2,781	2,781	2,781

**42. Financial Instruments (Cont'd)****(d) Fair values of financial instruments (Cont'd)**

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.  
(Cont'd)

	<b>Fair value of financial instruments carried at fair value</b>				<b>Carrying amount RM'000</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>Company</b>					
<b>2022</b>					
<b>Financial assets</b>					
Other investments					
- Unquoted shares	-	-	2,832	2,832	2,832
<b>2021</b>					
<b>Financial assets</b>					
Other investments					
- Unquoted shares	-	-	2,832	2,832	2,832

**43. Capital Management**

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**43. Capital Management (Cont'd)**

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total loan and borrowings	425,008	427,235	67,143	62,745
Less: Fixed deposits, cash and bank balances <sup>^</sup>	(35,629)	(32,020)	(1,091)	(20)
Net debts/(cash)	389,379	395,215	66,052	62,725
 Total equity	 274,697	 365,432	 295,867	 266,173
 Gearing ratio (times)	 1.42	 1.08	 0.22	 0.24

<sup>^</sup> Fixed deposits, cash and bank balances excluded cash and cash equivalents restricted from use.

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

**44. Subsequent Events**Proposed private placement and right issue with warrants

On 19 August 2022, Bina Puri Holdings Berhad ("BPHB") proposed to undertake a private placement up to 479,293,900 new ordinary shares which represents 30% of existing number of shares in BPHB, and renounceable rights issue of up to 1,659,793,300 Rights Shares together with 331,958,660 Warrant(s) B on the basis of 2 Rights Shares for every 3 existing Bina Puri Shares held together with 1 Warrant B for every 5 Rights Shares subscribed on the Entitlement Date.

45. **Comparative figures**

Certain comparatives were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 30 June 2022.

46. **Date of Authorisation for Issue**

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