NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

5. CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:

	RM'000
As at 31 December 2021	*
Adjustments for the Acquisition	8,853
Pro Forma I	**8,853**
Adjustments for public issue	31,261
Pro Forma II	**40,114**
Adjustments for utilisation of proceeds	
- Capital expenditure	(6,900)
- Purchase of raw materials	(20,861)
- Estimated listing expenses	(3,500)
Pro Forma III	**8,853**

* *Amount is less than RM1,000.*

6. SHARE CAPITAL AND RETAINED EARNINGS/ACCUMULATED LOSSES

The movements in the share capital and retained earnings/accumulated losses are as follows:

	Share capital RM'000	(Accumulated losses) / Retained earnings RM'000	Merger reserve RM'000	Total RM'000
As at 31 December 2021	*	(86)	-	(86)
Acquisition	52,100	41,686	(34,500)	59,286
Pro Forma I	**52,100**	**41,600**	**(34,500)**	**59,200**
Public issue	31,261	-	-	31,261
Pro forma II	**83,361**	**41,600**	**(34,500)**	**90,461**
Estimated listing expenses attributable to Public Issue	(545)	-	-	(545)
Estimated other listing expenses	-	(2,955)	-	(2,955)
Pro forma III	**82,816**	**38,645**	**(34,500)**	**86,961**

* *Amount is less than RM1,000.*

Stamped for the purpose of identification only
06 MAY 2022
...O PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

APPROVAL BY THE BOARD OF DIRECTORS

The Pro Forma Consolidated Statements of Financial Position have been approved and adopted by the Board of Directors of YXPM in accordance with a resolution dated 6 May 2022.

………………………………………………………

NG SHEAU CHYN
Director

Tel : +603 2616 2888
Fax : +603 2616 3190 / 3191
www.bdo.my

Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

The Board of Directors
YX Precious Metals Bhd
No. 23, Jalan 2/131A,
Project Jaya Industrial Estate,
Batu 6, Jalan Kelang Lama,
58200 Kuala Lumpur, Malaysia.

Date: 6 May 2022

Our ref: BDO/LKH/TKY2

Dear Sirs,

REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF YX PRECIOUS METALS BHD ("YXPM" OR THE "COMPANY")

Opinion

We have audited the accompanying Combined Financial Statements of YX Precious Metals Bhd and its Other Combining Entities as defined in Note 1 to the Combined Financial Statements (collectively referred to as the "Group"), which comprise the combined statements of financial position as at 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021, and combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021, and notes to the Combined Financial Statements, including a summary of significant accounting policies as set out in this report (collectively referred to herein as "the Combined Financial Statements").

The Combined Financial Statements have been prepared for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of YXPM on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing"). This report is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the Combined Financial Statements give a true and fair view of the combined financial position of the Group as at 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 and of their combined financial performance and combined cash flows for the financial years ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

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 *Reporting Accountants' Responsibilities for the Audit of the Combined 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 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.

Directors' Responsibility for the Combined Financial Statements

The Directors of the Company are responsible for the preparation of the Combined Financial Statements of the Group so as to give a true and fair view in accordance with MFRS and IFRS. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the Combined Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Combined Financial Statements of the Group, the Directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibility for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the Combined Financial Statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 Combined 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 Combined Financial Statements of the Group, 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 internal control of the Group.

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

Reporting Accountants' Responsibility for the Audit of the Combined Financial Statements (continued)

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: (continued)

- 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' report to the related disclosures in the Combined Financial Statements of the Group 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 Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Combined Financial Statements of the Group, including the disclosures, and whether the Combined Financial Statements of the Group represents the underlying transactions and events in a manner that achieve 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 Combined 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.

Other Matters

This report has been prepared solely to comply with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.

BDO PLT	**Law Kian Huat**
LLP0018825-LCA & AF 0206	02855/06/2022 J
Chartered Accountants	Chartered Accountant

YX PRECIOUS METALS BHD [202101001245] (1401543 - M)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	1,369	1,024	1,060	1,894
Right-of-use assets	10	-	716	461	696
Deferred tax assets	11	173	67	58	61
		1,542	1,807	1,579	2,651
Current assets					
Inventories	12	41,554	49,621	53,044	49,089
Trade and other receivables	13	13,644	13,000	11,377	19,279
Current tax assets		569	34	*	*
Cash and bank balances	14	2,059	1,320	8,385	8,853
		57,826	63,975	72,806	77,221
TOTAL ASSETS		59,368	65,782	74,385	79,872
EQUITY AND LIABILITIES					
Equity attributable to owners of the combining entities					
Invested equity	15	10,500	10,500	17,600	17,600
Equity loan	16	7,100	7,100	-	-
Retained earnings		20,439	25,301	34,496	41,600
TOTAL EQUITY		38,039	42,901	52,096	59,200
LIABILITIES					
Non-current liabilities					
Borrowings	17	190	-	-	-
Lease liabilities	10	-	234	210	386
Deferred tax liabilities	11	47	57	73	67
		237	291	283	453
Current liabilities					
Trade and other payables	19	1,148	4,211	1,323	1,994
Borrowings	17	19,944	17,494	19,884	17,309
Lease liabilities	10	-	364	179	203
Current tax liabilities		-	521	620	713
		21,092	22,590	22,006	20,219
TOTAL LIABILITIES		21,329	22,881	22,289	20,672
TOTAL EQUITY AND LIABILITIES		59,368	65,782	74,385	79,872

Stamped for the purpose of identification only
06 MAY 2022
BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

* *Amount is less than RM1,000.*

YX PRECIOUS METALS BHD [202101001245] (1401543 - M)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	20	137,534	144,711	175,634	265,384
Cost of sales		(133,111)	(132,388)	(158,267)	(251,042)
Gross profit		4,423	12,323	17,367	14,342
Other income		190	211	229	622
Administrative expenses		(2,873)	(2,795)	(2,734)	(3,205)
Selling and distribution expenses		(1,590)	(1,688)	(1,213)	(1,261)
Net gain/(loss) on impairment of financial assets		126	(119)	69	(77)
Other expenses		(188)	(348)	(330)	(282)
Finance costs	21	(1,484)	(1,303)	(993)	(849)
(Loss)/Profit before tax	22	(1,396)	6,281	12,395	9,290
Taxation	23	21	(1,419)	(3,025)	(2,186)
(Loss)/Profit for the financial year		(1,375)	4,862	9,370	7,104
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/income		(1,375)	4,862	9,370	7,104
(Loss)/Earnings per share attributable to owners of the combining entities					
Basic (sen)	24	(13.10)	46.30	88.10	40.36
Diluted (sen)	24	(13.10)	46.30	88.10	40.36

YX PRECIOUS METALS BHD [202101001245] (1401543 - M)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Note	Invested equity RM'000	Equity loan RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2018, as previously reported		10,500	-	22,074	32,574
Adjustments on initial application of MFRS 9	4.1(a)	-	-	(260)	(260)
Balance as at 1 January 2018, as restated		10,500	-	21,814	32,314
Transactions with owner:					
Issuance of equity loan	16	-	7,100	-	7,100
Loss for the financial year		-	-	(1,375)	(1,375)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss		-	-	(1,375)	(1,375)
Balance as at 31 December 2018		10,500	7,100	20,439	38,039
Balance as at 1 January 2019		10,500	7,100	20,439	38,039
Profit for the financial year		-	-	4,862	4,862
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	4,862	4,862
Balance as at 31 December 2019		10,500	7,100	25,301	42,901
Balance as at 1 January 2020		10,500	7,100	25,301	42,901
Transactions with owner:					
Dividend	25	-	-	(175)	(175)
Issuance of ordinary shares		*	-	-	*
Conversion of equity loan	16	7,100	(7,100)	-	-
Profit for the financial year		-	-	9,370	9,370
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	9,370	9,370
Balance as at 31 December 2020		17,600	-	34,496	52,096

YX PRECIOUS METALS BHD [202101001245] (1401543 - M)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

	Note	Invested equity RM'000	Equity loan RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2021		17,600	-	34,496	52,096
Transactions with owner:					
Issuance of ordinary shares		*	-	-	*
Profit for the financial year		-	-	7,104	7,104
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	7,104	7,104
Balance as at 31 December 2021		17,600	-	41,600	59,200

* *Amount is less than RM1,000.*

Stamped for the purpose of identification only
06 MAY 2022
BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

YX PRECIOUS METALS BHD [202101001245] (1401543 - M)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

	Note	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(1,396)	6,281	12,395	9,290
Adjustments for:					
Bad debt written off		2	-	-	-
Depreciation of property, plant and equipment	9	386	343	293	306
Depreciation of right-of-use assets	10	-	441	455	195
Finance costs	21	1,484	1,303	993	849
Gain on disposal of property, plant and equipment		-	(26)	-	(356)
Impairment loss on trade and other receivables	13(f)	81	187	117	123
Interest income	22	(28)	-	-	*
Inventories written off		3	-	-	-
Reversal on impairment loss on trade and other receivables	13(f)	(207)	(68)	(186)	(46)
Reversal of lease liabilities		-	-	(8)	-
Right-of-use assets written off		-	-	8	-
Unrealised loss/(gain) on foreign exchange		21	21	16	(4)
Unrealised loss on gold price fluctuation		-	-	25	-
Operating profit before changes in working capital		346	8,482	14,108	10,357
Changes in working capital:					
Inventories		5,673	(8,067)	(3,423)	3,955
Trade and other receivables		3,712	451	1,650	(7,975)
Trade and other payables		(2,956)	3,049	(2,912)	679
Cash generated from operations		6,775	3,915	9,423	7,016
Interest paid		(1,481)	(1,144)	(967)	(813)
Tax paid		(599)	(801)	(2,890)	(2,104)
Tax refunded		-	554	23	-
Net cash from operating activities		4,695	2,524	5,589	4,099
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Income		-	-	-	*
Net payment from/(to) related company		496	(6)	5	-
Proceeds from disposal of property, plant and equipment		-	26	-	485
Purchase of property, plant and equipment	9(a)	(337)	(326)	(329)	(1,140)
Addition of right-of-use assets		-	(66)	-	(114)
Net cash from/(used in) investing activities		159	(372)	(324)	(769)

Stamped for the purpose of identification only
06 MAY 2022
BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

YX PRECIOUS METALS BHD [202101001245] (1401543 - M)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (continued)

	Note	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	25	-	-	(175)	-
Interest paid		(3)	-	-	-
Lease interest paid	10(d)	-	(13)	(10)	(11)
Net repayments of hire-purchase creditors		(11)	-	-	-
Net (repayments)/drawdown of short term borrowings		(984)	(3,387)	3,610	(3,115)
Payments of lease liabilities	10(d)	-	(428)	(407)	(276)
Net cash (used in)/from financing activities		(998)	(3,828)	3,018	(3,402)
Net increase/(decrease) in cash and cash equivalents		3,856	(1,676)	8,283	(72)
Cash and cash equivalents at beginning of financial year		(2,133)	1,722	1	8,286
Effect of exchange rate changes		(1)	(45)	2	*
Cash and cash equivalents at end of financial year	14(e)	1,722	1	8,286	8,214

** Amount is less than RM1,000.*

YX PRECIOUS METALS BHD [202101001245] (1401543 - M)

(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

YX Precious Metals Bhd ("YXPM" or the "Company") was incorporated in Malaysia under the Companies Act 2016 on 11 January 2021 as a private limited liability company under the name of YX Precious Metals Sdn. Bhd.. The Company is domiciled in Malaysia. On 11 March 2021, the Company was converted to a public limited liability company.

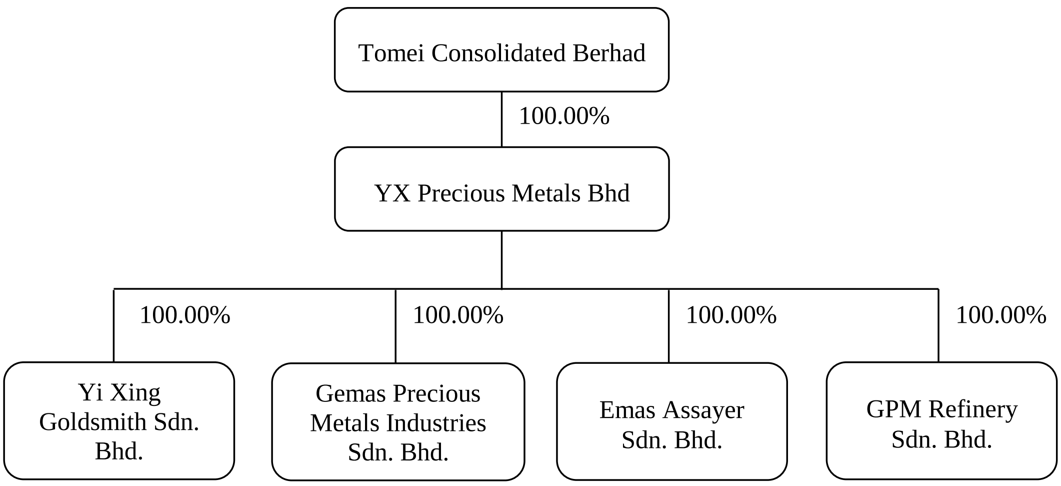
The registered office of the Company is located at SO-26-02, Menara 1, No. 3 Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 23, Jalan 2/131A, Project Jaya Industrial Estate, Batu 6, Jalan Kelang Lama, 58200 Kuala Lumpur.

The immediate holding company is Tomei Consolidated Berhad ("Tomei"), a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The ultimate holding company is Teck Fong Corporation Sdn. Bhd., a company incorporated in Malaysia.

The Company was incorporated for the purpose of undertaking, among others, a restructuring and acquisition exercise that would result in the Company becoming the holding company of Yi Xing Goldsmith Sdn. Bhd. ("YXG"), Gemas Precious Metals Industries Sdn. Bhd. ("GPM"), Emas Assayer Sdn. Bhd. ("EASB") and GPM Refinery Sdn. Bhd. ("GRSB") (collectively referred to as the "Other Combining Entities"). Since the acquisitions of Other Combining Entities by the Company would be completed after the latest financial year required to be reported in accordance with paragraph 10.04 of Chapter 10, Part II Division 1 : Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia, for the purpose of this Accountants' Report, the Company has prepared the Combined Financial Statements instead of consolidated financial statements. Note 2 to the Combined Financial Statements explains further the basis of preparation of the Combined Financial Statements.



1. GENERAL INFORMATION (continued)

The principal activity of the Company is investment holding. The principal activities of the Other Combining Entities are as disclosed in Note 7 to the Combined Financial Statements. There have been no significant changes in the nature of these principal activities during the financial years under review.

These Combined Financial Statements for the financial years ended ("FYE(s)") 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

2. BASIS OF PREPARATION

The Accountants' Report comprises the Combined Financial Statements of the Company and the Other Combining Entities (collectively referred to as the "Group") for the FYEs 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021. The Combined Financial Statements of the Group consist of the audited financial statements of the Company and the Other Combining Entities and are prepared solely for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of YXPM on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing").

The Combined Financial Statements of the Group are prepared using the audited financial statements of the Company and the Other Combining Entities for the relevant financial periods/years and their statutory auditors are as follows:

Company	Relevant Financial Periods/Years	Auditors
YX Precious Metals Bhd	11 January 2021 (Date of incorporation) to 31 December 2021*	BDO PLT
Yi Xing Goldsmith Sdn. Bhd.	FYE 31 December 2018	BDO PLT
	FYE 31 December 2019	BDO PLT
	FYE 31 December 2020	BDO PLT
	FYE 31 December 2021	BDO PLT
Gemas Precious Metals Industries Sdn. Bhd.	FYE 31 December 2018	BDO PLT
	FYE 31 December 2019	BDO PLT
	FYE 31 December 2020	BDO PLT
	FYE 31 December 2021	BDO PLT
Emas Assayer Sdn. Bhd.	FYE 31 December 2018	BDO PLT
	FYE 31 December 2019	BDO PLT
	FYE 31 December 2020	BDO PLT
	FYE 31 December 2021	BDO PLT
GPM Refinery Sdn. Bhd.	25 August 2020 (Date of incorporation) to 31 December 2020 #	BDO PLT
	FYE 31 December 2021	BDO PLT

** There were no audited financial statements for YX Precious Metals Bhd for the FYE 31 December 2018, FYE 31 December 2019 and FYE 31 December 2020 as the Company was only incorporated on 11 January 2021.*

 # There were no audited financial statements for GPM Refinery Sdn. Bhd. for the FYE 31 December 2018 and FYE 31 December 2019 as the Company was only incorporated on 25 August 2020.

2. BASIS OF PREPARATION (continued)

The audited financial statements of the Company and the Other Combining Entities for the relevant financial periods/years reported above were not subject to any qualification or modification.

The Combined Financial Statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The Combined Financial Statements of the Group have also been prepared in accordance with the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants and on the assumption that the Group has been operating as a single economic entity throughout the financial years and period presented in these Combined Financial Statements.

Throughout the financial years and period under review, the Company and the Other Combining Entities are under the common control of Tomei and Tomei's substantial shareholders, Teck Fong Corporation Sdn. Bhd. and Tropical Bliss Sdn. Bhd..

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Common control exists when the same parties have ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the Combined Financial Statements from the day that common control commences until the date that control ceases.

The financial information as presented in the Combined Financial Statements may not correspond with the consolidated financial statements of the Group has the relevant acquisitions to legally constitute the Group been incorporated for the respective financial years and period. Consequently, such financial information in the Combined Financial Statements does not purport to predict the financial positions, results of operations and cash flows of the Group for the financial years and period.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial years are disclosed in Note 4 to the Combined Financial Statements.

The Combined Financial Statements of the Group have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The preparation of Combined Financial Statements in conformity with MFRS and IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in the Note 6 to the Combined Financial Statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Common control business combinations

3.1.1 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting of similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

lntragroup balances, transactions, income and expenses are eliminated in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests, if any, represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year/ period are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Common control business combinations (continued)

3.1.1 Basis of consolidation (continued)

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.1.2 Business combinations

Business combinations other than those involving entities under common control, are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) right-of-use assets and lease liabilities for leases are recognised and measured in accordance with MFRS 16 *Leases*;

(c) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(d) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Common control business combinations (continued)

3.1.2 Business combinations (continued)

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. The Group accounts for changes in fair value of contingent consideration that are not measurement period adjustments as follows:

(a) Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.

(b) Other contingent consideration that:

(i) is within the scope of MFRS 9 Financial Instruments shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9 *Financial Instruments* for the relevant period.

(ii) is not within the scope of MFRS 9 *Financial Instruments* shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRS. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Common control business combinations (continued)

3.1.2 Business combinations (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method of accounting. The assets and liabilities of the entities are reflected at their carrying amounts reported in the consolidated financial statements of the Group. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve. The statements of profit or loss and other comprehensive income reflects the results of the entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

Entities under common control are entities, which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the consolidated financial statements from the day that control commences until the date that control ceases.

3.2 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Property, plant and equipment and depreciation (continued)

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal annual depreciation rates are as follows:

Computer equipment	20%
Electrical installation, tools & equipment	20%
Office equipment, furniture and fittings	20%
Motor vehicles	20%
Plant and machineries	10%
Renovation	20%
Signboard	20%

Capital work-in-progress represents machinery under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.4 to the Combined Financial Statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

3.3 Leases

Accounting policies applied from 1 January 2019 onwards

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Leases (continued)

Accounting policies applied from 1 January 2019 onwards (continued)

The Group as lessee (continued)

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated using the straight-line method from the commencement earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease terms of right-of-use assets are as follows:

Office space	2 years
Motor vehicles	5 years

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Leases (continued)

Accounting policies applied until 31 December 2018

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

3.4 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets, inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Impairment of non-financial assets (continued)

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

3.5 Inventories

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

Cost is determined on a weighted average basis or specific identification as appropriate and comprises the original cost of purchase plus the cost 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 the estimated cost of completion and the estimated costs necessary to make the sale.

The Group writes down its slow moving inventories based on specific assessment by Directors which involved judgement about the ageing and design of inventories, coupled with market knowledge of merchandising department and the valuation of inventories which is subject to the fluctuation of the market price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

3.6 Financial instruments

(a) Financial assets

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

When financial assets are initially recognised, 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 determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(a) Financial assets (continued)

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below: (continued)

(ii) Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments, which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. Any gains or losses arising from the changes in fair value are recognised in profit or loss.

The Group does not have any financial assets measured at FVTOCI and FVTPL as at the end of the reporting period.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group has an option to elect an irrevocable option to designate its equity instruments at initial recognition as financial assets measured at FVTOCI if the equity instruments are not held for trading.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss for equity instruments measured at FVTPL. As for equity instruments measured at FVTOCI, any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss.

The Group does not have any equity instrument measured at FVTPL and FVTOCI as at the end of the reporting period.

Dividend on equity instruments are recognised in profit or loss when the right to receive payment is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(a) Financial assets (continued)

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(b) Financial liabilities (continued)

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim and final dividends to shareholders are recognised in equity in the period in which they are authorised for issuance.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Group at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

3.7 Impairment of financial assets

The Group recognises an impairment loss allowance for expected credit losses on a financial asset that is measured at amortised cost.

The Group recognises allowance for impairment loss for trade receivables based on the simplified approach in accordance with MFRS 9 *Financial Instruments* and measures the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined by management using qualitative and quantitative factors that are indicative of the risk of default. The Group considers trade receivables to be in default when the trade receivables is more than 90 days past due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment of financial assets (continued)

Exposures within each credit risk grade are segmented by customers' characteristic and an expected credit loss ("ECL") rate is calculated for each segment based on delinquency status and actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions i.e. Gross Domestic Product ("GDP"), over the expected lives of the receivables.

For other receivables and intercompany balances, the Group applies general approach to measure expected credit losses which reflect their credit risk and how the loss allowance is determined. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. The Group defines significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

3.8 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

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

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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 resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

3.11 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

3.12 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Employee benefits (continued)

(a) Short term employee benefits (continued)

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its combining entities incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as liabilities after deducting any contributions already paid and as expenses in the period in which the employees render their services.

3.13 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Combined Financial Statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue recognition

(a) Sales of goods

The Group recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out below:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the performance of the Group:

(i) Does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or

(ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

(b) Revenue recognition not in relation to performance obligations is described below:

(i) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(ii) Dividend income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Operating segments

Operating segments are defined as components of the Group that:

(a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group particularly in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) The combined reported profit of all operating segments that did not report a loss; and

(ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial period in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

3.16 Earnings per share

(a) Basic earnings per ordinary share for the financial year is calculated by dividing the net profit for the financial year attributable to owners of the combining entities by the weighted average number of ordinary shares outstanding during the financial year/period.

(b) Diluted earnings per ordinary share for the financial year/period is calculated by dividing the net profit for the financial year/period attributable to owners of the combining entities by the weighted average number of ordinary shares outstanding during the financial year/period adjusted for the effects of dilutive potential ordinary shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Fair value measurements

The fair value of an asset or a liability, except for 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 fair value 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.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable:

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

4.1 New MFRSs adopted during the financial years

The Group adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the reporting periods:

Title	Effective Date
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	See MFRS 4 Paragraphs 46 and 48
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendment to MFRS 16 *Covid-19-Related Rent Concessions*	1 June 2020*
Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*	17 August 2020^
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform - Phase 2*	1 January 2021
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 *Leases*)	1 April 2021*

* Early adopted by the Group.
^ Effective immediately.

Stamped for the purpose of identification only
0 6 MAY 2022
BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group except for the adoption of MFRS 9, MFRS 15 and MFRS 16 as described in the following sections.

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

4.1 New MFRSs adopted during the financial years (continued)

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, encompassing two aspects of the accounting for financial instruments: classification and measurement and impairment.

The Group applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognized directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Group classifies its financial assets into the following measurement categories depending on the business model of the Group for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale ("AFS"), Held-To-Maturity ("HTM") and Loans and Receivables ("L&R") financial asset categories were removed.
- A new financial asset category measured at Amortised Cost ("AC") was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at FVTOCI was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and

- The remaining amount of change in the fair value is presented in profit or loss.

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

4.1 New MFRSs adopted during the financial years (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking ECL approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

4.1 New MFRSs adopted during the financial years (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group as at 1 January 2018:

	Classification		Carrying amount	
	Under MFRS 139	Under MFRS 9	Under MFRS 139 RM'000	Under MFRS 9 RM'000
Financial assets				
Trade and other receivables	Loans and Receivables	Amortised Cost	23,453	23,193
Cash and bank balances	Loans and Receivables	Amortised Cost	891	891
Financial liabilities				
Trade and other payables	Other Financial Liabilities	Amortised Cost	18,667	18,667
Borrowings	Other Financial Liabilities	Amortised Cost	23,570	23,570

The following tables are reconciliations of the carrying amount of the statement of financial position of the Group from MFRS 139 to MFRS 9 as at 1 January 2018:

	Under MFRS 139 Carrying amount as at 31 December 2017 RM	Remeasure-ment RM	Under MFRS 9 Carrying amount as at 1 January 2018 RM
Trade and other receivables:			
Opening balance	23,453	-	23,453
Increase in impairment loss	-	(260)	(260)
Total amount of trade and other receivables	23,453	(260)	23,193
Retained earnings:			
Opening balance	22,074	-	22,074
Increase in impairment loss for trade and other receivables	-	(260)	(260)
Total retained earnings	22,074	(260)	21,814

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

4.1 New MFRSs adopted during the financial years (continued)

(b) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

There is no impact on the adoption of MFRS 15 on the financial statements of the Group.

(c) MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 January 2019. The range of incremental borrowing rates of the Group applied to the lease liabilities on 1 January 2019 between 4.40% to 6.00%.

In order to compute the transition impact of MFRS 16, a data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

4.1 New MFRSs adopted during the financial years (continued)

(c) MFRS 16 *Leases* (continued)

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

(a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019;

(c) Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 and do not contain a purchase option as short-term leases;

On transition to MFRS 16, the Group recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	Note	As at 31 December 2018 RM'000	Impact RM'000	As at 1 January 2019 RM'000
Property, plant and equipment		1,369	(328)	1,041
Right-of-use assets	(a)	-	961	961
Borrowings		20,134	(235)	19,899
Lease liabilities	(b)	-	868	868

(a) The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the financial statements as at 31 December 2018, if any.

(b) Lease liabilities are measured as follows:

	RM'000
Operating lease commitments at 31 December 2018 as disclosed as disclosed under MFRS 117	743
Weighted average incremental borrowing rate as at 1 January 2019	6%
Discounted operating lease commitments as at 1 January 2019	670
Recognition exemption for leases with less than 12 months of lease term at transition	(37)
Finance lease liabilities recognised as at 31 December 2018	235
Lease liabilities recognised at 1 January 2019	868

Amendment to MFRS 16 *Covid-19-Related Rent Concessions*

MFRS 16 has been amended to:

(a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and

(b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

4.1 New MFRSs adopted during the financial years (continued)

(c) MFRS 16 *Leases* (continued)

Amendment to MFRS 16 *Covid-19-Related Rent Concessions* (continued)

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(iii) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to MFRS 16 during the FYE 31 December 2020 and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group did not recognise changes in these lease payments as lease modifications and instead, recognised these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 10(a) to the Combined Financial Statements.

4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendment to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)	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

The Group is in the process of assessing the impact of implementing these standards, since the effects would only be observable for future financial years.

5. FINANCIAL REPORTING UPDATES

5.1 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ("IFRIC") issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the FYE 31 December 2020. There is no material impact on the financial statements of the Company as at the end of reporting period.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period and at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

There are no significant judgements made by the management in the process of applying the accounting policies of the Group that have a significant effect on the amounts recognised in the financial statements.

6.3 Key sources of estimation uncertainty

The following are 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 financial year.

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets to be five (5) years to ten (10) years. Changes in the expected level of usage and technological developments could impact the economic useful lives or principal annual rates of depreciation and the residual values of these assets and therefore, future depreciation charges could be revised.

(b) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on an assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

7. COMBINING ENTITIES

Details of the combining entities are as follows:

Name of combining entities	Effective interest in equity held 2018	2019	2020	2021	Date of incorporation	Principal activity
YX Precious Metals Bhd	-	-	-	100%	11 January 2021	Investment holding
Yi Xing Goldsmith Sdn. Bhd.	100%	100%	100%	100%	5 October 1987	Wholesale of gold jewellery and other related products and services
Gemas Precious Metals Industries Sdn. Bhd.	100%	100%	100%	100%	3 April 1997	Design and manufacture of gold jewellery and other related products and services
Emas Assayer Sdn. Bhd.	100%	100%	100%	100%	3 May 2000	Currently inactive but intends to provide assaying services for precious metals
GPM Refinery Sdn. Bhd.	-	-	100%	100%	25 August 2020	Currently inactive but intends to provide refining services of precious metals

The country of incorporation and principal place of business of the above entities are in Malaysia.

8. OPERATING SEGMENTS

The Group has arrived at two (2) reportable segments that are organised and managed separately based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

Wholesale	Wholesaling of gold jewellery and other related products and services.
Design and manufacture	Design and manufacturing of gold jewellery and other related products and services.

The accounting policies of operating segments are the same as those described in this report. The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the FYEs 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021.

Segment assets exclude tax assets. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one (1) period for each reportable segment.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

8. OPERATING SEGMENTS (continued)

2018	**Wholesale RM'000**	**Design and manufacture RM'000**	**Total RM'000**
Revenue			
Total revenue	112,339	37,051	149,390
Inter-segment revenue	(140)	(11,716)	(11,856)
Revenue from external customers	112,199[(a)]	25,335[(b)]	137,534
Finance costs	1,208	276	1,484
Depreciation			
- Property, plant and equipment	79	307	386
- Right-of-use assets	-	-	-
Segment loss before income tax	(618)	(778)	(1,396)
Taxation	8	(29)	(21)
Other material non-cash items:			
Impairment loss of trade and other receivables	(69)	(12)	(81)
Reversal on impairment loss of trade and other receivables	175	32	207
Capital expenditure	(229)	(354)	(583)
Segment assets	**37,890**	**20,736**	**58,626**
Segment liabilities	**17,428**	**3,854**	**21,282**

(a) Total revenue for wholesale segment includes sales of scrap and pure gold bars amounted to RM144,681.

(b) Total revenue for design and manufacture segment includes manufacture of silver chains and provisions of refining services for precious metals amounted to RM571,181 and RM110,400 respectively.

8. OPERATING SEGMENTS (continued)

2019	Wholesale RM'000	Design and manufacture RM'000	Total RM'000
Revenue			
Total revenue	115,199	42,358	157,557
Inter-segment revenue	(559)	(12,287)	(12,846)
Revenue from external customers	114,640[(a)]	30,071[(b)]	144,711
Finance costs	949	354	1,303
Depreciation			
- Property, plant and equipment	56	287	343
- Right-of-use assets	141	300	441
Segment profit before income tax	5,795	486	6,281
Taxation	1,392	27	1,419
Other material non-cash items:			
Gain on disposal of property, plant and equipment	26	-	26
Impairment loss of trade and other receivables	(83)	(104)	(187)
Reversal on impairment loss of trade and other receivables	66	2	68
Capital expenditure	(225)	(297)	(522)
Segment assets	**44,335**	**21,346**	**65,681**
Segment liabilities	**15,118**	**7,185**	**22,303**

(a) Total revenue for wholesale segment includes sales of scrap and pure gold bars amounted to RM262,537.

(b) Total revenue for design and manufacture segment includes manufacture of silver chains and provisions of refining services for precious metals amounted to RM460,129 and RM125,425 respectively.

Stamped for the purpose of identification only
0 6 MAY 2022
BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

8. OPERATING SEGMENTS (continued)

2020	Wholesale RM'000	Design and manufacture RM'000	Total RM'000
Revenue			
Total revenue	160,964	26,392	187,356
Inter-segment revenue	(1,129)	(10,593)	(11,722)
Revenue from external customers	159,835[(a)]	15,799[(b)]	175,634
Finance costs	(765)	(228)	(993)
Depreciation			
- Property, plant and equipment	53	240	293
- Right-of-use assets	151	304	455
Segment profit before income tax	11,051	1,344	12,395
Taxation	2,685	340	3,025
Other material non-cash items:			
Impairment loss of trade and other receivables	(83)	(34)	(117)
Right-of-use assets written off	(8)	-	(8)
Reversal of lease liabilities	8	-	8
Reversal on impairment loss of trade and other receivables	79	107	186
Capital expenditure	(75)	(462)	(537)
Segment assets	**53,767**	**20,560**	**74,327**
Segment liabilities	**17,560**	**4,036**	**21,596**

(a) Total revenue for wholesale segment includes sales of scrap and pure gold bars amounted to RM4,702,877.

(b) Total revenue for design and manufacture segment includes manufacture of silver chains and provisions of refining services for precious metals amounted to RM650,515 and RM110,596 respectively.

8. OPERATING SEGMENTS (continued)

2021	Wholesale RM'000	Design and manufacture RM'000	Total RM'000
Revenue			
Total revenue	258,858	20,685	279,543
Inter-segment revenue	(3,458)	(10,701)	(14,159)
Revenue from external customers	255,400[(a)]	9,984[(b)]	265,384
Finance costs	(702)	(147)	(849)
Depreciation			
- Property, plant and equipment	40	266	306
- Right-of-use assets	101	94	195
Segment profit before income tax	6,107	3,183	9,290
Taxation	1,453	733	2,186
Other material non-cash items:			
Impairment loss of trade and other receivables	(121)	(2)	(123)
Gain on disposal of property, plant and equipment	93	263	356
Reversal on impairment loss of trade and other receivables	45	1	46
Capital expenditure	(478)	(1,221)	(1,699)
Segment assets	**55,932**	**23,879**	**79,811**
Segment liabilities	**15,304**	**4,588**	**19,892**

(a) Total revenue for wholesale segment includes sales of scrap and pure gold bars amounted to RM6,537,405.

(b) Total revenue for design and manufacture segment includes manufacture of silver chains and provisions of refining services for precious metals amounted to RM677,269 and RM90,696 respectively.

Stamped for the purpose of identification only
06 MAY 2022
BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

8. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

Revenue	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**
Total revenue for reportable segment	149,390	157,557	187,356	279,543
Elimination of inter-segmental revenue	(11,856)	(12,846)	(11,722)	(14,159)
Revenue of the Group per statements of profit or loss and other comprehensive income	137,534	144,711	175,634	265,384

(Loss)/Profit for the year	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**
Total (loss)/profit for reportable segment	(1,396)	6,281	12,395	9,290
Less: taxation	21	(1,419)	(3,025)	(2,186)
(Loss)/Profit for the financial year per statements of profit or loss and other comprehensive income	(1,375)	4,862	9,370	7,104

Assets	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**
Total assets for reportable segments	58,626	65,681	74,327	79,811
Deferred tax assets	173	67	58	61
Current tax assets	569	34	-	-
Total assets per statements of financial position	59,368	65,782	74,385	79,872

Liabilities	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**
Total liabilities for reportable segments	21,282	22,303	21,596	19,892
Deferred tax liabilities	47	57	73	67
Current tax liabilities	-	521	620	713
Total liabilities per statements of financial position	21,329	22,881	22,289	20,672

Geographical information

The business activities of the Group are predominantly located in Malaysia and as such segment reporting by geographical location is not presented.

Major customers

The following is major customer with revenue equal or more than ten percent (10%) of revenue of the Group:

	2018 RM'000	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**
Customer A	18,967	20,668	-	-

9. PROPERTY, PLANT AND EQUIPMENT

2018	Balance as at 1 January RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Balance as at 31 December RM'000
Carrying amount					
Computer equipment	88	26	-	(39)	75
Electrical installation, tools & equipment	13	5	-	(7)	11
Motor vehicles	6	352	-	(26)	332
Office equipment, furniture and fittings	101	10	#	(38)	73
Plant and machineries	878	167	-	(243)	802
Renovation	86	23	-	(33)	76
	1,172	583	#	(386)	1,369

	<---------At 31 December 2018		---------- >
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Computer equipment	414	(339)	75
Electrical installation, tools & equipment	399	(388)	11
Motor vehicles	585	(253)	332
Office equipment, furniture and fittings	636	(563)	73
Plant and machineries	6,475	(5,673)	802
Renovation	601	(525)	76
	9,110	(7,741)	1,369

 # Office equipment, furniture and fittings were disposed off with nil carrying amount.

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2019	Balance as at 1 January RM'000	Effect of adoption of MFRS 16 (Note 4.1) RM'000	Additions RM'000	Disposals RM'000	Reclass RM'000	Depreciation charge for the financial year RM'000	Balance as at 31 December RM'000
Carrying amount							
Computer equipment	75	-	21	-	-	(38)	58
Electrical installation, tools & equipment	11	-	1	-	3	(6)	9
Motor vehicles	332	(328)	-	#	-	(1)	3
Office equipment, furniture and fittings	73	-	14	#	(3)	(28)	56
Plant and machineries	802	-	264	-	-	(235)	831
Renovation	76	-	26	-	-	(35)	67
	1,369	(328)	326	#	-	(343)	1,024

	<---------- At 31 December 2019 ---------- >		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Computer equipment	434	(376)	58
Electrical installation, tools & equipment	402	(393)	9
Motor vehicles	126	(123)	3
Office equipment, furniture and fittings	643	(587)	56
Plant and machineries	6,740	(5,909)	831
Renovation	628	(561)	67
	8,973	(7,949)	1,024

 # Motor vehicles, office equipment, furniture and fittings were disposed off with nil carrying amount.

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2020	**Balance as at 1 January RM'000**	**Additions RM'000**	**Written off RM'000**	**Transfer in RM'000**	**Reclass RM'000**	**Depreciation charge for the financial year RM'000**	**Balance as at 31 December RM'000**
Carrying amount							
Computer equipment	58	117	-	-	8	(38)	145
Electrical installation, tools & equipment	9	11	-	-	-	(5)	15
Motor vehicles	3	-	-	#	-	(1)	2
Office equipment, furniture and fittings	56	20	#	-	(8)	(23)	45
Plant and machineries	831	169	-	-	-	(191)	809
Renovation	67	2	-	-	-	(35)	34
Signboard	-	10	-	-	-	*	10
	1,024	329	#	#	-	(293)	1,060

	<--------- At 31 December 2020 ----------->		
	Cost RM'000	**Accumulated depreciation RM'000**	**Carrying amount RM'000**
Computer equipment	559	(414)	145
Electrical installation, tools & equipment	413	(398)	15
Motor vehicles	673	(671)	2
Office equipment, furniture and fittings	646	(601)	45
Plant and machineries	6,909	(6,100)	809
Renovation	630	(596)	34
Signboard	10	*	10
	9,840	(8,780)	1,060

 # Office equipment, furniture and fittings were written off with nil carrying amount and motor vehicles were transferred in with nil carrying amount.
** Amount is less than RM1,000*

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2021	Balance as at 1 January RM'000	Additions RM'000	Reclassification from right-of-use assets* RM'000	Written off RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Balance as at 31 December RM'000
Carrying amount							
Computer equipment	145	83	-	-	-	(49)	179
Electrical installation, tools & equipment	15	51	-	-	-	(13)	53
Motor vehicles	2	-	129	-	(129)	(1)	1
Office equipment, furniture and fittings	45	232	-	-	-	(28)	249
Plant and machineries	809	199	-	-	#	(198)	810
Renovation	34	109	-	#	-	(15)	128
Signboard	10	-	-	-	-	(2)	8
Capital work-in-progress	-	466	-	-	-	-	466
	1,060	1,140	129	-	(129)	(306)	1,894

	<--------- At 31 December 2021 ----------> Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Computer equipment	642	(463)	179
Electrical installation, tools & equipment	464	(411)	53
Motor vehicles	413	(412)	1
Office equipment, furniture and fittings	878	(629)	249
Plant and machineries	6,630	(5,820)	810
Renovation	650	(522)	128
Signboard	10	(2)	8
Capital work-in-progress	466	-	466
	10,153	(8,259)	1,894

 # Plant and machineries were disposed off with nil carrying amount and renovation was written off with nil carrying amount.

** The assets previously acquired under hire purchase arrangements were reclassified from right-of-use assets as the lease liabilities for those assets have been fully settled during the financial year.*

9. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the relevant period, the Group made the following cash payments to purchase property, plant and equipment:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Purchase of property, plant and equipment	583	326	329	1,140
Financed by hire-purchase arrangements	(246)	-	-	-
Cash payments on purchase of property, plant and equipment	337	326	329	1,140

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

10. LEASES

Right-of-use assets

2019 **Carrying amount**	**Balance as at 1.1.2019 RM'000**	**Effects of adoption of MFRS 16 (Note 4.1) RM'000**	**Additions RM'000**	**Depreciation RM'000**	**Balance as at 31.12.2019 RM'000**
Office space	-	633	-	(349)	284
Motor vehicles under hire purchase	-	328	196	(92)	432
	-	961	196	(441)	716

Lease liabilities

Carrying amount	**Balance as at 1.1.2019 RM'000**	**Effects of adoption of MFRS 16 (Note 4.1) RM'000**	**Additions RM'000**	**Lease payments RM'000**	**Interest expense RM'000**	**Balance as at 31.12.2019 RM'000**
Office space	-	633	-	(369)	28	292
Motor vehicles under hire purchase	-	235	130	(72)	13	306
	-	868	130	(441)	41	598

10. LEASES (continued)

Right-of-use assets

2020 **Carrying amount**	**Balance as at 1 January RM'000**	**Additions RM'000**	**Depreciation RM'000**	**Written off RM'000**	**Balance as at 31 December RM'000**
Office space	284	208	(345)	(8)	139
Motor vehicles under hire purchase	432	-	(110)	-	322
	716	208	(455)	(8)	461

Lease liabilities

Carrying amount	**Balance as at 1 January RM'000**	**Additions RM'000**	**Lease payments RM'000**	**Lease concessions RM'000**	**Interest expense RM'000**	**Written off RM'000**	**Balance as at 31 December RM'000**
Office space	292	208	(349)	(18)	16	(8)	141
Motor vehicles under hire purchase	306	-	(68)	-	10	-	248
	598	208	(417)	(18)	26	(8)	389

10. LEASES (continued)

Right-of-use assets

2021 **Carrying amount**	**Balance as at 1 January RM'000**	**Additions RM'000**	**Depreciation RM'000**	**Reclassification to property, plant and equipment* RM'000**	**Balance as at 31 December RM'000**
Office space	139	184	(94)	-	229
Motor vehicles under hire purchase	322	375	(101)	(129)	467
	461	559	(195)	(129)	696

Lease liabilities

Carrying amount	**Balance as at 1 January RM'000**	**Additions RM'000**	**Lease payments RM'000**	**Early settlement RM'000**	**Interest expense RM'000**	**Balance as at 31 December RM'000**
Office space	141	184	(110)	-	25	240
Motor vehicles under hire purchase	248	261	(177)	6	11	349
	389	445	(287)	6	36	589

* *The assets previously acquired under hire purchase arrangements were reclassified to property, plant and equipment as the lease liabilities for those assets have been fully settled during the financial year.*

10. LEASES (continued)

Represented by:	2019 RM'000	2020 RM'000	2021 RM'000
Current liabilities	364	179	203
Non-current liabilities	234	210	386
	598	389	589
Lease liabilities owing to:			
Financial institutions	306	248	349
Non-financial institutions	292	141	240
	598	389	589

(a) The following are the amounts recognised in profit or loss:

	2019 RM'000	2020 RM'000	2021 RM'000
Depreciation charge of right-of-use assets (included in administrative expenses and cost of sales)	441	455	195
Interest expense on lease liabilities (included in finance costs)	41	26	36
Lease payments on short-term leases (included in administrative expenses)	253	196	288
Lease payments on low-value assets leases (included in administrative expenses)	6	7	8
Variable lease payments (included in other income): Arising from COVID-19 related rent concessions	-	(18)	-
	741	666	527

The Group has certain leases of motor vehicle with lease term of 12 months or less and low value leases of equipment of RM5,000 and below. The Group applies the "short-term lease" and "lease of low-value asset" exemptions for these leases.

(b) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group that are exposed to interest rate risk:

31 December 2021	Weighted average incremental borrowing rate per annum %	Within one (1) year RM'000	Later than one (1) year but not later than five (5) years RM'000	Total RM'000
Lease liabilities				
Fixed rate	4.80%	104	245	349
Floating rate	6.00%	99	141	240

Stamped for the purpose of identification only
06 MAY 2022
BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

10. LEASES (continued)

(b) (continued)

	Weighted average incremental borrowing rate per annum %	Within one (1) year RM'000	Later than one (1) year but not later than five (5) years RM'000	Total RM'000
31 December 2020				
Lease liabilities				
Fixed rate	4.40%	74	174	248
Floating rate	6.00%	105	36	141
31 December 2019				
Lease liabilities				
Fixed rate	4.40%	72	234	306
Floating rate	6.00%	292	-	292

(c) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

	On demand within one (1) year RM'000	One to five years RM'000	Total RM'000
31 December 2021			
Lease liabilities	228	409	637
31 December 2020			
Lease liabilities	194	219	413
31 December 2019			
Lease liabilities	385	250	635

(d) A reconciliation of liabilities arising from financing activities is as follows:

Lease liabilities	2019 RM'000	2020 RM'000	2021 RM'000
At 1 January	-	598	389
Effects of adoption of MFRS 16 (Note 4.1)	868	-	-
Cash flows			
- Lease interest paid	(13)	(10)	(11)
- Payments of lease liabilities	(428)	(407)	(276)
Non-cash changes			
- Additions	130	208	445
- Gain on early settlement	-	-	6
- Reversal of lease liabilities due to termination	-	(8)	-
- Lease concessions	-	(18)	-
- Interest expenses	41	26	36
At 31 December	598	389	589

Stamped for the purpose of identification only
06 MAY 2022
BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

10. LEASES (continued)

(e) The following are total cash outflows for leases as a lessee:

	2019 RM'000	2020 RM'000	2021 RM'000
Included in net cash from operating activities:			
Payment relating to short-term leases and low value assets	259	203	296
Interest paid in relation to lease liabilities	13	10	11
Included in net cash from investing activities			
Purchase of right-of-use assets	66	-	114
Included in net cash from financing activities:			
Payment of lease liabilities	428	407	276
Total cash outflows for leases	766	620	697

(f) Sensitivity analysis for fixed rate lease liabilities at the end of the reporting period is not presented as it is not affected by changes in interest rates.

The effect of the sensitive analysis for floating rate lease liabilities at the end of the reporting period is not presented as it is immaterial to the Group.

11. DEFERRED TAX ASSETS/(LIABILITIES)

(a) The deferred tax assets are made up of the following:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Balance as at 1 January	24	173	67	58
Recognised in profit or loss (Note 23)				
- current year	133	(68)	(13)	5
- prior years	16	(38)	4	(2)
Balance as at 31 December	173	67	58	61

11. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

(a) (continued)

The deferred tax liabilities are made up of the following:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Balance as at 1 January	129	47	57	73
Recognised in profit or loss (Note 23)				
- current year	(167)	63	11	(5)
- prior years	85	(53)	5	(1)
Balance as at 31 December	47	57	73	67

(b) The movements and components of deferred tax assets during the financial year are as follows:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
As at 1 January	24	173	67	58
Recognised in profit or loss				
- Property, plant and equipment	149	(106)	(9)	3
At 31 December	173	67	58	61

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

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
As at 1 January	129	47	57	73
Recognised in profit or loss				
- Property, plant and equipment	3	16	54	9
- Other taxable temporary differences	(85)	(6)	(38)	(15)
	(82)	10	16	(6)
At 31 December	47	57	73	67

11. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

(c) The components of deferred tax assets and deferred tax liabilities as at the end of each reporting period are as follows:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Deferred tax assets:				
Property, plant and equipment	173	67	58	61
Deferred tax liabilities:				
Property, plant and equipment	151	65	120	127
Other taxable temporary differences	(104)	(8)	(47)	(60)
	47	57	73	67

(d) The amount of temporary differences for which no deferred tax assets has been recognised in the statement of financial position is as follows:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Unused tax losses	2	2	3	3

The unused tax losses up to the year of assessment 2018 shall be deductible until year of assessment 2028. The unused tax losses for the year of assessment 2019 onwards will expire in 10 years.

12. INVENTORIES

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
At cost				
Finished goods	21,131	28,092	19,958	20,815
Work-in-process	8,335	8,685	14,995	16,469
Raw material	10,715	11,590	16,979	10,660
Consumable	224	228	241	433
	40,405	48,595	52,173	48,377
At net realisable value				
Finished goods	496	597	536	536
Work-in-process	653	429	335	176
	41,554	49,621	53,044	49,089

(a) Inventories of the Group recognised as cost of sales amounted to RM243,107,000 (2020: RM152,899,000, 2019: RM126,462,000, 2018: RM125,264,000).

(b) Inventories written off recognised as cost of sales amounted to RM Nil (2020: RM Nil, 2019: RM Nil, 2018: RM3,073).

13. TRADE AND OTHER RECEIVABLES

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Trade receivables				
Third parties	8,363	8,114	10,489	15,420
Related companies	3,014	4,228	279	-
	11,377	12,342	10,768	15,420
Less: Impairment losses				
Third parties	(364)	(410)	(371)	(445)
Related companies	-	(57)	(1)	(1)
	11,013	11,875	10,396	14,974
Other receivables and deposits				
Other receivables	1,181	408	308	556
Deposits	201	205	187	1,589
Related companies	570	1	*	-
	1,952	614	495	2,145
Less: Impairment loss				
Third parties	(12)	(28)	(26)	(29)
Deposits	-	-	(33)	(33)
Related companies	(5)	(5)	-	-
	1,935	581	436	2,083
Total receivables	12,948	12,456	10,832	17,057
Prepayments	696	544	545	2,222
	13,644	13,000	11,377	19,279

* *Amount is less than RM1,000.*

(a) Total receivables are classified as financial assets measured at amortised cost.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 7 to 90 days (2020: 7 to 90 days, 2019: 7 to 90 days, 2018: 7 to 90 days) from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(c) Trade amount owing by related companies represent balances arising from normal trade transactions, which are unsecured and interest-free.

(d) The non-trade amounts owing from related companies represent advances and payments made on behalf, which are unsecured, bearing interest at a rate of 6% (2020: 6%, 2019: 6%, 2018: 6%) per annum and repayable within the next twelve months except for amounts owing from related companies of RM Nil (2020: RM2, 2019: RM1,005, 2018: RM67,732) which are interest-free.

13. TRADE AND OTHER RECEIVABLES (continued)

(e) Lifetime expected loss allowance for trade receivables at the end of each reporting period are as follows:

		2018	
Customers' characteristics	**Weighted-average expected credit loss rate**	**Gross carrying amount RM'000**	**Impairment loss allowance RM'000**
Fair risk	1.70%	7,851	133
Substandard	3.55%	3,416	121
Loss	100%	110	110
		11,377	364

		2019	
Customers' characteristics	**Weighted-average expected credit loss rate**	**Gross carrying amount RM'000**	**Impairment loss allowance RM'000**
Fair risk	1.61%	10,889	175
Doubtful	5.00%	1,222	61
Loss	100%	231	231
		12,342	467

		2020	
Customers' characteristics	**Weighted-average expected credit loss rate**	**Gross carrying amount RM'000**	**Impairment loss allowance RM'000**
Low risk	0.29%	286	1
Fair risk	1.07%	5,082	55
Substandard	1.83%	5,117	93
Doubtful	5.00%	63	3
Loss	100%	220	220
		10,768	372

		2021	
Customers' characteristics	**Weighted-average expected credit loss rate**	**Gross carrying amount RM'000**	**Impairment loss allowance RM'000**
Low risk	0.29%	11	*
Fair risk	1.14%	9,487	108
Substandard	2.04%	5,638	115
Doubtful	4.69%	64	3
Loss	100%	220	220
		15,420	446

* *Amount is less than RM1,000.*

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

13. TRADE AND OTHER RECEIVABLES (continued)

(f) The reconciliation of movement in the impairment losses is as follows:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Trade receivables				
Lifetime ECL				
At 1 January	237	364	410	371
Restated through opening retained earnings	78	-	-	-
At 1 January	315	364	410	371
Reversal of impairment losses	(32)	(68)	(122)	(46)
Impairment losses	81	114	83	120
At 31 December	364	410	371	445
Other receivables and deposits				
12-month ECL				
At 1 January	10	12	28	59
Restated through opening retained earnings	7	-	-	-
At 1 January	17	12	28	59
Reversal of impairment losses	(5)	-	(2)	*
Impairment losses	-	16	33	3
At 31 December	12	28	59	62
Amounts owing by related companies				
12-month ECL				
At 1 January	-	5	62	1
Restated through opening retained earnings	175	-	-	-
At 1 January	175	5	62	1
Reversal of impairment losses	(170)	*	(62)	-
Impairment losses	-	57	1	-
At 31 December	5	62	1	1

* *Amount is less than RM1,000*

(g) Trade receivables are not secured by any collateral or credit enhancement.

During the current financial year, the Group did not renegotiate the terms of its trade receivables.

13. TRADE AND OTHER RECEIVABLES (continued)

(h) The Group has no major concentration of credit risk as at the reporting period except for an amount owing from a related company of RM Nil (2020: RM Nil, 2019: RM3,474,814; 2018: RM3,013,496). The exposure to credit risk is reflected in the carrying amount of the trade receivables as at the end of the reporting period as follows:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Maximum exposure	11,013	11,875	10,396	14,974

(i) The carrying amounts of trade and other receivables are reasonable approximation of fair value due to their short-term nature.

(j) The currency exposure profile of receivables (exclude prepayments) is as follows:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Ringgit Malaysia ("RM")	11,834	11,752	10,487	16,873
United States Dollar ("USD")	1,050	638	261	55
Singapore Dollar ("SGD")	56	66	40	119
Euro ("EUR")	8	-	44	10
	12,948	12,456	10,832	17,057

(k) The following table demonstrates the sensitivity of the (loss)/profit after tax of the Group to a reasonably possible change in the USD, SGD and EUR exchange rates against the functional currency of the Group, with all other variables held constant:

		2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
(Loss)/Profit after tax					
USD/RM	- strengthen by 5%	-40	+24	+10	+2
	- weaken by 5%	+40	-24	-10	-2
SGD/RM	- strengthen by 5%	-2	+3	+2	+5
	- weaken by 5%	+2	-3	-2	-5
EUR/RM	- strengthen by 5%	-	-	+2	-
	- weaken by 5%	-	-	-2	-

Any change in other foreign currencies exchange rates against the respective functional currencies of the Group would not have any significant impact to the Group's financial statements.

14. CASH AND BANK BALANCES

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Cash in hand	331	174	151	189
Cash at banks	1,728	1,146	8,234	8,664
	2,059	1,320	8,385	8,853

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) The exposure to interest rate risk is insignificant as the cash and bank balances are short term in nature and they are not held for the Group's working capital purposes.

No expected credit losses were recognised arising from the bank balances with financial institutions because the probability of default by these financial institutions was negligible.

(c) The currency exposure profile of cash and bank balances are as follows:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Ringgit Malaysia ("RM")	1,935	1,197	8,293	8,759
United States Dollar ("USD")	32	36	5	5
Singapore Dollar ("SGD")	90	85	86	87
Others	2	2	1	2
	2,059	1,320	8,385	8,853

(d) The following table demonstrates the sensitivity of the (loss)/profit after tax of the Group to a reasonably possible change in the USD and SGD exchange rates against the functional currency of the Group, with all other variables held constant:

(Loss)/Profit after tax		2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
USD/RM	- strengthen by 5%	-1	+1	+1	+1
	- weaken by 5%	+1	-1	-1	-1
SGD/RM	- strengthen by 5%	-3	+3	+3	+3
	- weaken by 5%	+3	-3	-3	-3

Any change in other foreign currencies exchange rates against the respective functional currencies of the Group would not have any significant impact to the Group's financial statements.

(e) Cash and cash equivalents included in the statements of cash flows of the Group comprise the following amounts as at the end of each reporting period:-

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Cash and bank balances	2,059	1,320	8,385	8,853
Bank overdrafts (Note 17)	(337)	(1,319)	(99)	(639)
	1,722	1	8,286	8,214

15. INVESTED EQUITY

For the purpose of these Combined Financial Statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of the Company and the Other Combining Entities, namely YX Precious Metals Bhd, Yi Xing Goldsmith Sdn. Bhd., Gemas Precious Metals Industries Sdn. Bhd., Emas Assayer Sdn. Bhd. and GPM Refinery Sdn. Bhd..

	2018		2019		2020		2021	
	Number of shares '000	RM'000	Number of shares '000	RM'000	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid								
Balance as at 1 January	10,500	10,500	10,500	10,500	10,500	10,500	17,600	17,600
Issuance of ordinary shares	-	-	-	-	*	*	*	*
Capitalised from equity loan (Note 16)	-	-	-	-	7,100	7,100	-	-
Balance as at 31 December	10,500	10,500	10,500	10,500	17,600	17,600	17,600	17,600

* *Amount is less than 1000 / RM1,000.*

During the FYE 31 December 2020, the Group issued 2 new ordinary shares of RM1.00 each for cash consideration upon the incorporation of GPM Refinery Sdn. Bhd.. Subsequently, the issued and fully paid-up ordinary share of the Group was increased by 7,100,000 ordinary shares of RM1.00 each by way of capitalisation of equity loan.

During the FYE 31 December 2021, the Group issued 2 new ordinary shares of RM1.00 each for cash consideration upon the incorporation of YX Precious Metals Bhd. On 14 April 2021, YXPM had undertaken a share split involving a subdivision of every 1 existing share in YXPM ("Share(s)") into 5 YXPM Shares.

Stamped for the purpose of identification only
0 6 MAY 2022
BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

16. EQUITY LOAN

Equity loan represents advance from immediate holding company which is unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future, and is considered to be a long term source of additional investment from its immediate holding company.

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
As at 1 January	-	7,100	7,100	-
Issuance of equity loan	7,100	-	-	-
Capitalised to share capital (Note 15)	-	-	(7,100)	-
As at 31 December	7,100	7,100	-	-

17. BORROWINGS

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Current liabilities				
Secured				
Hire-purchase creditors (Note 18)	45	-	-	-
Unsecured				
Bankers' acceptances	10,862	10,875	11,485	10,670
Bank overdrafts	337	1,319	99	639
Revolving credit	8,700	5,300	8,300	6,000
	19,944	17,494	19,884	17,309
Non-current liabilities				
Secured				
Hire-purchase creditors (Note 18)	190	-	-	-
Total borrowings				
Hire-purchase creditors (Note 18)	235	-	-	-
Bankers' acceptances	10,862	10,875	11,485	10,670
Bank overdrafts	337	1,319	99	639
Revolving credit	8,700	5,300	8,300	6,000
	20,134	17,494	19,884	17,309

17. BORROWINGS (continued)

(a) Borrowings are classified as financial liabilities and are measured at amortised cost.

(b) The bankers' acceptances, bank overdrafts, and revolving credit are guaranteed by its immediate holding company.

(c) All borrowings are denominated in RM.

(d) At the end of the reporting period, the interest rate profiles of the borrowings are as follows:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
- Floating rates	19,899	17,494	19,884	17,309
- Fixed rate	235	-	-	
	20,134	17,494	19,884	17,309

(e) As at the reporting date, the weighted average effective interest rates for the loans and borrowings, are as follows:

	2018	2019	2020	2021
Fixed rate				
- Hire-purchase creditors	4.41%	-	-	-
Floating rate				
- Bankers' acceptances	4.83%	4.88%	3.88%	3.88%
- Bank overdrafts	8.39%	6.50%	6.89%	6.89%
- Revolving credit	7.95%	7.45%	5.95%	5.95%

(f) The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by twenty-five (25) basis points with all other variables held constant:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
(Loss)/Profit after tax				
-Increased by 25 basis points	+38	-33	-38	-33
-Decreased by 25 basis points	-38	+33	+38	+33

Sensitivity analysis for fixed rate borrowings as at the end of each reporting period is not presented as fixed rate instruments are not affected by changes in interest rates.

17. BORROWINGS (continued)

(g) The following table sets out the carrying amounts as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2018				
Financial liabilities:				
Borrowings	19,944	190	-	20,134
2019				
Financial liabilities:				
Borrowings	17,494	-	-	17,494
2020				
Financial liabilities:				
Borrowings	19,884	-	-	19,884
2021				
Financial liabilities:				
Borrowings	17,309	-	-	17,309

(h) The table below summarises the maturity profile of the liabilities of the Group at the end of each reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2018				
Financial liabilities:				
Borrowings	19,954	206	-	20,160
2019				
Financial liabilities:				
Borrowings	17,494	-	-	17,494
2020				
Financial liabilities:				
Borrowings	19,884	-	-	19,884
2021				
Financial liabilities:				
Borrowings	17,309	-	-	17,309

(i) The carrying amounts of borrowings are reasonable approximation of fair value due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

17. BORROWINGS (continued)

(j) A reconciliation of liabilities arising from financing activities is as follows:

	Bankers' acceptance RM'000	Revolving credits RM'000	Hire-purchase creditors RM'000
At 1 January 2018	10,846	9,700	-
Cash flows	16	(1,000)	(11)
Acquisition of property, plant and equipment	-	-	246
At 31 December 2018	10,862	8,700	235
At 1 January 2019	10,862	8,700	235
Effects of adoption of MFRS 16 (Note 4.1)	-	-	(235)
Cash flows	13	(3,400)	-
At 31 December 2019	10,875	5,300	-
At 1 January 2020	10,875	5,300	-
Cash flows	610	3,000	-
At 31 December 2020	11,485	8,300	-
At 1 January 2021	11,485	8,300	-
Cash flows	(815)	(2,300)	-
At 31 December 2021	10,670	6,000	-

18. HIRE-PURCHASE CREDITORS

	2018 RM'000
Minimum hire-purchase payments:	
- not later than one (1) year	55
- later than one (1) year but not later than five (5) years	206
Total minimum hire-purchase payments	261
Less: Future interest charges	(26)
Present value of hire-purchase liabilities	235
Repayable as follows:	
Current liabilities:	
- not later than one (1) year	45
Non-current liabilities:	
- later than one (1) year but not later than five (5) years	190
	235

The carrying amounts of hire-purchase creditors are reasonable approximation of fair value due to insignificant impact of discounting.

19. TRADE AND OTHER PAYABLES

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Trade payables				
Third parties	220	190	227	1,192
Related companies	49	251	19	-
	269	441	246	1,192
Other payables				
Related companies	84	2,058	156	-
Immediate holding company	75	-	-	-
Other payables	99	158	207	170
Deposits	10	10	10	19
Accruals	611	1,544	704	613
	879	3,770	1,077	802
	1,148	4,211	1,323	1,994

(a) Trade and other payables are classified as financial liabilities and are measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 180 days (2020: 30 to 180 days, 2019: 30 to 180 days, 2018: 30 to 180 days) from date of invoice.

(c) The trade amount owing to related companies represent balance arising from normal trade transactions, which are unsecured and interest-free.

(d) The non-trade amounts owing to related companies and immediate holding company represent advances and payments made on behalf, which are unsecured, bearing interest at a rate of 6% (2020: 6%, 2019: 6%, 2018: 6%) per annum and repayable within the next twelve months except for amounts owing to related companies and immediate holding company of RM Nil (2020: RM156,153, 2019: RM14,471; 2018: RM158,701), which are interest-free.

(e) The maturity profile of trade and other payables of the Group at the reporting date based on contractual undiscounted repayment obligations are repayable on demand or within one year.

(f) The carrying amounts of trade and other payables are reasonable approximation of fair value due to their short-term nature.

(g) All payables are denominated in the functional currency, which is in RM.

Stamped for the purpose of identification only
06 MAY 2022
BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

20. REVENUE

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue from contracts with customers				
Sales of goods and services				
- Gold jewellery	136,708	143,863	170,171	258,088
- Other related products and services	826	848	5,463	7,296
	137,534	144,711	175,634	265,384

(a) Sales of goods and services rendered

Other related products and services represent sales of scrap and pure gold bars, manufacture of silver chains and provision of refining services of precious metals.

Revenue from sale of products and services rendered is recognised at a point in time when the products have been transferred or the services have been rendered to the customers and coincide with the delivery of products and services and acceptance by customers.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales are made on the normal credit terms ranging from 7 to 90 days.

Disaggregation of revenue from contracts with customers has been presented in the operating segments as disclose in Note 8 to the financial statements, which has been presented based on nature of products and services from the sale transactions originated.

(b) The following table demonstrates the sensitivity analysis of the Group if gold price at the end of each reporting period changes by 5% with all other variables held constant:

		2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
(Loss)/Profit after tax					
Gold price	-strengthen by 5%	-537	+311	+682	+903
	-weaken by 5%	+537	-311	-682	-903

21. FINANCE COSTS

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Interest expense on:				
- bankers' acceptances	597	561	479	350
- bank overdrafts	141	60	96	54
- revolving credit	743	523	392	409
- hire-purchase	3	-	-	-
- lease liabilities	-	41	26	36
- related companies	-	118	-	-
	1,484	1,303	993	849

22. (LOSS)/PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at (loss)/profit before tax:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
(Loss)/Profit before tax is arrived at after charging:				
Auditors' remuneration				
- current year	23	23	22	23
- under provision in prior years	-	-	1	-
Directors' remuneration	444	510	493	475
Directors' fees	-	-	-	84
Bad debts written off	2	-	-	-
Realised loss on foreign exchange	44	30	113	276
Realised loss on gold price fluctuation	113	280	170	-
Unrealised loss on foreign exchange	21	21	16	-
Rental expenses:				
- motor vehicles	247	214	158	-
- plant and equipment	5	6	7	8
- premises	377	39	38	288
And crediting:				
Realised gain on foreign exchange	3	1	*	1
Realised gain on gold price fluctuation	-	-	114	203
Unrealised gain on foreign exchange	-	-	-	4
Gain on disposal of property, plant and equipment	-	26	-	356
Interest income	28	-	-	*

* *Amount is less than RM1,000.*

23. TAXATION

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Current income tax expense based on profit for the financial year:				
- current year	-	1,303	3,018	2,220
- under/(over) provision in prior years	210	-	(18)	(25)
	210	1,303	3,000	2,195
Deferred tax (Note 11)				
- relating to origination and reversal of temporary differences	(300)	131	24	(10)
- under/(over) recognition in prior years	69	(15)	1	1
	(231)	116	25	(9)
	(21)	1,419	3,025	2,186

23. TAXATION (continued)

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%, 2019: 24%, 2018: 24%) of the estimated taxable profit for the fiscal years.

(b) The numerical reconciliation between the effective tax rate and the applicable tax rate of the Group is as follows:

	2018 %	2019 %	2020 %	2021 %
Applicable tax rate	24.0	24.0	24.0	24.0
Tax effects in respect of:				
Non-allowable expenses	(2.4)	0.9	0.5	0.4
Non-taxable income	-	(2.0)	-	(0.5)
	21.6	22.9	24.5	23.9
Over provision in prior years:				
- Current tax expense	(15.0)	-	(0.1)	(0.3)
- Deferred tax	(5.1)	(0.3)	-	-
Effective tax rate	1.5	22.6	24.4	23.6

24. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per ordinary share

	2018	2019	2020	2021
(Loss)/Profit attributable to owners of the combining entities (RM'000)	(1,375)	4,862	9,370	7,104
Weighted average number of ordinary shares outstanding ('000)	10,500	10,500	10,636	17,600
Basic (loss)/earnings per ordinary share (sen)	(13.10)	46.30	88.10	40.36

(b) Diluted (loss)/earnings per ordinary share

The diluted (loss)/earnings per ordinary share equal the basic (loss)/earnings per ordinary share as there were no dilutive potential ordinary shares throughout the relevant reporting periods.

25. DIVIDENDS

	2020	
	Dividend per share sen	**Amount of dividend RM'000**
In respect of current financial year:		
- First and final single tier dividend	3.5	175

No dividend has been paid, declared or proposed by the Group during the FYEs 31 December 2018 and 31 December 2019. The Directors do not recommend any payment of dividend in respect of the FYE 31 December 2021.

26. COMMITMENTS

(a) Rental commitments

The Group has entered into several tenancy agreements for the rental of premises, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised upon its maturity based on prevailing market rates.

The Group has aggregate future commitments as at the end of each reporting period as follows:

	2018 RM'000	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**
Not later than one (1) year	418	-	-	-
Later than one (1) year but not later than five (5) years	325	-	-	-
	743	-	-	-

Arising from the adoption of MFRS 16 *Leases* by the Group on 1 January 2019, rental commitments are now recognised as lease liabilities and the corresponding entry as right-of-use assets.

(b) Capital commitments

Capital expenditure in respect of purchase of property, plant and equipment:

	2018 RM'000	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**
Approved but not contracted for	-	380	-	300

27. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder's value. The overall strategy of the Group remains unchanged from that in FYEs 31 December 2018, 31 December 2019 and 31 December 2020.

The capital structure of the Group is represented by the debt and equity of the Group. No changes were made in the objectives, policies or processes during the FYEs 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021.

	2018 RM'000	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**
Total borrowings	20,134	17,494	19,884	17,309
Lease liabilities owing to financial institutions	-	306	248	349
	20,134	17,800	20,132	17,658
Equity attributable to owners of the combining entities	38,039	42,901	52,096	59,200
Gearing ratio (%)	0.53	0.41	0.39	0.30

The Group is not subject to any externally imposed capital requirements.

(b) Financial risk management

The financial risk management objectives of the Group are to optimise value creation for its shareholder whilst minimising the potential adverse impact arising from interest rate risk, foreign currency risk, credit risk, liquidity and cash flow risk and market price risk.

The financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the financial risk management policies of the Group. The exposure of the Group to financial risks and the management of the related exposures are as follows:

(i) Interest rate risk

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

The Group is exposed to market risk for changes in interest rates related primarily to the bank borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk.

The interest rate profile and sensitivity analysis of interest rate risk has been disclosed in Note 17 to the Combined Financial Statements.

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

The financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the financial risk management policies of the Group. The exposure of the Group to financial risks and the management of the related exposures are as follows: (continued)

(ii) Foreign currency risk

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

Transactional currency exposures mainly arose from transactions that are denominated in currencies other than functional currency of the Company.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 13 and 14 to the Combined Financial Statements respectively.

(iii) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group has no major concentration of credit risk as at 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 except for trade receivables and amounts owing by related companies. The past experience of the Group in collection of trade receivables falls within the recorded allowances. The Directors believe that no additional credit risk beyond the amounts provided for impairment loss is inherent to the trade receivables of the Company.

The analysis of credit risk has been disclosed in Note 13 to the Combined Financial Statements.

(iv) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating and financing needs are met. It is the policy of the Group to ensure its ability to service the cash obligations by maintaining a level of cash and cash equivalents deemed adequate to the operations of the Group. The Group also maintains flexibility in funding by keeping committed credit lines available.

The maturity profile of the liabilities of the Group at the end of each reporting period based on contractual undiscounted repayment obligations has been disclosed in Notes 10, 17 and 19 to the Combined Financial Statements respectively.

(v) Market price risk

Market price risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in gold prices (other than interest or exchange rates).

The sensitivity analysis of market price risk has been disclosed in Note 20 to the Combined Financial Statements.

28. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, direct or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vise versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Group has controlling related party relationship with its holding company and the direct and indirect subsidiaries of the holding company.

Related parties of the Group includes:

(i) Tomei Consolidated Berhad, the holding company.

(ii) Direct subsidiaries of Tomei Consolidated Berhad are as follows:
1. Tomei Gold & Jewellery Manufacturing Sdn. Bhd.
2. Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.
3. Tomei Marketing Sdn. Bhd.
4. O M Design Sdn. Bhd.
5. TXG Financial Solutions Sdn. Bhd. (formerly known as YX Bullion Sdn. Bhd.)

(iii) Indirect subsidiaries of Tomei Consolidated Berhad are as follows:
1. Tomei Diamond Sdn. Bhd.
2. Tomei (Vietnam) Company Limited

(iv) Companies in which certain directors have financial interests:
1. Unique Avenue Sdn. Bhd. ("UASB")
2. Oasis Properties Sdn. Bhd. ("Oasis Properties")
3. Gexcel Asia Sdn. Bhd. ("Gexcel")

(v) Ong Tiong Yee & Sons Sdn. Bhd. ("OTY"), a company related by connected person - Ong Kee Liang, a director and shareholder of OTY, is the spouse of Ng Sheau Chyn, who is a director and shareholder of the Company.

(vi) Key management personnel who are defined as those persons having authority and responsibility of planning, directing and controlling activities of the Group either directly or indirectly. The key management personnel includes all the directors of the Group and certain members of the senior management of the Group.

28. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions and balances

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Sales of goods to:				
Related companies:				
- Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.	18,967	20,668	16,390	7,220
- Tomei Gold & Jewellery Manufacturing Sdn. Bhd.	1	5	178	21
- Tomei Marketing Sdn. Bhd.	99	618	165	-
- O M Design Sdn. Bhd.	12	2	1	3
Related parties:				
- OTY	633	414	655	651
- Gexcel	-	34	13	*
Purchase of goods from:				
Related companies:				
- Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.	17,618	18,162	15,121	5,745
- Tomei Gold & Jewellery Manufacturing Sdn. Bhd.	2	1,205	1,197	-
- Tomei (Vietnam) Company Limited	646	696	471	-
- TXG Financial Solutions Sdn. Bhd.(formerly known as YX Bullion Sdn. Bhd.)	-	-	788	72
- O M Design Sdn. Bhd.	-	29	-	-
Related party:				
- OTY	110	218	184	141
Purchase of manufacturing tools from:				
Related party:				
- Gexcel	92	301	41	95
Promotional and selling expenses paid to:				
Related companies:				
- Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.	-	-	*	1
- Tomei Gold & Jewellery Manufacturing Sdn. Bhd.	-	-	1	-
Office rental paid to:				
Related parties:				
- UASB	41	44	34	9
- Oasis Properties	220	235	212	204
Factory expenses paid to:				
- Tomei Gold & Jewellery Manufacturing Sdn. Bhd.	-	-	-	*

28. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions and balances (continued)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year: (continued)

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Motor vehicle rental paid to:				
Related company:				
- TXG Financial Solutions Sdn. Bhd.(formerly known as YX Bullion Sdn. Bhd.)	247	214	158	-
Interest expenses paid to:				
Related company:				
- Tomei Gold & Jewellery Manufacturing Sdn. Bhd.	-	118	-	-
Interest income from:				
Related companies:				
- Tomei Diamond Sdn. Bhd.	10	-	-	-
- Tomei Gold & Jewellery Manufacturing Sdn. Bhd.	18	-	-	-
Dividend paid to:				
Immediate holding company:				
- Tomei Consolidated Berhad	-	-	175	-

* *Amount is less than RM1,000.*

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 are disclosed in Notes 13 and 19 to the Combined Financial Statements respectively.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Director and other members of key management during the financial years was as follows:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Directors' fees	-	-	-	84
Short term employee benefits	409	457	678	827
Contributions to defined contribution plan	35	53	81	99
	444	510	759	1,010

The estimated monetary value of benefit-in-kind received by the Director of the Group amounted to RM23,950 (2020: RM23,950, 2019: RM23,950, 2018: RM23,950).

29. EMPLOYEE BENEFITS

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Directors' fees	-	-	-	84
Director's remuneration	444	510	493	597
Bonus	282	534	226	293
Defined contribution plan	383	405	393	502
Salaries, wages, commissions, overtime and allowances	3,267	3,529	3,027	3,856
Other employee benefits	220	173	215	248
	4,596	5,151	4,354	5,580

30. SIGNIFICANT EVENTS DURING THE FYE 31 DECEMBER 2021 AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) The 2019 Novel Coronavirus infection ("COVID-19") was declared a pandemic by the World Health Organisation on 11 March 2020 and a Movement Control Order ("MCO") was imposed by the Government of Malaysia on 18 March 2020, which has subsequently entered into various phases of MCO to contain the spread of COVID-19.

Based on the assessment of the Group, there is no significant impact arising from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of the financial statements for the FYE 31 December 2021. The Group will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group for the financial year ending 31 December 2022, such as lease modifications, expected credit losses of financial assets, write down of inventories to net realisable values and impairment assessments of assets (property, plant and equipment and right-of-use assets).

(b) On 14 April 2021, YXPM had undertaken a share split involving a subdivision of every 1 existing ordinary share in YXPM ("Share(s)") into 5 YXPM Shares.

(c) Acquisitions of subsidiaries pursuant to the Listing

On 18 August 2021, the Company entered into a conditional share sale and purchase agreement with Tomei for the acquisitions of:

(i) Acquisition of the entire issued share capital of EASB from Tomei, comprising 500,000 ordinary shares in EASB for a purchase consideration of RM475,204, satisfied via the issuance of 2,376,020 YXPM Shares at an issue price of RM0.20 each;

(ii) Acquisition of the entire issued share capital of GPM from Tomei, comprising 10,600,000 ordinary shares in GPM for a purchase consideration of RM15,847,132, satisfied via the issuance of 79,235,660 YXPM Shares at an issue price of RM0.20 each;

(iii) Acquisition of the entire issued share capital of GRSB from Tomei, comprising 2 ordinary shares in GRSB for a purchase consideration of RM2, satisfied via the issuance of 10 YXPM Shares at an issue price of RM0.20 each; and

30. SIGNIFICANT EVENTS DURING THE FYE 31 DECEMBER 2021 AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

(c) Acquisitions of subsidiaries pursuant to the Listing (continued)

On 18 August 2021, the Company entered into a conditional share sale and purchase agreement with Tomei for the acquisitions of: (continued)

(iv) Acquisition of the entire issued share capital of YXG from Tomei, comprising 6,500,000 ordinary shares in YXG for a purchase consideration of RM35,778,060, satisfied via the issuance of 178,890,300 YXPM Shares at an issue price of RM0.20 each.

The aggregate purchase consideration of RM52,100,398, to be satisfied via the issuance of 260,501,990 new YXPM Shares to Tomei at RM0.20 per Share was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited net assets of EASB, GPM and YXG as well as the audited net liability position of GRSB as at 31 December 2020.

The acquisitions of subsidiaries have been completed on 12 April 2022 in accordance with the terms and conditions of the SPA.

(d) Both the Bursa Securities and the Securities Commission had vide their letters dated 13 January 2022 and 15 February 2022 respectively, approved the admission of the Company to the Official List of Bursa Securities and the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Securities subject to certain conditions to be met by the Company.

The shareholders of the immediately holding company had during its Extraordinary General Meeting on 29 March 2022 approved the proposed listing of the Company on the ACE Market of Bursa Securities.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

YX PRECIOUS METALS BHD [202101001245] (1401543 - M)

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

I, Ng Sheau Chyn being the director of YX Precious Metals Bhd, state that, in the opinion of the Directors, the Combined Financial Statements set out on pages 1 to 77 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 and of the financial performance and cash flows of the Group for the financial years ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 6 May 2022.

....
Ng Sheau Chyn
Director

13. ADDITIONAL INFORMATION

13.1 SHARE CAPITAL

(i) None of the share capital of our Group is under any option or agreed conditionally or unconditionally to be put under any option.

(ii) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group, except for the Pink Form Allocation and the Restricted Offering.

(iii) There is no scheme involving our employees in the capital of our Group, except for the Pink Form Allocation.

(iv) No shares, debentures, warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of this Prospectus.

(v) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

13.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the provisions of our Constitution and by applicable law. Terms defined in our Constitution shall have the same meaning when used here unless they are otherwise defined here or the context otherwise requires.

13.2.1 Share capital and Valuation Rights

Clause 8 – Power to issue shares with special rights

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the Act, the Listing Requirements, the SICDA and to the conditions, restrictions and limitations expressed in this Constitution, the Directors may issue and allot shares or grant rights to subscribe for or otherwise dispose of the unissued shares in the Company to such persons, at such time and on such terms and conditions, with such preferred or deferred or other special rights, as they may deem proper, but the directors in making any such issue of shares shall comply with the following conditions:

(i) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without prior approval of the members in the meeting of members;

(ii) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution;

(iii) no director shall participate in a scheme that involves a new issuance of shares or other convertible securities to employees unless the members of the Company have approved the specific allotment to be made to such director;

(iv) in the case of shares offered to the public or offered pursuant to a prospectus that is registered under the CMSA, for subscription the amount payable on application on each share shall not be less than 5% of the offer price of the share; and

(v) except in the case of an issue of Securities on a pro-rata basis to all members, placements undertaken in compliance with the Listing Requirements or issuance pursuant to a dividend reinvestment scheme, there shall be no issue of Securities to a Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive (hereinafter referred to as the "interested Director", "interested major shareholder", "interested chief executive" or "interested person connected with a Director, major shareholder or chief executive" respectively) unless the members in general meeting have approved of the specific allotment to be made to such aforesaid interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive, as the case may be. In this Constitution, "major shareholder", "chief executive" and "person connected with any Director, major shareholder or chief executive" shall have the meaning ascribed thereto in the Listing Requirements.

Clause 9 – Offer of unissued original shares and new shares

Subject to any direction to the contrary that may be given by the Company in meeting of members, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meeting of members in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of the time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the share or securities offered, the directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The directors may likewise so dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the directors, be conveniently offered under this Constitution.

Clause 10 – Rights of preference shareholders

Subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed provided that:

(i) the holders of preference shares shall have the same rights as the holders of the ordinary shares in relation to receiving notices, reports and audited financial statements and attending meeting of members of the Company but shall only have the right to vote at any meeting convened for the purpose of reducing the Company's share capital, or on a proposal to wind up the Company, or sanctioning the disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects the rights and privileges attached to the share, or when the dividend or part of the dividend on such shares is in arrears for more than 6 months and during the winding up of the Company;

(ii) the holder of a preference share shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up;

(iii) the Company shall not, without the consent of the existing preference members at a class meeting, issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith; and

(iv) any preference share may subject to conversion, with the sanction of an ordinary resolution.

Clause 11 – Modification of class rights

Subject to the provisions of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class may, whether or not the Company is being wound up, be varied with the consent in writing of the holders representing not less than 75% of the total voting rights of the members in that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

Clause 12 – Ranking of class rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Clause 15 – Issue of securities

All new issues of securities for which listing is sought shall be by way of crediting the Securities Accounts of the allottees with such securities with the Depository or the authorised depository agent (as the case may be), save and except where the Company is specifically exempted from compliance with Section 38 of the SICDA, in which event it shall so similarly be exempted from compliance with this provision. For this purpose, the Company must notify the Depository of the names of the allottees and all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the securities accounts of such allottees.

Clause 16 – Commission on subscription of shares

In addition to all other powers of paying commissions, the Company may exercise the powers of paying commissions conferred by Section 80 of the Act of applying its shares or capital moneys in paying commissions to persons subscribing or procuring subscriptions for shares of the Company or agreeing so to do whether absolutely or conditionally, provided that the percentage or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and shall not exceed 10% of the price at which the shares in respect whereof the commission is paid are issued or an amount equivalent thereto. The Company may also on any issue of shares pay such brokerage as may be lawful.

Clause 18 – Trust not to be recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not (even when having notice thereof) be bound by or be compelled in any way to recognise any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

13.2.2 Alteration of Capital

Clause 14 – Share buy-back

Subject to and in accordance with the Act and the regulations made pursuant thereto, the CMSA, the Listing Requirements and the guidelines issued by the Stock Exchange and any other relevant authorities, the Company shall be entitled at any time and from time to time and on any terms it deems fit, purchase its own shares and make payments in respect of the purchase of such shares provided:

(i) the Company is solvent at the date of the purchase and will not become insolvent by incurring the debts involved in the obligation to pay for the shares so purchased;

(ii) the purchase is made through the Stock Exchange on which the shares are quoted and in accordance with the relevant rules of the Stock Exchange;

(iii) the purchase is made in good faith and in the interests of the Company.

Shares in the Company so purchased by the Company shall be dealt with as provided by the Act, the CMSA, the Listing Requirements and/or other relevant authority.

Clause 35 – Power to alter and reduce capital

The Company may from time to time by special resolution:

(i) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;

(ii) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or

(iii) convert all or any of its paid-up capital into stock and may reconvert that stock into paid-up shares.

The Company may by special resolution reduce its share capital in accordance with Subdivision 4 of Division 1 of Part III of the Act, whether with the confirmation of the court or a solvency statement, or in any other way allowed by the Act.

13.2.3 Transfer of Shares

Clause 23 – Transfers

The transfer of any listed security or class of listed security of the Company, shall be by the way of book entry by the Depository in accordance with the Rules and, notwithstanding Section 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Clause 24 – Suspension of registration

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding 30 days in aggregate in any year. At least 12 clear Market Days' notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice shall state the purpose or purposes for which the register is being closed. At least 3 Market Days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors Provided that where the Record of Depositors is required in respect of corporate actions at least 7 Market Days prior notice shall be given to the Depository or such other notice period in accordance with the Rules to enable the Depository to issue the appropriate Record of Depositors.

Clause 25 – Refusal to register transfer

The Depository may, in its absolute discretion, refuse to register any transfer of Depository Securities where the reason for the transfer does not fall within any of the approved reasons provided for in the Rules or that does not comply with the SICDA and the Rules.

Clause 26 – Transferor's Right

Subject to the Act, any member may transfer all or any of his shares (which are not Deposited Securities) by a duly executed and stamped instrument in writing in the form prescribed and approved by the Stock Exchange upon which the Company is listed. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect thereof.

Clause 27 – Notice of refusal

Subject to the Act, the directors may, in their absolute discretion through passing of a resolution setting out the reasons of refusal or delay in the registration of any transfer of any share (which is not a Deposited Share) to a person of whom they do not approve, whether or not it is a fully paid share, within 30 days from the receipt of the instrument of transfer. The notice of the resolution shall be sent to the transferor and to the transferee within 7 days of the resolution being passed.

Clause 28 – Restriction on transfer

Subject to the provisions of the Act, the SICDA, Rules and Listing Requirements, there shall be no restriction on the transfer of fully paid securities except where required by law or the transfer is in respect of a partly paid shares in respect of which a call has been made and is unpaid.

13.2.4 Transmission of Shares

Clause 29 – Death of member

In case of the death of a member the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Clause 30 – Notice of election

Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Board, and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Board shall, in either case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that member before his death or bankruptcy, as the case may be.

Clause 31 – Shares of deceased or bankrupt member

If the person so becoming entitled shall elect to have the share that is a Non-Depository Share to be transferred to him, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects; and in relation to Deposited Shares, subject to the SICDA and the Rules, the notice in writing must be served by him on the Depository. If he shall elect to have the share that is a Non-Depository Share transferred to another person, he shall testify his election by executing to that person a transfer of the share, and in relation to Deposited Securities, he shall send a notice in writing to the Company and the Depository to the effect and execute the instrument as may be prescribed by the Depository. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

Clause 32 – Person entitled may receive dividends

A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share. The Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and, if the notice is not complied with within 60 days, the Board may thereafter withhold payment of all dividend, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Clause 33 – Restriction of person entitled to a share

Unless registered as the holder of the share, the person becoming entitled to a share cannot:

(i) receive notices of meetings of members of the Company, or to attend or vote at these meetings; or

(ii) receive audited financial statements, reports, circulars, statements and/or other documents; or

(iii) exercise any other right of a member in relation to any of these meetings;

unless the Board decide otherwise.

Clause 34 – Transmission of Securities

Where:

(i) the securities of the Company are listed on another stock exchange; and

(ii) the Company is exempted from compliance with Section 14 of the SICDA 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

13.2.5 Power and duties of Directors

Clause 99 – Alternate Director

A director may appoint a person approved by a majority of his co-directors to act as his alternate PROVIDED THAT:

(i) any appointment so made may be revoked at any time by the appointor and any appointment or revocation under this Clause shall be effected by notice in writing (by hand, by post or facsimile or any form of electronic communications approved by the directors) to be delivered to the Secretary. An alternate director shall ipso facto cease to be an alternate director if his appointor for any reason ceases to be a director. The alternate director shall be entitled to notices of all meetings and to attend, speak and vote at any such meeting at which his appointor is not present;

(ii) any fee by the Company to the alternate shall be deducted from the director's fees and other benefits;

(iii) the alternate director shall not be taken into account in determining the minimum or maximum number of directors allowed for the time being but he shall be counted for the purpose of determining whether a quorum is present at any meeting of the directors attended by him at which he is entitled to vote;

(iv) subject to the Act, the Company may by ordinary resolution remove an alternate director without prior consent from the appointor, notwithstanding, any provisions of this Constitution or of any agreement between the alternate director and the appointor;

(v) (a) such person is not a director of the Company; and

(b) such person does not act as an alternate for more than 1 director of the Company.

Clause 103 – Business of Company to be managed by Directors

The Board has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company including all the powers conferred on them in this Constitution. The business and affairs of the Company shall be managed by or under the direction of the directors.

Clause 104 – Director's borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related party as may be thought fit.

Clause 105 – Appointment of attorneys

The directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney of the Company for such purposes and with such powers, authorities, and discretions (not exceeding those vested in or exercisable by the directors under this Constitution) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities, and discretions vested in him.

Clause 106 – Signing of cheques etc.

All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for money paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such other manner as the directors from time to time determine.

Clause 131 – Power to vote by an Associate Director

The Board may fix, determine and vary the powers, duties and remuneration of any person so appointed, but a person so appointed shall not have any right to attend or vote at any meeting of the Board except by the invitation and with the consent of the Board.

13.2.6 Proceedings of Directors

Clause 76 – Chairman's casting vote

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Clause 107 – Disclosure of interest

Every director shall comply with the provision of Section 219 and 221 of the Act in connection with the disclosure of his shareholding and interest in the Company and his interest in any contract or proposed contract with the Company. A director shall not vote in respect of any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

Clause 118 – Votes by majority and Chairman not to have casting vote

The Board may elect a chairman of its meeting and determine the period for which he is to hold office, but if no such chairman is elected, or if at any meeting the chairman is not present within 15 minutes after the time appointed for holding the meeting, the directors present may choose 1 of their numbers to be chairman of the meeting. In case of an equality of votes, the chairman of meeting shall have a second or casting vote. Where 2 directors form a quorum, the chairman of a meeting at which only such quorum is present, or at which only 2 directors are competent to vote on the question at issue shall not have a casting vote.

13.2.7 Remuneration of Directors

Clause 101 – Remuneration of Directors

The fees of the directors of the Company and any benefits payable to the directors of the Company including any compensation for loss of employment of a director or a former director of the Company shall be approved at a meeting of members annually and shall (unless such resolution otherwise provides) be divisible among the directors of the Company as they may agree PROVIDED ALWAYS THAT:

(i) fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or percentage of a profits or turnover; and

(ii) salaries payable to executive directors may not include a commission on or percentage of turnover.

Clause 102 – Reimbursement of expenses

The directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings and other meetings of the Company.

Clause 128 –Remuneration of Managing Director

A managing director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration, whether by way of salary, commission, or participation in profits, or partly in one way or partly in another, as the Board may determine.

13.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by law or by constituent documents of our Company.

13.4 PUBLIC TAKE-OVERS

During the last financial year and up to the LPD, there were no:

(i) public take-over offers by third parties in respect of our Group's shares; and

(ii) public take-over offers by our Group in respect of other companies' shares.

13.5 MATERIAL CONTRACTS

Save for the following, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the Financial Years Under Review up to the date of this Prospectus:

(i) conditional share sale and purchase agreement entered into for the Acquisitions as detailed in Section 4.1.1(a) of this Prospectus;

(ii) Underwriting Agreement as detailed in Section 4.6 of this Prospectus; and

(iii) placement agreement entered into between our Company and PIVB on 21 April 2022 where our Company agreed to appoint PIVB to place out 63,270,000 IPO Shares made available under the placement to selected investors as well as selected Bumiputera Investors approved by MITI.

13.6 CONSENTS

(i) The written consents of the Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent, Solicitors for the Listing, Share Registrar, Issuing House and Company Secretary for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

(ii) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus, and has not subsequently been withdrawn.

(iii) The written consent of the IMR for the inclusion in this Prospectus of its name and Industry Overview Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

13.7 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at out registered office during office hours for a period of 6 months from the date of this Prospectus:

(i) our Constitution;

(ii) the Industry Overview Report referred to in Section 7 of this Prospectus;

(iii) the undertaking letters by Tomei and our Company as set out in Section 10.1(i)(b) of this Prospectus;

(iv) the Reporting Accountants' Report relating to the Pro Forma Consolidated Statements of Financial Position of our Group as at 31 December 2021 referred to in Section 11.5 of this Prospectus;

(v) the Accountants' Report as included in Section 12 of this Prospectus;

(vi) the material contracts referred to in Section 13.5 of this Prospectus;

(vii) the letters of consent referred to in Section 13.6 of this Prospectus; and

(viii) the audited financial statements of:

   (a) our Company for the financial period from 11 January 2021 (date of incorporation) to 31 December 2021;

   (b) EASB, GPM and YXG for the FYE 2018, FYE 2019, FYE 2020 and FYE 2021; and

   (c) GRSB for the financial period from 25 August 2020 (date of incorporation) to 31 December 2020 and FYE 2021.

13.8 RESPONSIBILITY STATEMENTS

(i) PIVB acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to the IPO.

(ii) This Prospectus has been seen and approved by our Directors and Promoters and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

14.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 30 May 2022

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 9 June 2022

Applications for the IPO Shares will open and close at the times and dates stated above.

In the event there is any change to the times and dates stated above, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

14.2 METHODS OF APPLICATIONS

14.2.1 Application for our IPO Shares by the Malaysian Public, the Eligible Persons and the Entitled Shareholders of Tomei

Application must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application method
Applications by the Eligible Persons of our Group	Pink Application Form only
Applications by the Entitled Shareholders of Tomei	Blue Application Form or electronic subscription via Issuing House's TIIH Online platform ("**e-Subscription**")
Applications by Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

14.2.2 Application by selected investors via placement

Types of Application	Application method
Applications by:	
(i) Selected investors	The Sole Placement Agent will contact the selected investors directly. They should follow the Sole Placement Agent's instructions.
(ii) Bumiputera Investors approved by the MITI	MITI will contact the Bumiputera Investors directly. They should follow MITI's instructions.

14.3 ELIGIBILITY

14.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs in the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

14.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) you must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) you must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and

(iii) you must submit Applications by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

14.3.3 Application by Eligible Persons

The Eligible Persons (including any entities, wherever established) will be provided with Pink Application Forms and letters from us detailing their respective allocation, as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, PIVB, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

The Eligible Persons are not precluded from making additional application under the Malaysian Public category using the White Application Form. If you are the Entitled Shareholders of Tomei, you are also entitled to apply under the Restricted Offering using the Blue Application Form. Applicants using the Pink Application Form are not allowed to submit multiple applications in the same category of application.

14.3.4 Application by Entitled Shareholders of Tomei

Applications by the Entitled Shareholders of Tomei for the IPO Shares which have been set aside for the Restricted Offering must be made on the Blue Application Form or by way of e-Subscription at https://tiih.online. The Entitled Shareholders of Tomei must follow the notes and instructions in the said document as well as the cover letter accompanying the Blue Application Form and where relevant, in this Prospectus. The Entitled Shareholders of Tomei are not precluded from making additional applications for the IPO Shares made available under the Malaysian Public category using the White Application Form.

18,608,000 IPO Shares are reserved for application by the Entitled Shareholders of Tomei via the Restricted Offering, and shall be allocated in the following manner:

(i) each Entitled Shareholder of Tomei who applies for at least 100 IPO Shares is guaranteed an allocation of 100 IPO Shares. This is to minimise the incidence of odd lots;

(ii) any such balance of IPO Shares after the allocation under item (i) above shall be allocated to the Entitled Shareholders of Tomei who applied in excess of 100 IPO Shares on a pro-rata basis and in board lot, computed based on their respective shareholdings in Tomei as at the Entitlement Date; and

(iii) any such balance of IPO Shares after the allocation under item (ii) above shall be allocated to the Entitled Shareholders of Tomei on a pro-rata basis and in board lot, computed based on the quantum of their respective IPO Shares under application.

In the event there are any balance IPO Shares under the Restricted Offering after the above sequence of processes (i) to (iii) of allocations are completed, any such balance of IPO Shares subsequently will be allocated in the processes set out in (ii) to (iii) above repeatedly until all IPO Shares are allocated.

Nevertheless, our Board reserves the right to allot any balance IPO Shares applied for in such manner as our Board deems fit and expedient as well as in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of the Board as set out above is achieved. Our Board also reserves the right to reject or accept any Application, in whole and in part, on a non-discriminatory basis without the need to give any reason.

Any fractional entitlements and odd lots arising from the Restricted Offering shall be disregarded and rounded down to the nearest board lot, and the aggregate of such fractions and such odd lots will be dealt with in such manner or on such terms as the Board may deem fit and expedient in the best interest of our Company.

As our Shares are prescribed securities, the Shares will be credited into the respective CDS accounts of the Entitled Shareholders of Tomei. No physical share certificate will be issued, but the notice of allotment shall be despatched.

The entitlement of the Entitled Shareholders of Tomei to participate in the Restricted Offering is non-renounceable and non-tradeable. The Restricted Offering does not preclude the Entitled Shareholders of Tomei from making additional applications for the IPO Shares made available under the Malaysian Public category using the White Application Forms.

Excluded Shareholders are advised that they shall be solely responsible to seek their own advice as to the laws of any jurisdiction which they may be subject to. Participation in the Restricted Offering by any of the shareholders of Tomei shall be based on their warranty to our Company, Tomei or PIVB that they may lawfully so participate without our Company, PIVB, the Issuing House and/or other advisers and experts being in breach of the laws of any jurisdiction other than the laws of Malaysia to which the Excluded Shareholders are or might be subject to. Excluded Shareholders will have no rights or claims whatsoever against us, the Promoters, PIVB, any of their respective Directors or any other persons involved in the Restricted Offering in respect of their entitlement to apply for the IPO Shares under the Restricted Offering. We, the Promoters, PIVB, any of their respective Directors or any other persons involved in the Restricted Offering shall not accept any responsibility and liability in the event that any acceptance under the Restricted Offering is or becomes illegal, unenforceable, voidable or void or shall contravene the laws in such countries and jurisdictions.

This Prospectus will not be registered under any applicable securities legislation of any foreign jurisdiction. Accordingly, the Prospectus will not be sent to the Excluded Shareholders.

14.4 PROCEDURES FOR APPLICATION BY ENTITLED SHAREHOLDERS OF TOMEI

14.4.1 By way of Blue Application Form

This Prospectus will be distributed to the Entitled Shareholders of Tomei in CD-ROM format (contents of which will be in printable format) whose registered addresses are maintained with Bursa Depository.

However, the Entitled Shareholders of Tomei may request for a copy of the printed Prospectus from the Issuing House or our Company or Tomei at no cost and are given an option to have the printed Prospectuses despatched to them free of charge to their mailing address within 3 Market Days from the date of receipt of their request, or to obtain the printed Prospectuses from the following locations as stated below:

(i) our Company;

(ii) Tomei; and

(iii) Issuing House.

Any delivery charges will be borne by our Company.

The Blue Application Form can be obtained from the Issuing House.

The FULL amount payable is RM0.28 for each IPO Share. Application and payment for the IPO Shares under the Restricted Offering must be made on the Blue Application Form issued together with this Prospectus and must be completed in accordance with the notes and instructions printed therein.

The completed Blue Application Form, together with the remittance in RM for the full amount payable in the form of Banker's Draft or Cashiers Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made out in favour of "**YXPM RESTRICTED OFFER A/C**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with the name, address and CDS account number of the applicant in block letters, must be received by our Issuing House no later than 5.00 p.m. on 9 June 2022, or by such other time and date specified in any change to the date or time for closing. Cheques or any other modes of payment will not be accepted and will be rejected.

Each completed Blue Application Form must be accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (*197101000970 (11324-H))*
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at the following address:

Tricor Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

So as to arrive no later than 5.00 p.m. on 9 June 2022, or by such other time and date specified in any change to the date or time for closing.

The Entitled Shareholders of Tomei, who wish to apply for the IPO Shares which have been set aside for the Restricted Offering using the Blue Application Form may check their eligibility by referring to our Issuing House at the address stated above.

14.4.2 By way of e-Subscription

The Entitled Shareholders of Tomei can have the option to subscribe the Restricted Offering through e-Subscription available from Issuing House's TIIH Online platform at https://tiih.online. The e-Subscription is available to all Entitled Shareholders of Tomei including individuals, corporate or institutional shareholders.

Applications made by way of e-Subscription which do not conform **STRICTLY** to the terms of our Prospectus or notes and instructions will not be accepted. A processing fee of RM5.00 for individual shareholder and RM2.00 for corporate shareholder will be charged by the Issuing House for each CDS account subscribed for. The Entitled Shareholders of Tomei will also need to pay a stamp duty of RM10.00 for each CDS account applied for the Restricted Offering.

For individual shareholder the remittance to the subscription of the Restricted Offering, handling fee and stamp duty fee will be made via online payment gateway either through Maybank2U or any Financial Process Exchange (FPX) participating bank.

For corporate shareholder the remittance to the subscription of the Restricted Offering will be made via telegraphic transfer into the Restricted Offering designated bank account as follows:

Account Name:	YXPM RESTRICTED OFFER A/C
Bank:	Malayan Banking Berhad
Bank Account No:	514012455529

and arrange to pay handling fee of RM2.00 and stamp duty fee of RM10.00 for each CDS account into the Issuing House's bank account as follows:

Account Name:	TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Bank:	Malayan Banking Berhad
Bank Account No:	514012025081

Please refer to the detailed procedures and terms and conditions of e-Subscription Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the Issuing House for further enquiries.

14.5 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS (EXCEPT FOR THE BLUE APPLICATION FORM)

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.28 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. 718**" and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (*197101000970 (11324-H))*
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at the following address:

Tricor Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 9 June 2022 or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to our Issuing House.

14.6 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

14.7 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

14.8 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

   (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

   (b) are illegible, incomplete or inaccurate; or

   (c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 14.10 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

14.9 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at https://tiih.online within one market day after the balloting date.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's enlarged issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons and/or the Entitled Shareholders of Tomei, subject to the underwriting arrangements and reallocation as set out in Section 4.1.1(b) of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

14.10 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

14.10.1 For applications by way of Application Forms (except for the Blue Application Form)

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).

(iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

14.10.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

14.10.3 For application by Entitled Shareholders of Tomei by way of Blue Application Form and e-Subscription

In respect of unsuccessful/partially successful application, the full amount or the surplus application monies, as the case may be, will be refunded without interest within 10 Market Days from the date of the final ballot of the Application.

The refund will be credited directly into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution). If you have not provided such bank account information to Bursa Depository, the refund will be made via issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository at your own risk.

14.11 SUCCESSFUL APPLICANTS

If you are successful in your application:

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

14.12 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. (603) 2783 9299
Blue Application Form or e-Subscription	Issuing House Enquiry Services at telephone no. (603) 2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK