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5 December 2022

The Board of Directors
TT Vision Holdings Berhad
9-1, 9th Floor
Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang

Dear Sirs,

Reporting Accountants' opinion on the Financial Statements contained in the Accountants' Report of TT Vision Holdings Berhad ("TTVHB" or the "Company") and its subsidiaries (the Group")

Opinion

We have audited the accompanying financial statements of the Group, which comprise of the statements of financial position as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022 (collectively referred to as "past 3 financial years ended ("FYEs") 31 December 2019, 2020 and 2021 and financial period ended ("FPE") 30 June 2022"), the statements of comprehensive income, statements of changes in equity and statements of cash flows for the past 3 FYEs 31 December 2019, 2020 and 2021 and FPE 30 June 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 78.

In our opinion, the accompanying financial statements contained in the Accountants' Report of the Company gives a true and fair view of the financial positions of the Group as at 31 December 2019, 31 December 2020 and 31 December 2021 and FPE 30 June 2022, and of its financial performance and its cash flows for the past 3 FYEs 31 December 2019, 2020 and 2021 and FPE 30 June 2022, in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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TT VISION HOLDINGS BERHAD
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements contained in the Accountants' Report of the Company for the past 3 FYEs 31 December 2019, 2020 and 2021 and FPE 30 June 2022 so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards. The directors are also responsible for such internal control as the directors of the Company determine is necessary to enable the preparation of the financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Reporting Accountants' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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TT VISION HOLDINGS BERHAD
(Incorporated in Malaysia)

Reporting Accountants' Responsibilities for the Audit of the 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 Group's ability 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 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 financial statements of the Group, including the disclosures, and whether the financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Matters

This report is made solely to the Board of Directors of the Company and has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the Prospectus of the Company in connection with the listing of and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon any other purposes. We do not assume responsibility to any other persons for the content of this report.

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

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

Kuala Lumpur

Date: 5 December 2022

STATEMENT BY DIRECTORS

We, **GOON KOON YIN** and **WONG YIH HSOW**, being two of the directors of TT VISION HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022 and of their financial performance and cash flows for the financial years/period then ended.

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

....
GOON KOON YIN
Director

....
WONG YIH HSOW
Director

Kuala Lumpur

Date: 5 December 2022

TT VISION HOLDINGS BERHAD
Accountants' Report

STATEMENTS OF FINANCIAL POSITION

	Note	Audited			
		As at 31 December			As at 30 June
		2019	2020	2021	2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	12,634	1,513	1,149	999
Right-of-use assets	6	20,265	31,030	30,396	30,077
Intangible assets	7	4,100	5,110	4,129	4,148
Total non-current assets		**36,999**	**37,653**	**35,674**	**35,224**
Current assets					
Inventories	8	10,053	6,244	9,043	10,791
Trade and other receivables	9	3,455	3,952	6,963	10,987
Contract assets	10	2,176	4,225	12,016	14,651
Other investments	11	3,543	13,083	11,987	6,333
Current tax assets		-	-	-	12
Cash and bank balances		5,397	2,748	5,490	9,457
Total current assets		**24,624**	**30,252**	**45,499**	**52,231**
TOTAL ASSETS		**61,623**	**67,905**	**81,173**	**87,455**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Group					
Share capital	12	41,280	41,280	41,280	41,280
Other reserves	13	(10,073)	(9,760)	(9,684)	(9,646)
Retained earnings		11,524	13,040	21,379	26,577
TOTAL EQUITY		**42,731**	**44,560**	**52,975**	**58,211**

TT VISION HOLDINGS BERHAD
Accountants' Report

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		Audited			
		As at 31 December			As at 30 June
	Note	2019	2020	2021	2022
Non-current liabilities					
Loans and borrowings	14	3,626	6,240	5,910	5,653
Deferred income	15	673	358	89	29
Deferred tax liabilities	16	4,510	5,108	6,935	8,611
Total non-current liabilities		**8,809**	**11,706**	**12,934**	**14,293**
Current liabilities					
Loans and borrowings	14	306	2,035	2,868	3,112
Trade and other payables	17	4,573	4,905	7,395	8,508
Contract liabilities	10	4,871	4,144	4,805	3,331
Current tax liabilities		333	555	196	-
Total current liabilities		**10,083**	**11,639**	**15,264**	**14,951**
TOTAL LIABILITIES		**18,892**	**23,345**	**28,198**	**29,244**
TOTAL EQUITY AND LIABILITIES		**61,623**	**67,905**	**81,173**	**87,455**

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

TT VISION HOLDINGS BERHAD
Accountants' Report

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Audited FYE 31 December 2019 RM'000	Audited FYE 31 December 2020 RM'000	Audited FYE 31 December 2021 RM'000	Unaudited 01.01.2021 to 30.06.2021 RM'000	Audited 01.01.2022 to 30.06.2022 RM'000
Revenue	18	20,660	24,927	47,264	23,614	27,358
Cost of sales		(16,830)	(15,826)	(27,581)	(13,319)	(15,997)
Gross profit		3,830	9,101	19,683	10,295	11,361
Other income	19	911	933	516	259	729
Distribution expenses		(680)	(683)	(623)	(417)	(645)
Administrative expenses		(6,626)	(5,816)	(6,422)	(3,215)	(3,565)
Research and development expenses		(1,230)	(1,219)	(2,763)	(1,297)	(576)
Other expenses		(697)	-	-	-	-
Operating (loss)/profit		(4,492)	2,316	10,391	5,625	7,304
Finance income	20	75	80	162	80	9
Finance costs	21	(131)	(188)	(309)	(139)	(159)
(Loss)/Profit before tax	22	**(4,548)**	**2,208**	**10,244**	**5,566**	**7,154**
Income tax benefit/(expense)	24	227	(692)	(1,905)	(1,227)	(1,956)
(Loss)/Profit for the financial years		**(4,321)**	**1,516**	**8,339**	**4,339**	**5,198**
Other comprehensive income, net of tax						
Items that will not be reclassified subsequently to profit or loss						
- Net surplus on revaluation of land and buildings		-	213	-	-	-
- Tax effect relating to revaluation of land and buildings		-	100	76	-	38
Other comprehensive income for the financial years	25	-	313	76	-	38
Total comprehensive (loss)/income for the financial years		**(4,321)**	**1,829**	**8,415**	**4,339**	**5,236**

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

TT VISION HOLDINGS BERHAD
Accountants' Report

STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital RM'000	Reorganisation reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
		Attributable to owners of the Group				
At 1 January 2019		34,350	(22,938)	12,865	15,845	40,122
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(4,321)	(4,321)
Transactions with owners						
Issuance of ordinary shares	**12**	7,200	-	-	-	7,200
Share issuance expenses	**12**	(270)	-	-	-	(270)
Total transactions with owners		6,930	-	-	-	6,930
At 31 December 2019		**41,280**	**(22,938)**	**12,865**	**11,524**	**42,731**
Profit for the financial year		-	-	-	1,516	1,516
Other comprehensive income for the financial year	**25**	-	-	313	-	313
Total comprehensive income		-	-	313	1,516	1,829
At 31 December 2020		**41,280**	**(22,938)**	**13,178**	**13,040**	**44,560**

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Attributable to owners of the Group				
		Share capital RM'000	**Reorganisation reserve RM'000**	**Revaluation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2021		41,280	(22,938)	13,178	13,040	44,560
Profit for the financial year		-	-	-	8,339	8,339
Other comprehensive income for the financial year	**25**	-	-	76	-	76
Total comprehensive income		-	-	76	8,339	8,415
At 31 December 2021		**41,280**	**(22,938)**	**13,254**	**21,379**	**52,975**
Profit for the financial period		-	-	-	5,198	5,198
Other comprehensive income for the financial period	**25**	-	-	38	-	38
Total comprehensive income		-	-	38	5,198	5,236
At 30 June 2022		**41,280**	**(22,938)**	**13,292**	**26,577**	**58,211**

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

TT VISION HOLDINGS BERHAD
Accountants' Report

STATEMENTS OF CASH FLOWS

	Note	Audited FYE 31 December 2019 RM'000	Audited FYE 31 December 2020 RM'000	Audited FYE 31 December 2021 RM'000	Unaudited 01.01.2021 to 30.06.2021 RM'000	Audited 01.01.2022 to 30.06.2022 RM'000
Cash flows from operating activities						
(Loss)/Profit before tax		(4,548)	2,208	10,244	5,566	7,154
Adjustments for:						
Depreciation of property, plant and equipment		913	1,127	757	395	213
Amortisation and depreciation of right-of-use assets		577	728	670	350	319
Amortisation of intangible assets		509	852	655	553	453
Amortisation of deferred income		(309)	(315)	(269)	(149)	(60)
Intangible assets written off		693	280	1,683	646	-
Bad debts written off		698	-	-	-	-
Finance costs		131	188	309	139	159
Finance income		(75)	(80)	(162)	(80)	(9)
Inventories written down		694	177	21	-	-
Net unrealised loss/(gain) on foreign exchange		104	32	(42)	(43)	(122)
Fair value (gain)/loss on other investment		(4)	(4)	(58)	8	68
Property, plant and equipment written off		-	-	-	-	5
Operating profit before changes in working capital		**(617)**	**5,193**	**13,808**	**7,385**	**8,180**
Changes in working capital:						
Inventories		(4,081)	3,632	(2,820)	(2,246)	(1,748)
Trade and other receivables		7,737	(520)	(3,028)	(1,797)	(3,912)
Trade and other payables		636	338	2,505	1,081	1,063
Contract assets		465	(2,049)	(7,791)	(5,112)	(2,635)
Contract liabilities		(161)	(727)	661	(176)	(1,474)
Net cash generated from operations		**3,979**	**5,867**	**3,335**	**(865)**	**(526)**
Income tax paid		(402)	(170)	(360)	(71)	(450)
Income tax refunded		680	397	-	-	-
Interest received		75	80	162	80	9
Interest paid		(131)	(188)	(309)	(139)	(159)
Net cash flows from/(used in) operating activities		**4,201**	**5,986**	**2,828**	**(995)**	**(1,126)**
Cash flows from investing activities						
Purchase of property, plant and equipment		(10,576)	(1,287)	(393)	(278)	(68)
Purchase of right-of-use assets		-	-	(36)	(36)	-
Purchase of intangible assets		(2,068)	(2,142)	(1,357)	(1,111)	(472)
Net change in other investments		(3,539)	(9,536)	1,154	3,520	5,589
Government grant received		68	-	-	-	-
Net cash flows (used in)/from investing activities		**(16,115)**	**(12,965)**	**(632)**	**2,095**	**5,049**

TT VISION HOLDINGS BERHAD
Accountants' Report

STATEMENTS OF CASH FLOWS (CONTINUED)

		Audited			Unaudited	Audited
		FYE 31 December			01.01.2021 to 30.06.2021	01.01.2022 to 30.06.2022
		2019	2020	2021		
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities	(a)					
Drawdown of bankers' acceptances		-	1,270	2,141	2,105	2,454
Drawdown of term loans		4,780	3,322	409	409	-
Payment of share issuance expenses		(270)	-	-	-	-
Proceeds from issuance of ordinary shares		7,200	-	-	-	-
Repayment of bankers' acceptances		-	-	(1,270)	(1,271)	(2,141)
Repayment of lease liabilities		(116)	(149)	(114)	(114)	-
Repayment of term loans		(1,751)	(100)	(663)	(341)	(327)
Net cash flows from/(used in) financing activities		**9,843**	**4,343**	**503**	**788**	**(14)**
Net (decrease)/increase in cash and cash equivalents		(2,071)	(2,636)	2,699	1,888	3,909
Cash and cash equivalents at the beginning of the financial years		**7,541**	**5,397**	**2,748**	**2,748**	**5,490**
Effects on exchange rate changes on cash and bank balances		(73)	(13)	43	40	58
Cash and cash equivalents at the end of the financial years/periods		**5,397**	**2,748**	**5,490**	**4,676**	**9,457**

STATEMENTS OF CASH FLOWS (CONTINUED)

	At 1 January 2019 RM'000	Cash flows RM'000	Non-cash Others RM'000	At 31 December 2019 RM'000
Term loans	640	3,029	-	3,669
Lease liabilities	257	(116)	122	263
	897	2,913	122	3,932

	At 1 January 2020 RM'000	Cash flows RM'000	Non-cash Others RM'000	At 31 December 2020 RM'000
Term loans	3,669	3,222	-	6,891
Lease liabilities	263	(149)	-	114
Bankers' acceptances	-	1,271	-	1,271
	3,932	4,344	-	8,276

	At 1 January 2021 RM'000	Cash flows RM'000	Non-cash Others RM'000	At 31 December 2021 RM'000
Term loans	6,891	(254)	-	6,637
Lease liabilities	114	(114)	-	-
Bankers' acceptances	1,271	870	-	2,141
	8,276	502	-	8,778

	At 1 January 2022 RM'000	Cash flows RM'000	Non-cash Others RM'000	At 30 June 2022 RM'000
Term loans	6,637	326	-	6,311
Lease liabilities	-	-	-	-
Bankers' acceptances	2,141	(313)	-	2,454
	8,778	13	-	8,765

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

TT VISION HOLDINGS BERHAD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

TT Vision Holdings Berhad is incorporated and domiciled in Malaysia. The registered office of TT Vision Holdings Berhad is located at 9-1, 9th Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 Penang. The principal place of business of TT Vision Holdings Berhad is located at Plot 106, Jalan Hilir Sungai Keluang 5, Bayan Lepas FIZ 4, 11900 Bayan Lepas, Penang.

The principal activity of TT Vision Holdings Berhad is investment holdings. The details of the operating entities are as follows:

Operating entities	Principal place of business/country of incorporation	Principal activities
TT Vision Technologies Sdn. Bhd. ("TT Vision")	Malaysia	Development and manufacturing of machine vision equipment, and provision of related products and services.
TT Innovation Centre Sdn. Bhd. ("TT Innovation")	Malaysia	Development and manufacturing of machine vision equipment, and provision of related products and services.

There have been no significant changes in the nature of these activities during the financial years/period under review.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 December 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs) and the International Financial Reporting Standards ("IFRSs").

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

2.2.1 The Group has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of MFRSs	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 April 2021
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

Consequential amendments as a result of MFRS 17 Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

2.2.2 The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below:

Annual Improvements to MFRSs 2018–2020

Annual Improvements to MFRSs 2018–2020 covers amendments to:

- MFRS 1 First-time Adoption of MFRSs – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 Financial Instruments – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 Leases – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 Agriculture – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRSs.
-

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board ("MASB") in April 2018.

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

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

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

Amendment to MFRS 16 Leases

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022 subject to fulfilment of other conditions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

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

Amendments to MFRS 101 Presentation of Financial Statements

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

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

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

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates.

The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

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

Amendments to MFRS 112 Income Taxes

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

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

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

2.2.3 The initial application of the above applicable new MFRS and amendments/improvements to MFRSs are not expected to have any material impact on the financial statements.

2.3 Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 Functional and presentation currency

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

2.4 Basis of measurement

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

2.5 Use of estimates and judgement

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

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

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

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

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

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

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

(b) Non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of Group and are presented separately in the statements of financial position within equity.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(c) Transactions eliminated on combination

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

3.2 Foreign currency transactions

Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.3 Financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

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

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

(a) Subsequent measurement

The Group categorises the financial instruments as follows:

(i) Financial assets

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

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

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

The Group reclassifies financial assets when and only when its business models for managing those assets change.

<u>Debt instruments</u>
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group categorises the financial instruments as follows: (continued)

(i) Financial assets (continued)

Debt instruments (continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group categorises the financial instruments as follows: (continued)

(i) Financial assets (continued)

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

(ii) Financial liabilities
The Group classifies its financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(b) Financial guarantee contracts

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

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

(c) Regular way purchase or sale of financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(d) Derecognition

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

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

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

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

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

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

(e) Offsetting of financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and

measurement of impairment losses is in accordance with Note 3.9(b).

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

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

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

(b) Subsequent costs

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

(c) Depreciation

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

	Useful lives (years)
Machinery and equipment	5 years
Computers	5 – 10 years
Office equipment, furniture and fittings	10 years
Motor vehicles	5 years
Renovation and signboard	10 years

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

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

(d) Derecognition

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

(e) Construction in progress

Capital work-in-progress consists of expenditure incurred on the construction of property, plant and equipment which take a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of the construction, the cost will be reclassified to other class of property, plant and equipment.

3.5 Leases

(a) Definition of lease

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

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.
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(b) Lessee accounting

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

The Group presents right-of-use assets and lease liabilities as separate line items in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessee accounting (continued)

Right-of-use asset

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

Leasehold land and buildings are measured at fair value, based on the valuation by an external independent valuer, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the leasehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(b).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessee accounting (continued)

Right-of-use asset (continued)

All right-of-use assets are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Leasehold land	48.5 years
Building	48.5 years
Motor vehicles	5 years
Office premise	2 years

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

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

Lease liability

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessee accounting (continued)

<u>Lease liability (continued)</u>

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

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

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

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

<u>Short-term leases and leases of low value assets</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Intangible assets

(a) Research and development

Research costs are recognised in profit or loss as incurred.
An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(b).

(b) Amortisation

The amortisation methods used and estimated useful lives are as follows:

	Method	**Useful lives (years)**
Development expenditure	Straight-line	5 years

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in-first-out basis.
- Finished goods and work-in-progress: costs if direct materials and labour and a proportion of manufacturing overheads based in normal operating capacity. These costs are assigned on a weighted average cost basis.

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

3.8 Cash and cash equivalents

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

3.9 Impairment of assets

(a) Impairment of financial assets

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

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

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

For trade receivables, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

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

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

The Group considers a financial asset to be in default when:
- the borrower is unable to pay its credit obligations to the Group in full, without taking into account any credit enhancements held by the Group; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets (continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the assets' recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset of a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

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

For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Share capital

(a) Ordinary shares

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

3.11 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

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

3.12 Provisions

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

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue and other income

The Group recognises revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

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

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

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

(a) Sale of goods

The Group manufactures and sells a range of vision inspecting products, automated solar cell testing and sorting equipment, research and development works of all kinds to customers. Revenue from sale of manufactured goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with credit term which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue and other income (continued)

(a) Sale of goods (continued)

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognise a contract liability for the difference.

(b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Other income

Other income is recognised on an accrual basis.

3.14 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Borrowing costs

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

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

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

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

3.16 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Income tax (continued)

(b) Deferred tax (continued)

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

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

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

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

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

(c) Sales and services tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group Managing Director, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.19 Fair value measurements

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:
(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial years/period include the following:

(a) Impairment of financial assets and contract assets

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

The Group uses a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are depending on the number of days that a trade receivable is past due. The criterias include geographical region, product type, customer type and rating, collateral or trade credit insurance.

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

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

The information about the expected credit losses on the Group's financial assets and contract assets are disclosed in Note 26(b).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

(b) Write-down of obsolete or slow-moving inventories

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

The economic uncertainties resulting from the COVID-19 pandemic have impacted and may continue to impact selling prices and the sale ability of inventories. When future events differ from current expectations, the carrying amount of unsold inventories may have to be written down or written back in future financial periods.

The carrying amounts of the Group's inventories are disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Machinery and equipment RM'000	Computers RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation and signboard RM'000	Construction-in- progress RM'000	Total RM'000
Cost								
At 1 January 2019		4,789	1,292	417	167	87	333	7,085
Additions		243	147	12	-	-	10,174	10,576
At 31 December 2019		5,032	1,439	429	167	87	10,507	17,661
Additions		332	25	146	-	10	774	1,287
Transfer to right-of-use assets	6	-	-	-	-	-	(11,281)	(11,281)
Written off		(469)	(257)	-	-	-	-	(726)
At 31 December 2020		4,895	1,207	575	167	97	-	6,941
Additions		-	138	65	-	134	56	393
Transfer from right-of-use assets	6	-	-	-	774	-	-	774
Written off		(99)	-	-	-	-	-	(99)
At 31 December 2021		4,796	1,345	640	941	231	56	8,009
Additions		-	-	-	-	-	-	-
Transfer from right-of-use assets	6	-	57	11	-	-	-	68
Written off		(870)	(7)	-	-	-	-	(877)
At 30 June 2022		3,926	1,395	651	941	231	56	7,200

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Machinery and equipment RM'000	Computers RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation and signboard RM'000	Construction-in- progress RM'000	Total RM'000
Accumulated depreciation								
At 1 January 2019		2,687	873	301	167	86	-	4,114
Depreciation charge for the financial year	22	798	61	53	-	1	-	913
At 31 December 2019		3,485	934	354	167	87	-	5,027
Depreciation charge for the financial year		869	206	51	-	1	-	1,127
Written off	22	(469)	(257)	-	-	-	-	(726)
At 31 December 2020		3,885	883	405	167	88	-	5,428
Depreciation charge for the financial year	22	503	199	43	-	12	-	757
Transfer from right-of-use assets		-	-	-	774	-	-	774
Written off		(99)	-	-	-	-	-	(99)
At 31 December 2021		4,289	1,082	448	941	100	-	6,860
Depreciation charge for the financial period	22	93	90	23	-	7		213
Written off		(870)	(2)	-	-	-	-	(872)
At 30 June 2022		3,512	1,170	471	941	107	-	6,201

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Machinery and equipment RM'000	Computers RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation and signboard RM'000	Construction-in- progress RM'000	Total RM'000
Net carrying amount								
At 31 December 2019		1,547	505	75	-	-	10,507	12,634
At 31 December 2020		1,010	324	170	-	9	-	1,513
At 31 December 2021		507	263	192	-	131	56	1,149
At 30 June 2022		414	225	180	-	124	56	999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. RIGHT-OF-USE ASSETS

	Note	Leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Office premise RM'000	Total RM'000
Cost						
At 1 January 2019		17,050	3,750	774	-	21,574
Additions		-	-	-	122	122
At 31 December 2019		17,050	3,750	774	122	21,696
Transfer from property, plant and equipment	**5**	-	11,282	-	-	11,282
Revaluation		(50)	(1,032)	-	-	(1,082)
At 31 December 2020		17,000	14,000	774	122	31,896
Additions		-	36	-	-	36
Transfer to property, plant and equipment	**5**	-	-	(774)	-	(774)
Written off		-	-	-	(122)	(122)
At 31 December 2021 / 30 June 2022		17,000	14,036	-	-	31,036

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. RIGHT-OF-USE ASSETS (CONTINUED)

	Note	Leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Office premise RM'000	Total RM'000
Accumulated depreciation						
At 1 January 2019		166	43	645	-	854
Depreciation charge for the financial year	**22**	331	86	129	31	577
At 31 December 2019		497	129	774	31	1,431
Depreciation charge for the financial year	**22**	331	336	-	61	728
Revaluation		(828)	(465)	-	-	(1,293)
At 31 December 2020		-	-	774	92	866
Depreciation charge for the financial year	**22**	351	289	-	30	670
Transfer to property, plant and equipment	**5**	-	-	(774)	-	(774)
Written off		-	-	-	(122)	(122)
At 31 December 2021		351	289	-	-	640
Depreciation charge for the financial period	**22**	174	145	-	-	319
At 30 June 2022		525	434	-	-	959
Net carrying amount						
At 31 December 2019		16,553	3,621	-	91	20,265
At 31 December 2020		17,000	14,000	-	30	31,030
At 31 December 2021		16,649	13,747	-	-	30,396
At 30 June 2022		16,475	13,602	-	-	30,077

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. RIGHT-OF-USE ASSETS (CONTINUED)

(a) Leasehold land, building and office premise

The Group leases land, building and office premise for their office space and operation site. The leases for office space and operation site generally have lease term between 2 to 51 years.

(b) Assets pledged as security

The carrying amount of the property, plant and equipment of the Group pledged to the licensed banks to secured the banking facilities as disclosed in Note 14(a) to the financial statements are as follows:

	Audited			
	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Leasehold land	16,553	17,000	16,649	16,475
Building	3,621	14,000	13,747	13,602
	20,174	31,000	30,396	30,077

(c) Fair value information

The Group's leasehold land and building are classified as Level 2 fair value for the financial years/period ended 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022.

There are no Level 1 and Level 3 leasehold land and building or transfers between levels during the financial years/period ended 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022.

Level 2 fair value

Level 2 fair value of leasehold land and building were revalued on 31 December 2020. The leasehold land was revalued using the market comparison approach that reflects recent transaction prices of similar properties. The most significant input into this valuation approach is price per square foot for comparable properties. The leasehold building was revalued using the depreciated replacement cost approach whereby an estimate is made of the replacement cost new and then allowing for depreciation. There has been no change to the valuation technique during the financial year.

Valuation processes applied by the Group

The fair value of leasehold land and buildings are determined by external independent property valuers with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. There has been no change to the valuation technique during the financial year.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. RIGHT-OF-USE ASSETS (CONTINUED)

(c) Fair value information (continued)

Highest and best use

In estimating the fair value of the leasehold land and building, the highest and best use of the leasehold land and building is their current use.

Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the carrying amount that would have been included in the financial statements of the Group are as follows:

	Audited			
	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Leasehold land	1,386	1,356	1,326	1,311
Building	2,930	13,655	12,541	13,474
	4,316	15,011	13,867	14,785

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INTANGIBLE ASSETS

	Development expenditure RM'000
Cost	
At 1 January 2019	8,693
Additions	2,068
Written off	(5,653)
At 31 December 2019	5,108
Additions	2,142
Written off	(1,116)
At 31 December 2020	6,134
Additions	1,357
Written off	(2,460)
At 31 December 2021	5,031
Additions	472
At 30 June 2022	5,503
Accumulated amortisation	
At 1 January 2019	5,459
Amortisation for the financial year	509
Written off	(4,960)
At 31 December 2019	1,008
Amortisation for the financial year	852
Written off	(836)
At 31 December 2020	1,024
Amortisation for the financial year	655
Written off	(777)
At 31 December 2021	902
Amortisation for the financial period	453
At 30 June 2022	1,355
Net carrying amount	
At 31 December 2019	4,100
At 31 December 2020	5,110
At 31 December 2021	4,129
At 30 June 2022	4,148

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INTANGIBLE ASSETS (CONTINUED)

(a) Amortisation

The amortisation of development expenditure of the Group amounting to RM452,939 (2019: RM508,950; 2020: RM851,813; 2021: RM655,242) are included in research and development expenses.

(b) Development expenditure

Development expenditure represent software under development and yet to be commercialised. It is reasonably anticipated that the costs will be recovered through future commercial activities. Upon commercialisation of the software, the development expenditure will be amortised according to the amortisation policy of the Group.

8. INVENTORIES

	Audited			
	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
At lower of cost and net realisable value:				
Raw materials	868	1,930	2,243	4,406
Work-in-progress	8,463	4,314	6,800	6,385
Finished goods	722	-	-	-
	10,053	6,244	9,043	10,791

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial period was RM15,996,720 (2019: RM16,829,848; 2020: RM15,825,557: 2021: RM27,580,692).

(b) The cost of inventory of the Group recognised as an expense in cost of sales during the financial period in respect of write-down of inventories to net realisable value was RM Nil (2019: RM694,217; 2020: RM177,264; 2021: RM21,033).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TRADE AND OTHER RECEIVABLES

		Audited			
		As at 31 December			As at 30 June
		2019	2020	2021	2022
	Note	RM'000	RM'000	RM'000	RM'000
Trade					
Trade receivables	(a)	2,744	3,487	6,783	9,271
Non-trade					
Other receivables		273	36	18	10
Deposits		119	24	21	85
Prepayments		319	405	141	1,621
		711	465	180	1,716
Total trade and other receivables		3,455	3,952	6,963	10,987

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group is 30 days to 90 days (2019, 2020 and 2021: 30 days to 90 days). Other credit terms are assessed and approved on a case by case basis.

During the financial year ended 31 December 2019, the Group recognised bad debts amounting to RM697,500. The amount had been charged to the profit or loss for the financial year ended 31 December 2019.

The information about the credit exposures are disclosed in Note 26(b)(i).

10. CONTRACT ASSETS/(LIABILITIES)

	Audited			
	As at 31 December			As at 30 June
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Contract assets relating to contracts from sale of machines	2,176	4,225	12,016	14,651
Contract liabilities relating to contracts from sale of machines	(4,871)	(4,144)	(4,805)	(3,331)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(a) Significant changes in contract balances

	Audited			
	As at 31 December			As at 30 June
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Contract assets				
At 1 January	2,640	2,176	4,225	12,016
Transfer from contract assets recognised at the beginning of the period to receivables	(1,956)	(1,950)	(2,626)	(7,703)
Revenue recognised for unbilled goods transferred to customers	1,492	3,999	10,417	10,338
At 31 December	2,176	4,225	12,016	14,651
Contract liabilities				
At 1 January	(5,032)	(4,871)	(4,144)	(4,805)
Revenue recognised during the financial years	5,032	4,871	4,144	10,526
Billing issued during the year	(4,871)	(4,144)	(4,805)	(9,052)
At 31 December	(4,871)	(4,144)	(4,805)	(3,331)

(b) Revenue recognised in relation to contact balances

	Audited			
	As at 31 December			As at 30 June
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue recognised that was included in contract liabilities at the beginning of the financial year	5,032	4,871	4,144	10,526

11. OTHER INVESTMENTS

	Audited			
	As at 31 December			As at 30 June
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Short-term investments	3,543	13,083	11,987	6,333

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. SHARE CAPITAL

	Number of ordinary share				Amount			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2019	2020	2021	2022	2019	2020	2021	2022
	Unit'000	Unit'000	Unit'000	Unit'000	RM'000	RM'000	RM'000	RM'000
Issued and fully paid-up:								
At 1 January	343,500	383,500	383,500	383,500	34,350	41,280	41,280	41,280
Issued during the financial year	40,000	-	-	-	7,200	-	-	-
Share issuance expenses	-	-	-	-	(270)	-	-	-
At 31 December	383,500	383,500	383,500	383,500	41,280	41,280	41,280	41,280

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. OTHER RESERVES

		Audited			
		As at 31 December			As at 30 June
		2019	2020	2021	2022
	Note	RM'000	RM'000	RM'000	RM'000
Revaluation reserve	(a)	12,865	13,178	13,254	13,292
Reorganisation reserve	(b)	(22,938)	(22,938)	(22,938)	(22,938)
		(10,073)	(9,760)	(9,684)	(9,646)

(a) Revaluation reserve

The revaluation reserve represents increase in the fair value of leasehold land and building, net of tax and decreases to the extent that such decreases relate to an increase on the same asset previously recognised.

(b) Reorganisation reserve

The reorganisation resulted from the difference between the carrying amount of the investment in subsidiaries and the nominal value of the shares of the Company's subsidiaries upon consolidation under the reorganisation scheme pursuant to its LEAP listing exercise.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. LOANS AND BORROWINGS

		Audited			
		As at 31 December			As at 30 June
		2019	2020	2021	2022
	Note	RM'000	RM'000	RM'000	RM'000
Non-current:					
Term loans	(a)	3,512	6,240	5,910	5,653
Lease liabilities	(b)	114	-	-	-
		3,626	6,240	5,910	5,653
Current:					
Term loans	(a)	157	651	727	658
Lease liabilities	(b)	149	114	-	-
Bankers' acceptances	(a)	-	1,270	2,141	2,454
		306	2,035	2,868	3,112
Total loans and borrowings					
Term loans	(a)	3,669	6,891	6,637	6,311
Lease liabilities	(b)	263	114	-	-
Bankers' acceptances	(a)	-	1,270	2,141	2,454
		3,932	8,275	8,778	8,765

(a) Term loans and bankers' acceptances

Term loans of the Company bear interests ranging from 3.60% to 3.90% (2019 and 2020: 4.85% to 5.05%; 2021: 3.60% to 3.90%) per annum. The interest of bankers' acceptances are chargeable at 1.00% (2019: 1.25%; 2020 and 2021: 1.00%) above acceptance bills-i. The term loans and bankers' acceptances of the Company are secured and supported as follows:

(i) Legal charge against leasehold land and buildings of the Group (Note 6); and
(ii) Registered open and all monies charge; and

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities

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

	Audited			
	As at 31 December			As at 30 June
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Minimum lease payments				
Not later than one year	158	116	-	-
Later than one year and not later than five years	116	-	-	-
	274	116	-	-
Less: Future finance charges	(11)	(2)	-	-
Present value of minimum lease payments	263	114	-	-
Present value of minimum lease payments payable:				
- Not later than one year	149	114	-	-
- Later than one year and not later than five years	114	-	-	-
	263	114	-	-
Less: Amount due within twelve months	(149)	(114)	-	-
Amount due after twelve months	114	-	-	-

15. DEFERRED INCOME

	Audited			
	As at 31 December			As at 30 June
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Non-current:				
Government grants:				
At 1 January	914	673	358	89
Received during the financial year	68	-	-	-
Recognised in the profit or loss	(309)	(315)	(269)	(60)
At 31 December / 30 June	673	358	89	29

Government grants have been received for the purchase of certain items of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. DEFERRED TAX LIABILITIES

	At 1 January 2019 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income (Note 25) RM'000	At 31 December 2019 RM'000
Property, plant and equipment	86	(121)	-	(35)
Right-of-use assets	4,023	-	-	4,023
Contract assets	634	(112)	-	522
	4,743	(233)	-	4,510

	At 1 January 2020 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income (Note 25) RM'000	At 31 December 2020 RM'000
Property, plant and equipment	(35)	206	-	171
Right-of-use assets	4,023	-	(100)	3,923
Contract assets	522	492	-	1,014
	4,510	698	(100)	5,108

	At 1 January 2021 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income (Note 25) RM'000	At 31 December 2021 RM'000
Property, plant and equipment	171	33	-	204
Right-of-use assets	3,923	-	(76)	3,847
Contract assets	1,014	1,870	-	2,884
	5,108	1,903	(76)	6,935

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. DEFERRED TAX LIABILITIES (CONTINUED)

	At 1 January 2022 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income (Note 25) RM'000	At 30 June 2022 RM'000
Property, plant and equipment	204	716	-	920
Right-of-use assets	3,847	366	(38)	4,175
Contract assets	2,884	632	-	3,516
	6,935	1,714	(38)	8,611

Unrecognised deferred tax assets

	Audited			
	As at 31 December			As at 30 June
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Unused tax losses	3,126	3,177	3,595	3,595

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

17. TRADE AND OTHER PAYABLES

	Audited			
	As at 31 December			As at 30 June
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Trade				
Trade payables	3,273	3,389	6,756	7,220
Non-trade				
Other payables	1,178	256	268	816
Accruals	122	1,260	371	472
	1,300	1,516	639	1,288
Total trade and other payables	4,573	4,905	7,395	8,508

Trade payables of the Group are non-interest bearing and the normal trade credit term granted to the Group and the Company ranges from 30 to 90 (2019, 2020 and 2021: 30 to 90) days.

For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 26(b)(ii).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. REVENUE

	Audited			Unaudited	Audited
	FYE 31 December			01.01.2021 to	01.01.2022 to
	2019	2020	2021	30.06.2021	30.06.2022
	RM'000	RM'000	RM'000	RM'000	RM'000
At a point in time:					
Sale of goods	20,242	24,686	46,769	23,323	27,033
Render of services	418	241	495	291	325
	20,660	24,927	47,264	23,614	27,358

Disaggregation of revenue

For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, major goods or services, timing of revenue recognition (i.e., goods transferred at a point in time or services transferred overtime).

	Audited			Unaudited	Audited
	FYE 31 December			01.01.2021 to	01.01.2022 to
	2019	2020	2021	30.06.2021	30.06.2022
<u>Manufacturing</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Primary geographical markets:					
Southeast Asia	16,996	22,982	38,822	20,646	7,032
East Asia	3,439	1,835	8,105	2,941	20,095
North America	225	110	42	27	229
Central Europe	-	-	295	-	2
	20,660	24,927	47,264	23,614	27,358
Major goods or services:					
Machines	20,242	24,686	46,769	23,323	27,033
Machine support services	418	241	495	291	325
	20,660	24,927	47,264	23,614	27,358
Timing of revenue recognition:					
At a point in time	20,660	24,927	47,264	23,614	27,358

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. OTHER INCOME

	Audited			Unaudited	Audited
	FYE 31 December			01.01.2021 to	01.01.2022 to
	2019	2020	2021	30.06.2021	30.06.2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Amortisation of deferred income	309	315	270	149	60
Fair value gain on money market fund	4	4	58	-	-
Grant income	492	405	*	-	*
Net realised gain on foreign exchange	92	-	-	-	437
Net unrealised gain on foreign exchange	-	-	42	43	122
Miscellaneous	14	209	146	67	110
	911	933	516	259	729

* *RM200*

Included in the miscellaneous income is wage subsidy of RM46,800 (2019: RMNil; 2020: RM177,600; 2021: RM133,200) received from the Malaysian Government to help the Group to retain its employees over a period of 6 months (2019: Not applicable; 2020 and 2021: 6 months).

20. FINANCE INCOME

	Audited			Unaudited	Audited
	FYE 31 December			01.01.2021 to	01.01.2022 to
	2019	2020	2021	30.06.2021	30.06.2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	75	80	162	80	9

21. FINANCE COSTS

	Audited			Unaudited	Audited
	FYE 31 December			01.01.2021 to	01.01.2022 to
	2019	2020	2021	30.06.2021	30.06.2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Interest expenses on:					
- Term loans	113	119	227	104	118
- Lease liabilities	11	9	2	1	-
- Bankers' acceptances	-	59	68	33	40
- Bank overdraft	4	-	-	-	-
- Bank guarantee	3	-	-	1	1
Bank charges	-	1	12	-	-
	131	188	309	139	159

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. (LOSS)/PROFIT BEFORE TAX

		Audited			Unaudited	Audited
		FYE 31 December			01.01.2021 to	01.01.2022 to
		2019	2020	2021	30.06.2021	30.06.2022
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:						
Statutory:						
- current year		75	75	96	47	48
- prior year		12	-	-	(5)	-
Non-statutory		-	-	-	-	130
Depreciation of property, plant and equipment	5	913	1,127	757	395	213
Amortisation and depreciation of right-of-use assets	6	577	728	670	350	319
Amortisation of intangible assets	7	509	852	655	553	453
Intangible assets written off	7	693	280	1,683	-	-
Inventories written down	8	694	177	21	-	-
Bad debts written off	9	698	-	-	-	-
Employee benefits expenses	23	6,804	7,076	7,662	3,823	5,055
Expenses relating to short-term lease		52	22	28	-	35
Net unrealised loss on foreign exchange		104	32	-	-	-
Net realised loss on foreign exchange		-	182	43	59	-

23. EMPLOYEE BENEFIT EXPENSES

	Audited			Unaudited	Audited
	FYE 31 December			01.01.2021 to	01.01.2022 to
	2019	2020	2021	30.06.2021	30.06.2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Salaries and other staff benefits	6,146	6,461	6,864	3,449	4,560
Defined contribution plans	658	615	798	374	495
	6,804	7,076	7,662	3,823	5,055
Included in employee benefits expenses are:					
- Directors' fees	48	48	48	-	35
- Directors' benefits-in-kind	217	218	216	116	173
- Directors' other emoluments	948	910	917	488	500
	1,213	1,176	1,181	604	708

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. INCOME TAX (BENEFIT)/EXPENSE

	Audited FYE 31 December 2019 RM'000	Audited FYE 31 December 2020 RM'000	Audited FYE 31 December 2021 RM'000	Unaudited 01.01.2021 to 30.06.2021 RM'000	Audited 01.01.2022 to 30.06.2022 RM'000
Current income tax:					
- Current income tax charge	6	-	#	-	242
- Adjustment in respect of prior years	*	(6)	2	-	-
	6	(6)	2	-	242
Deferred tax: (Note 16)					
- (Reversal)/Origination of temporary differences	(277)	466	2,740	1,227	1,664
- Adjustment in respect of prior years	44	232	(837)	-	50
	(233)	698	1,903	1,227	1,714
Income tax (benefit)/expense recognised in profit or loss	(227)	692	1,905	1,227	1,956

* *RM25*
\# *RM319*

	Audited FYE 31 December 2019 RM'000	Audited FYE 31 December 2020 RM'000	Audited FYE 31 December 2021 RM'000	Unaudited 01.01.2021 to 30.06.2021 RM'000	Audited 01.01.2022 to 30.06.2022 RM'000
Profit before tax	(4,548)	2,208	10,244	5,567	7,155
Tax at Malaysian statutory income tax rate of 24%	(1,092)	530	2,459	1,336	1,717
Adjustments:					
- Income not subject to tax	(225)	(352)	(170)	(109)	(97)
- Non-deductible expenses	525	272	351	-	286
Deferred tax not recognised on unutilised tax losses	521	16	100	-	-
- Adjustment in respect of current income tax of prior years	*	(6)	2	-	-
- Adjustment in respect of deferred tax of prior years	44	232	(837)	-	50
Income tax (benefit)/expense	(227)	692	1,905	1,227	1,956

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. OTHER COMPREHENSIVE INCOME

	Revaluation reserve (Gross) RM'000	Income tax (expense)/ benefit RM'000	Total (Net of tax) RM'000
01.01.2020 to 31.12.2020			
Items that will not be reclassified subsequently to profit or loss			
Net surplus on revaluation of land and building	213	(51)	162
Tax effect relating to revaluation of land and building	-	151	151
	213	100	313
01.01.2021 to 31.12.2021			
Items that will not be reclassified subsequently to profit or loss			
Tax effect relating to revaluation of land and building	-	76	76
01.01.2021 to 30.06.2021			
Items that will not be reclassified			
Tax effect relating to revaluation of land and building	-	-	-
01.01.2022 to 30.06.2022			
Items that will not be reclassified			
Tax effect relating to revaluation of land and building	-	38	38

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

(i) Fair value through profit or loss ("FVPL")
(ii) Amortised cost ("AC")

	Note	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
At 31 December 2019				
Financial assets				
Trade and other receivables, less prepayments	9	3,136	3,136	-
Other investments	11	3,543	-	3,543
Cash and short-term deposits		5,397	5,397	-
		12,076	8,533	3,543
Financial liabilities				
Loans and borrowings	14	(3,932)	(3,932)	-
Trade and other payables	17	(4,573)	(4,573)	-
		(8,505)	(8,505)	-
At 31 December 2020				
Financial assets				
Trade and other receivables, less prepayments	9	3,547	3,547	-
Other investments	11	13,083	-	13,083
Cash and short-term deposits		2,748	2,748	-
		19,378	6,295	13,083
Financial liabilities				
Loans and borrowings	14	(8,275)	(8,275)	-
Trade and other payables	17	(4,905)	(4,905)	-
		(13,180)	(13,180)	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Note	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
At 31 December 2021				
Financial assets				
Trade and other receivables, less prepayments	9	6,822	6,822	-
Other investments	11	11,987	-	11,987
Cash and short-term deposits		5,490	5,490	-
		24,299	12,312	11,987
Financial liabilities				
Loans and borrowings	14	(8,778)	(8,778)	-
Trade and other payables	17	(7,395)	(7,395)	-
		(16,173)	(16,173)	-
At 31 December 2021				
Financial assets				
Trade and other receivables, less prepayments	9	9,366	9,366	-
Other investments	11	6,333	-	6,333
Cash and short-term deposits		-	-	-
		15,699	9,366	6,333
Financial liabilities				
Loans and borrowings	14	(8,765)	(8,765)	-
Trade and other payables	17	(8,508)	(8,508)	-
		(17,273)	(17,273)	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

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

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

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables

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

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

The Group applies the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

Credit risk concentration profile
At the end of the reporting period, the Group has a significant concentration of credit risk in the form of one (1) (2019 and 2020: two (2) and 2021: one (1)) trade receivables, representing approximately 58% (2019: 22%; 2020: 58%; 2021: 21%) of the Group's total trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

		Trade receivables					
	Contract assets RM'000	Current RM'000	1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	> 90 days past due RM'000	Total RM'000
At 31 December 2019							
Gross carrying amount at default	2,176	1,227	511	545	70	391	2,744
Impairment losses	-	-	-	-	-	-	-
At 31 December 2020							
Gross carrying amount at default	4,225	1,630	89	137	-	1,631	3,487
Impairment losses	-	-	-	-	-	-	-
At 31 December 2021							
Gross carrying amount at default	12,016	5,539	284	832	35	93	6,783
Impairment losses	-	-	-	-	-	-	-
At 30 June 2022							
Gross carrying amount at default	14,651	2,134	3,431	224	2,319	1,163	9,271
Impairment losses	-	-	-	-	-	-	-

Other receivables and other financial assets

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

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

As at the end of report date, the Group did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.9(a) for the Group's other accounting policies for impairment of financial assets.

(ii) Liquidity risk

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis

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

		← Contractual cash flows →			
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2019					
Term loans	3,669	253	3,177	958	4,388
Lease liabilities	263	158	116	-	274
Trade and other payables	4,573	4,573	-	-	4,573
	8,505	4,984	3,293	958	9,235
At 31 December 2020					
Term loans	6,891	889	3,488	3,695	8,072
Lease liabilities	114	116	-	-	116
Bankers' acceptances	1,270	1,270	-	-	1,270
Trade and other payables	4,905	4,905	-	-	4,905
	13,180	7,180	3,488	3,695	14,363
At 31 December 2021					
Term loans	6,637	956	3,453	6,676	11,085
Bankers' acceptances	2,141	2,141	-	-	2,141
Trade and other payables	7,395	7,395	-	-	7,395
	16,173	10,492	3,453	6,676	20,621
At 30 June 2022					
Term loans	6,311	890	2,973	3,730	7,593
Bankers' acceptances	2,454	2,454	-	-	2,454
Trade and other payables	8,508	8,508	-	-	8,508
	17,273	11,852	2,973	3,730	18,555

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and bank balances that are denominated in a foreign currency).

The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Euro ('EUR"), Japanese Yen ("JPY), Singapore Dollar ("SGD") and Chinese Renminbi ("RMB").

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	|---------- As at 31 December		----------|	As at 30 June
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency:				
Trade receivables				
USD	1,572	1,223	2,140	2,928
Cash and bank balances				
USD	3,620	1,982	4,878	8,253
Trade payables				
USD	(73)	(505)	(4)	(1,262)
EUR	(210)	(46)	(47)	(92)
JPY	-	(26)	(1,831)	-
SGD	-	(21)	(64)	(160)
RMB	-	-	*	-
	(283)	(598)	(1,946)	(1,514)

* *RM234*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD, EUR, JPY, SGD and RMB.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, EUR, JPY, SGD and RMB, with all other variables held constant on the Group's total equity and profit for the financial years/period.

	Change in rate	Effect on profit for the financial year RM'000
31 December 2019		
- USD	+5%	195
	- 5%	(195)
- EUR	+5%	(8)
	- 5%	8
31 December 2020		
- USD	+5%	103
	- 5%	(103)
- EUR	+5%	(2)
	- 5%	2
- JPY	+5%	(1)
	- 5%	1
- SGD	+5%	(1)
	- 5%	1
31 December 2021		
- USD	+5%	267
	- 5%	(267)
- EUR	+5%	(2)
	- 5%	2
- JPY	+5%	(70)
	- 5%	70
- SGD	+5%	(2)
	- 5%	2
- RMB	+5%	(*)
	- 5%	*

* *RM9*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

	Change in rate	Effect on profit for the financial year RM'000
30 June 2022		
- USD	+5%	377
	- 5%	(377)
- EUR	+5%	(3)
	- 5%	3
- SGD	+5%	(6)
	- 5%	6

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group's policy is to obtain the most favorable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Sensitivity analysis for interest rate risk

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

	Carrying amount RM'000	Movement in basis points	Effect on profit for the financial year RM'000
31 December 2019			
Term loans	3,669	+ 50	(14)
		- 50	14
31 December 2020			
Term loans	6,891	+ 50	(26)
		- 50	26
31 December 2021			
Term loans	6,637	+ 50	(25)
		- 50	25
30 June 2022			
Term loans	6,311	+ 50	(24)
		- 50	24

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(v) Fair value measurement

The carrying amounts of cash and short-term deposits, receivables and payables and short-term borrowings are reasonably approximate to their fair values due to relatively short-term nature of these financial instruments.

Other long-term financial assets and liabilities are reasonable approximation of fair value because they are floating rate instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current lending rates for similar types of arrangements.

It is not practical to determine the fair value of finance lease liabilities which are at fixed rate due to lack of market information of comparable instruments with similar characteristics and risk profile.

Policy on transfer between levels
The fair value of asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

During the financial years/period ended 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022, there was no transfer between the fair value measurement hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:
observable market data (unobservable inputs).

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 – Inputs for the asset or liability that are not based on

As at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022, the fair value of other investments as disclosed in Note 11 to the financial statements is measured under Level 1, of which is determined directly by reference to prices provided either by investment management companies or based on bid price of the quoted equity securities.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. RELATED PARTIES

(a) Identification of related parties

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

Related parties of the Group include:
(i) Subsidiaries; and
(ii) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities or indirectly.

(b) Significant related party transactions

There are no significant related party transactions other than disclosed elsewhere in the financial statements.

(c) Compensation of key management personnel

	Audited			Unaudited	Audited
	FYE 31 December			01.01.2021 to	01.01.2022 to
	2019	2020	2021	30.06.2021	30.06.2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	1,493	1,696	917	488	500
Defined contribution plans	175	200	216	116	173
Benefits-in-kind	14	73	48	-	35
	1,682	1,969	1,181	604	708

28. (LOSS)/EARNINGS PER SHARE

	Audited			Unaudited	Audited
	FYE 31 December			01.01.2021 to	01.01.2022 to
	2019	2020	2021	30.06.2021	30.06.2022
	RM'000	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to owners of the Group	(4,321)	1,516	8,339	4,339	5,198
Weighted average number of ordinary shares for basic earnings per share ('000)	371,007	383,500	383,500	383,500	383,500
Basic (loss)/earnings per ordinary share (sen)	(1.16)	0.40	2.17	1.13	1.36

<u>Diluted earnings per share</u>
There are no diluted earnings per share as the Company does not have any dilutive potential ordinary shares outstanding as at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders value. The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years/period ended 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022.

The Group monitors capital using gearing ratio. The gearing ratio is calculated as total interest-bearing borrowings divided by total equity of the Group. The gearing ratio as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022 are as follows:

		Audited			
		As at 31 December			As at 30 June
	Note	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	14	3,932	8,275	8,778	8,765
Total equity		42,731	44,560	52,975	58,211
Gearing ratio (times)		0.09	0.19	0.17	0.15

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

The Group is not subject to externally imposed capital requirement.

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS/PERIOD

On 30 December 2021, the Company announced the proposed voluntary withdrawal of its listing from the LEAP Market pursuant to Rules 8.05 and 8.06 of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Withdrawal of Listing") to facilitate its listing on the ACE Market of Bursa Malaysia Securities Berhad. The Proposed Withdrawal of Listing was completed on 12 May 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEARS/PERIOD

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group has performed an assessment on the overall impact of the situation on the Group's operations, financial implications, including the recoverability of the carrying amount of assets and subsequent measurements of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial period ended 30 June 2022.

Given the fluidity of the situation, the Group is unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group will continuously monitor any material changes to future economic conditions that will affect the Group.

32. SEGMENT INFORMATION

Geographical Information

Revenue information based on geographical location of customers are as follows:

	Audited			Unaudited	Audited
	FYE 31 December			01.01.2021 to	01.01.2022 to
	2019	2020	2021	30.06.2021	30.06.2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Malaysia	16,562	22,490	38,432	20,423	6,681
China	3,305	1,713	7,524	2,939	20,095
Philippines	434	282	386	221	349
United States of America	225	110	42	27	229
Hong Kong	134	122	17	2	-
Thailand	-	210	1	1	-
Korea	-	-	564	-	-
Germany	-	-	295	-	2
Singapore	-	-	2	1	-
Vietnam	-	-	1	-	2
	20,660	24,927	47,264	23,614	27,358

Information about major customers

Revenue from four (4) (2019 to 2021: two (2)) customers representing approximately RM18,655,000 (2019: RM13,840,000; 2020: RM14,549,000; 2021: RM31,925,000) of the Group's total revenue.

12. ADDITIONAL INFORMATION

12.1 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in their entirety by the remainder of the provisions of our Constitution and the applicable law. The terms defined in our Constitution shall have the same meanings when used here unless otherwise stated or the context otherwise requires.

12.1.1 Remuneration of Our Directors

(a) Clause 122

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.

(b) Clause 125

(i) The Company may from time to time by an ordinary resolution passed at a general meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.

(ii) Subject to Clause 122, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a general meeting.

(iii) If the fee of each such non-executive Director is not specifically fixed by the members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(iv) The following expenses shall be determined by the Directors:-

(aa) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or general meeting of the Company or in connection with the business of the Company; and

(bb) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.

The managing director and executive directors of the Company shall be remunerated in the manner referred to in Clause 122 but such remuneration shall not include a commission on or percentage of turnover. Salaries payable to a managing director and/or executive director shall not include a commission on or percentage of turnover.

(c) Clause 126

The Directors shall be entitled to be reimbursed for all travelling or such other reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

(d) Clause 127

If by arrangement with the Directors, any Director shall perform or render any special duties or service's outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

12.1.2 Voting and Borrowing Powers of Our Directors

(a) Clause 130

The Directors shall not without the prior approval of the Company in general meeting:-

(i) carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of a controlling in the Company's undertaking or property;

(ii) exercise any power of the Company to issue shares unless otherwise permitted under the Act; or

(iii) Subject to Section 228 of the Act, enter into any arrangement or transaction with a Director or a director of the holding company or a subsidiary of the Company, or with a person connected with such a Director to acquire from or dispose to such a Director or person any non-cash assets of the requisite value.

(b) Clause 131

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, 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 of any related third party provided always that nothing contained in this Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

(c) Clause 132

If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

(d) Clause 133

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any subsidiary company, and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

12.1.3 Changes to Share Capital

(a) Clause 65

The Company may alter its share capital by passing an ordinary resolution to:-

(i) Increase the share capital by such sum to be divided into shares of such amount as the resolution prescribed;

(ii) 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;

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

(iv) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions 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

(v) cancel any shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

(b) Clause 66

The Company may reduce its share capital by:-

(i) a special resolution and confirmation by the court in accordance with Section 116 of the Act; or

(ii) a special resolution supported by a solvency statement in accordance with Section 117 of the Act

12.1.4 Transfer of Securities

(a) Clause 47

Subject to this Constitution, the Central Depositories Act and the Rules, any member may transfer all or any of his securities (except those Deposited Securities which are for the time being designated as securities in suspense) by instrument in writing in the form prescribed and approved by the Bursa Securities. The instrument shall have been executed by or on behalf of the transferor and the transferee and the transferor shall remain the holder of the securities transferred until the transfer is registered and the name of the transferee is entered in the Record of Depositors.

(b) Clause 48

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

(c) Clause 49

Subject to the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully-paid securities except where required by law.

(i) The Central Depository may, in its absolute discretion, refuse to register any transfer of Deposited Securities that does not comply with the Central Depositories Act and/or the Rules;

(ii) Neither the Company nor the Directors nor any of its officers shall incur any liability in respect of any transfer of Deposited Security apparently made by sufficient parties and registered by the Central Depository, although the same may, by reason of anfraud or other cause not know to the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the Deposited Security proposed or professed to be transferred, and although transferred, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument to transfer was signed; and

(iii) Executed and delivered by the transferor in blank as to the name of the transferee, his executors, administrators and assigness alone shall be entitled to be recognised as the holder of such Deposited Security and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

(d) Clause 50

Subject to the provisions of the Act, the Depositories Act, the Rules and the Listing Requirements, the registration of transfers may be suspended at such times and such periods as the Directors may from time to time determine PROVIDED ALWAYS that such registration shall not be suspended for more than thirty (30) days in any year. At least ten (10) clear Market Days' notice (or such other period as may be prescribed by Bursa Securities) prior to such closure shall be published in a daily newspaper circulating in Malaysia and shall also be given to Bursa Securities. The said notice shall state the period and purpose or purposes of such closure. The Company shall give notice in accordance with the requirements of the Rules to prepare the appropriate Record of Depositors.

12.1.5 Rights, Preferences and Restrictions Attached to Each Class of Securities Relating to Voting, Dividend, Liquidation and Any Special Rights

(a) Clause 7

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the Act and to the conditions, restrictions and limitations expressed in this Constitution, the Directors may 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 think proper, PROVIDED ALWAYS THAT:-

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

(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) the Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such securities save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with this requirement. 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;

(iv) The company must allot and issue securities, despatch notices of allotment to the allotters and make an application for the quotation of such securities within such periods as may be prescribed by Bursa Securities.

(b) Clause 8

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 ordinary shares in relation to receiving notices, reports and audited financial statements and attending general meetings 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; and

(iii) the Company shall not, without the consent of the existing preference shareholders at a class meeting or pursuant to the condition of allotment of any share, issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.

(c) Clause 9

The Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company, nor shall the Company make a loan for any purpose whatsoever on the security of its shares or those of its holding company, but nothing in this article shall prohibit transactions mentioned in Section 127 of the Act or the circumstances set out in Section 127 of the Act.

(d) Clause 10

Subject to the provisions of the Act and the rules, regulations, orders, guidelines or requirements issued by the Bursa Securities and/or any other relevant authority from time to time, the Company may by ordinary resolution purchase its own shares. Any shares in the Company so purchased by the Company shall be dealt with in accordance with the Act and the guideline.

12.2 SHARE CAPITAL

(a) As at the date of this Prospectus, we only have 1 class of shares, namely ordinary shares, all of which rank equally with one another.

(b) Other than our Public Issue as disclosed in Section 4.3.1 of this Prospectus, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.

(c) No shares or convertible debt securities of our Group have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within 3 years preceding the LPD.

(d) Save for the Pink Form Allocation as disclosed in Section 4.3.1 of this Prospectus:-

 (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or any of our subsidiary; and

 (ii) there is no scheme involving our employees in the shares of our Company or any of our subsidiary.

(e) Save as disclosed in this Prospectus, there has been no acquisitions or subscription of any of our Shares by our substantial shareholders, Directors, key senior management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to the LPD.

(f) 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.

12.3 CHANGES IN SHARE CAPITAL

(a) The changes in the share capital of our Company since our incorporation on 21 March 2018 are disclosed in Section 6.2 of this Prospectus.

(b) As at the LPD, the issued share capital of TT Vision is RM11,411,992 comprising 597,039 ordinary shares. There were no changes in the share capital of TT Vision during the Financial Period Under Review and up to the LPD.

(c) As at the LPD, the issued share capital of TT Innovation is RM100,000 comprising 100,000 ordinary shares. There were no changes in the share capital of TT Innovation during the Financial Period Under Review and up to the LPD.

12.4 CONSENTS

(a) Our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent has given and have not subsequently withdrawn its written consents to the inclusion of its name and all references thereto in the form and context in which they are included in this Prospectus.

(b) Our Company Secretary, Due Diligence Solicitors, Share Registrars and Issuing House have given and have not subsequently withdrawn their written consents to the inclusion of their names and all references thereto in the form and context in which they are included in this Prospectus.

(c) Our Reporting Accountants has given and has not subsequently withdrawn its written consent to the inclusion of its name, report on the Proforma Statements of Financial Position, Accountants' Report and all references thereto in the form and context in which they are included in this Prospectus.

(d) Our Independent Business and Market Research Consultant has given and has not subsequently withdrawn its written consent to the inclusion of its name, IMR Report and all references thereto in the form and context in which they are included in this Prospectus.

12.5 DOCUMENTS AVAILABLE FOR INSPECTION

A copy each of the following documents may be inspected at the registered office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:-

(a) our Constitution;

(b) the material contract referred to in Section 6.19 of this Prospectus;

(c) the IMR Report as included in Section 7 of this Prospectus;

(d) the Reporting Accountants' report on the Proforma Consolidated Statement of Financial Position as included in Section 10.1 of this Prospectus;

(e) the Accountants' Report as included in Section 11 of this Prospectus;

(f) the letters of consent referred to in Section 12.4 of this Prospectus; and

(g) the audited financial statements of TTVHB, TT Vision and TT Innovation for the Financial Period Under Review.

12.6 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Offerors have seen and approved this Prospectus. 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.

KAF IB, being our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent 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 concerning the offering.

13. 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 THE 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.

13.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 29 DECEMBER 2022.

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 6 JANUARY 2023.

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

13.2 METHODS OF APPLICATIONS

13.2.1 Application by the Malaysian Public and the Eligible Parties

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

Types of Application	Application Method
Applications by Eligible Parties	Pink Application Form only
Applications by the Malaysian Public:-	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

13.2.2 Application by selected investors via private placement

Types of Application	Application Method
Applications by selected investors	The Sole Placement Agent will contact the selected investors directly. The selected investors should follow the Sole Placement Agent's instructions

13.3 ELIGIBILITY

13.3.1 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 set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our 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.

13.3.2 Application by the Malaysian Public

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

(a) You must be one of the following:-

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

  (ii) 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

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

(b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(c) You must submit Applications by using only one of the following methods:-

  (i) White Application Form;

  (ii) Electronic Share Application; or

  (iii) Internet Share Application.

13.3.3 Application by Eligible Parties

The Eligible Parties will be provided with Pink Application Forms and letters from us detailing their respective allocations as well as detailed procedures on how to subscribe to the allocated Public Issue Shares. The Eligible Parties must follow the notes and instructions in those documents and where relevant, in this Prospectus.

13.4 APPLICATION BY WAY OF 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 RM0.34 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 734"** 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:-

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

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

(b) **DELIVER BY HAND AND DEPOSIT** in the Drop-in Boxes provided at 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 6 January 2023 or by such other time and date specified in any change to the date or time for closing.

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

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13.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

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 Electronic Participating Financial Institutions.

13.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

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.

13.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

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

(a) reject Applications which:-

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

  (ii) are illegible, incomplete or inaccurate; or

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

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

(c) 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 13.9 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 the Issuing House at any time 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.

13.8 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 IPO Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at https://tiih.online **within 1 Market Day** after the balloting date.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's 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 Public Issue Shares by the Malaysian Public and/or Eligible Parties, subject to the reallocation provisions as set out in Section 4.3.3 of this Prospectus, any of the abovementioned IPO Shares not subscribed for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

13.9 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:-

13.9.1 For applications by way of Application Forms

(a) 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.

(b) 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.

(c) 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 the Issuing House as per items (a) and (b) above (as the case may be).

(d) The 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 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 (b) above (as the case may be).

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

(a) 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 Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(b) You may check your account on the 5^{th} Market Day from the balloting date.

(c) 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 Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

13.10 SUCCESSFUL APPLICANTS

If you are successful in your application:-

(a) Our IPO Shares allotted to you will be credited into your CDS Account.

(b) 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.

(c) 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 the Rules.

(d) 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.

13.11 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 number +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 the IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at https://tiih.online, within 1 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 as set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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