

DOLOMITE CORPORATION BERHAD (199401004776 (290455-W))
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

The Board of Directors of Dolomite Corporation Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 March 2022 which should be read in conjunction with the audited consolidated financial statements for the financial period ended 31 December 2021 and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

	As at 31.03.2022 RM'000 (unaudited)	As at 31.12.2021 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	182,983	184,494
Intangible assets	6,037	6,038
Deferred tax assets	-	-
	<u>189,020</u>	<u>190,532</u>
Current Assets		
Inventories	121,225	120,751
Trade receivables	1,911	2,249
Contract assets	63	63
Other receivables, deposits and prepayments	47,377	46,783
Current tax assets	159	163
Cash and bank balances	547	1,068
	<u>171,282</u>	<u>171,077</u>
TOTAL ASSETS	<u><u>360,302</u></u>	<u><u>361,609</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	53,791	53,791
Accumulated losses	(89,213)	(83,206)
Reserves	60,136	61,809
Total equity	<u>24,714</u>	<u>32,394</u>
Liabilities		
Non-current liabilities		
Loans and borrowings	9,350	5,250
Deferred tax liabilities	112	110
Other payables	945	945
	<u>10,407</u>	<u>6,305</u>
Current liabilities		
Trade payables	17,296	17,503
Contract liabilities	3,389	3,389
Other payables, deposits and accruals	90,105	85,825
Loans and borrowings	192,437	194,902
Tax liabilities	21,954	21,291
	<u>325,181</u>	<u>322,910</u>
Total liabilities	<u>335,588</u>	<u>329,215</u>
Total equity and liabilities	<u><u>360,302</u></u>	<u><u>361,609</u></u>
Net assets per share (RM)	0.04	0.05

DOLOMITE CORPORATION BERHAD (199401004776 (290455-W))
 Incorporated in Malaysia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 For the quarter ended 31 March 2022

	Current period quarter	Preceding period quarter	Changes		Current period to date	Preceding year to date	Changes	
	31.03.2022 RM'000 (unaudited)	31.03.2021 RM'000 (unaudited)	RM '000	%	31.03.2022 RM'000 (unaudited)	31.03.2021 RM'000 (unaudited)	RM '000	%
Revenue	259	69	190	>100%	259	69	190	>100%
Cost of sales	(3,728)	(3,401)	(327)	10%	(3,728)	(3,401)	(327)	10%
Gross Profit / (Loss)	<u>(3,469)</u>	<u>(3,332)</u>	(137)	4%	<u>(3,469)</u>	<u>(3,332)</u>	(137)	4%
Other income	2,445	2,133			2,445	2,133		
Marketing and distribution expenses	(67)	(82)			(67)	(82)		
Administrative expenses	(1,160)	(1,329)			(1,160)	(1,329)		
Other expenses	<u>11</u>	<u>-</u>			<u>11</u>	<u>-</u>		
Profit / (Loss) from operations	(2,240)	(2,610)	370	-14%	(2,240)	(2,610)	370	-14%
Interest income	-	-			-	-		
Finance costs	(3,065)	(3,067)			(3,065)	(3,067)		
Profit / (Loss) before taxation	<u>(5,305)</u>	<u>(5,677)</u>	372	-7%	<u>(5,305)</u>	<u>(5,677)</u>	372	-7%
Tax expense	<u>(702)</u>	<u>(602)</u>			<u>(702)</u>	<u>(602)</u>		
Profit / (Loss) for the period	(6,007)	(6,279)	272	-4%	(6,007)	(6,279)	272	-4%
Other comprehensive income/(loss), net of tax								
Foreign currency translation	<u>(1,673)</u>	<u>(2,428)</u>			<u>(1,673)</u>	<u>(2,428)</u>		
Total comprehensive income/(loss) for the period	<u><u>(7,680)</u></u>	<u><u>(8,707)</u></u>			<u><u>(7,680)</u></u>	<u><u>(8,707)</u></u>		
Attributable to owners of the Company:								
Profit/(Loss) for the period	(6,007)	(6,279)			(6,007)	(6,279)		
Total comprehensive income/(loss)	<u><u>(7,680)</u></u>	<u><u>(8,707)</u></u>			<u><u>(7,680)</u></u>	<u><u>(8,707)</u></u>		
Earnings per share (sen)								
- basic	(1.02)	(1.60)			(1.02)	(1.60)		
- diluted	N/A	N/A			N/A	N/A		

DOLOMITE CORPORATION BERHAD (199401004776 (290455-W))
Incorporated in Malaysia

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the quarter ended 31 March 2022

	Attributable to owners of the Company				Total equity RM'000
	<---- Non distributable ---->			Distributable	
	Share capital RM'000	Capital reserve RM'000	Foreign exchange translation reserve RM'000	Accumulated losses RM'000	
As at 1 January 2022	53,791	68,694	(6,885)	(83,206)	32,394
Issuance of ordinary shares pursuant to debt settlement	-	-	-	-	-
Profit / (loss) for the period	-	-	-	(6,007)	(6,007)
Other comprehensive income / (loss) for the period	-	-	(1,673)	-	(1,673)
As at 31 March 2022	53,791	68,694	(8,558)	(89,213)	24,714

	Attributable to owners of the Company				Total equity RM'000
	<---- Non distributable ---->			Distributable	
	Share capital RM'000	Capital reserve RM'000	Foreign exchange translation reserve RM'000	Accumulated losses RM'000	
As at 1 January 2021	21,428	68,694	619	(53,816)	36,925
Issuance of ordinary shares pursuant to debt settlement	10,000	-	-	-	10,000
Total comprehensive income/ (loss) for the period	-	-	-	(6,279)	(6,279)
Other comprehensive income / (loss) for the period	-	-	(2,428)	-	(2,428)
As at 31 March 2021	31,428	68,694	(1,809)	(60,095)	38,218

DOLOMITE CORPORATION BERHAD (199401004776 (290455-W))
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the quarter ended 31 March 2022

	Current period to date 31.03.2022 RM'000 (unaudited)	Preceding period to date 31.03.2021 RM'000 (unaudited)
Operating activities		
Loss/(profit) before tax	(5,305)	(5,677)
Adjustments for:		
Accretion of interest on retention sum	-	-
Amortisation of:		
- intangible assets	1	1
Bad debts recovered	(2)	(23)
Depreciation of property, plant and equipment	3,488	3,278
Impairment loss on:		
- trade & other receivables	1	-
Reversal of Impairment loss		
- trade & other receivables	(178)	-
Interest expense	3,064	3,087
Interest income	(1)	
Unrealised gain on foreign exchange	(2,293)	(1,885)
Gain on settlement of debt	-	(275)
Operating profit before changes in working capital	<u>(1,225)</u>	<u>(1,494)</u>
Changes in working capital:		
Property development costs	4	(535)
Inventories	5	-
Trade and other receivables	(77)	4,604
Contract assets	-	63
Trade and other payables	1,440	(1,301)
Contract liabilities	-	997
Provisions	-	(1,436)
Cash flow generated from/(for) operating activities	<u>147</u>	<u>898</u>
Tax paid	(33)	(639)
Interest received	1	-
Interest paid	(859)	(3,067)
Net cash flow from/(for) operating activities	<u>(744)</u>	<u>(2,808)</u>
Investing activities		
Purchase of property, plant and equipment	(1)	(119)
Net cash flow from/(for) investing activities	<u>(1)</u>	<u>(119)</u>

Financing activities

Advances from/(repayment to) a director	(320)	-
Proceeds from/(repayment of) loans and borrowings, net	(5)	789
Repayment of finance lease liabilities	(3)	77
Net cash flow from/(for) financing activities	(328)	866
Changes in cash and cash equivalents	(1,073)	(2,061)
Currency translation differences	2	-
Cash and cash equivalents at start of the financial period	(34,808)	(31,463)
Cash and cash equivalents at end of the financial period	(35,879)	(33,524)

For the purpose of the Statement of Cash Flow, cash and cash equivalents comprise the following:

	31.03.2022	31.03.2021
	RM'000	RM'000
	(unaudited)	(unaudited)
Cash and bank balances	547	993
Bank overdrafts	(36,426)	(34,517)
	(35,879)	(33,524)

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134
For the quarter ended 31 March 2022

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2021. The explanatory notes attached to the interim financial statements provide explanations of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 December 2021.

2. Changes in Accounting Policies

The significant accounting policies applied are consistent with those of the audited financial statements for the financial period ended 31 December 2021 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective for financial statements effective 1 January 2022, as disclosed below:

Effective for annual periods commencing on or after 1 January 2022

Amendments to MFRS 1, MFRS 9 and MFRS 141	<i>Annual Improvements to MFRS Standards 2018 - 2020</i>
Amendments to MFRS 3	<i>Business Combinations- Reference to the Conceptual Framework</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract</i>

The adoption of the above MFRSs and Amendments to MFRSs did not have any material impact on the financial statements of the Group.

The Group has not adopted the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board:

MFRS and Amendments to MFRS effective 1 January 2023

MFRS 17	<i>Insurance Contracts#</i>
Amendments to MFRS 17	<i>Insurance Contracts#</i>
Amendments to MFRS 101	<i>Classification of liabilities as current or non-current</i>
Amendments to MFRS 101	<i>Disclosure of Accounting Policies</i>
Amendments to MFRS 108	<i>Definition of Accounting Estimates</i>
Amendments to MFRS 112	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

Amendments to MFRSs (deferred effective dates to be announced by MASB)

Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture#</i>
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Not applicable to Group's existing operations

The possible impact on adoption of the above pronouncements in the period of initial application cannot be determined at present.

3 Auditors' Report on Preceding Financial Period Financial Statements

The audit report of the preceding financial period ended 31 December 2021 contained a disclaimer opinion, extract of which is set out in the Attachment on page 14.

The measures as stated in the audited report which have been taken or will be taken to mitigate the existence of material uncertainty on going concerns are still being pursued by the Group.

4. Seasonal or Cyclical Factors

The Group's operations are not materially affected by any seasonal or cyclical factors.

5. Unusual Items

There were no unusual items for the current financial period under review.

6. Changes in Estimates

There were no changes in estimates that have had a material effect on the current quarter results.

7. Debt and Equity Securities

In the current financial period, there were no issuances and repayments of debt securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares.

8. Dividend Paid

There were no ordinary share dividends paid in the financial period under review.

9. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment during the financial period under review.

10. Operating Segments

	Manufacturing	Construction	Property Development	Thermal Power Generation	Investment Holding	Current period to date 31.03.2022 Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	259	-	-	-	-	259
Inter-segment revenue	-	-	-	-	-	-
	<u>259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259</u>
Adjustments and eliminations						-
Consolidated revenue						<u>259</u>
Segment Results	(273)	(282)	(298)	(1,180)	(207)	(2,240)
Interest income						-
Finance costs						<u>(3,065)</u>
Loss before taxation						<u>(5,305)</u>
Tax expense						<u>(702)</u>
						<u>(6,007)</u>

						Preceding period to date 31.03.2021
	Manufacturing	Construction	Property development	Thermal Power Generation	Investment Holding	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	-	-	69	-	-	69
Inter-segment revenue	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>69</u>	<u>-</u>	<u>-</u>	<u>69</u>
Adjustments and eliminations						-
Consolidated revenue						<u>69</u>
Segment Results	(554)	(298)	(470)	(1,349)	61	(2,610)
Interest income						-
Finance costs						<u>(3,067)</u>
Profit before taxation						<u>(5,677)</u>
Tax expense						<u>(602)</u>
Profit after taxation						<u><u>(6,279)</u></u>

11. Material Events Subsequent to the End of the Financial Period Under Review

Refer to page 12, Item 9 on Changes in Material Litigation for material events subsequent to the end of the quarter under review.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

13. Changes in the Contingent Liabilities and Contingent Assets

There were no material changes in the contingent liabilities and contingent assets of the Group since the last Statement of Financial Position as at 31 December 2021.

14. Significant Related Party Transaction

There were no significant related party transactions during the quarter under review.

15. Capital Commitments

There were no capital commitments for the quarter under review.

DOLOMITE CORPORATION BERHAD (199401004776 (290455-W))
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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF
THE BURSA SECURITIES LISTING REQUIREMENTS
For the quarter ended 31 March 2022

1. Financial Review

In the current financial period ended 31 March 2022, the Group registered a total revenue of RM0.259 million an increase from RM0.069 million recorded in previous corresponding period. The revenue for the financial period under review is due to contribution from the manufacturing segment while the revenue for the previous corresponding period is due to contribution from the property development segment.

The Group posted loss before interest and tax ("LBIT") of RM2.240 million for the financial period under review, as compared to LBIT of RM2.610 million for the previous corresponding period. The results before interest and tax of the various operating segments for the financial period under review are as follows:

	Current period to date 31.03.2022 RM'000	Preceding period to date 31.03.2021 RM'000	Changes	
			RM'000	%
<u>Operating Segments</u>				
Manufacturing	(273)	(554)	281	-50.7%
Construction	(282)	(298)	16	-5.4%
Property development	(298)	(470)	172	-36.6%
Thermal power generation	(1,180)	(1,349)	169	-12.5%
Investment holding	(207)	61	(268)	-439.3%
LBIT	(2,240)	(2,610)	370	-14.2%

The LBIT for the financial period under review is RM2.240 million compared to RM2.610 million in the previous corresponding period. The lower LBIT in the financial period under review is mainly due to lower LBIT of the thermal generation segment of RM1.180 million compared to RM1.349 million in the previous corresponding period, caused mainly by higher foreign exchange gain of RM2.293 million in the financial period under review compared to RM1.884 million in the previous corresponding period.

2. Financial Review for Current Quarter compared with immediate Preceding Quarter

	Current Quarter 31.03.2022 RM'000	Immediate Preceding Quarter 31.12.2021 RM'000	Changes	
			RM '000	%
Revenue	259	309	(50)	-16.2%
Profit / (Loss) before interest and tax	(2,240)	(4,476)	2,236	-50.0%
Profit / (Loss) before tax	(5,305)	(5,321)	16	-0.3%
Profit / (Loss) after tax	(6,007)	(8,246)	2,239	-27.2%
Profit / (Loss) attributable to owners of the Company	(6,007)	(8,246)	2,239	-27.2%

The Group registered a revenue of RM0.259 million in the current quarter under review compared to RM0.309 million for the preceding quarter.

The Group posted a loss before tax ("LBT") of RM5.305 million for the current quarter compared with the preceding quarter LBT of RM5.321 million.

3. Commentary on Prospects

The Group's domestic performance for the current financial year will continue to be challenging in view of the current overall economic condition in the country especially in the downturn of the property industry which is severely impacted by the COVID-19 pandemic.

The Group's thermal power plant in Shandong, the People's Republic of China has ceased operation in November 2017. In the meantime, the Group is looking for investors to take over the plant. On 5 May 2022, Shandong Dolomite Thermal Power Co. Limited filed for Voluntary Winding-up by Court in Shandong, China.

4. Variance of Actual Profit from Profit Forecast or Profit Guarantee

The Group has not announced or disclosed any profit forecast or profit guarantee in a public document that relates to the current financial period under review.

5. Items included in the Statement of Profit Or Loss And Other Comprehensive Income

The following items are included in the Statement of Profit or Loss and Other Comprehensive Income in the financial period under review :

	Current period quarter 31.03.2022 RM'000 (unaudited)	Current period to date 31.03.2022 RM'000 (unaudited)
Depreciation and amortisation	(3,489)	(3,489)
Gain / (Loss) on foreign exchange (realised and unrealised)	2,293	2,293
Impairment loss on and write off of receivables	(1)	(1)
Reversal of impairment loss on receivables	180	180

The following items are not applicable in the financial period under review :

Gain / (Loss) on disposal of property, plant and equipment
Inventories written off
Impairment loss on property, plant and equipment
Impairment loss on intangible assets
Impairment loss on and write off of receivables
Reversal of impairment loss on property, plant and equipment
Gain or loss on derivatives
Gain on disposal of intangible assets
Gain/(loss) on disposal of quoted or unquoted investments or properties
Exceptional items

6. Tax Expense

	Current period quarter 31.03.2022 RM'000 (unaudited)	Current period to date 31.03.2022 RM'000 (unaudited)
Tax expense comprises:		
Income tax		
- current financial period	(700)	(700)
- prior year	-	-
	<hr/>	<hr/>
	(700)	(700)
Deferred taxation	(2)	(2)
	<hr/>	<hr/>
	(702)	(702)

The Group's effective tax rate is higher than the prima facie tax rate mainly due to tax charge on profits of certain subsidiaries which cannot set-off against the tax losses of other subsidiaries and certain expenses being disallowable for tax purposes.

7. Status of Corporate Proposals

There were no corporate proposals which were announced but pending completion as at 30 May 2022.

8. Group Borrowings

There were no debt securities as at 31 March 2022.

The Group borrowings as at 31 March 2022 were as follows:-

	Total	----- Denominated in -----	
		RM	USD
	RM'000	RM'000	RM'000
<u>Current</u>			
- Secured			
Bank overdrafts	36,426	36,426	-
Term loans	153,967	-	153,967
Revolving credit	2,027	2,027	-
Lease liabilities	17	17	-
	<u>192,437</u>	<u>38,470</u>	<u>153,967</u>
<u>Non-current</u>			
- Secured			
Term loans	7,193	7,193	-
Lease liabilities	55	55	-
- Unsecured			
Redeemable Convertible Cumulative Preference Shares	2,102	2,102	-
	<u>9,350</u>	<u>9,350</u>	<u>-</u>
Total	<u>201,787</u>	<u>47,820</u>	<u>153,967</u>

The Group borrowings as at 31 March 2021 were as follows:-

	Total	----- Denominated in -----	
		RM	USD
	RM'000	RM'000	RM'000
<u>Current</u>			
- Secured			
Bank overdrafts	34,517	34,517	-
Term loans	149,289	-	149,289
Revolving credit	2,049	2,049	-
Lease liabilities	12	12	-
	<u>185,867</u>	<u>36,578</u>	<u>149,289</u>
<u>Non-current</u>			
- Secured			
Term loans	7,193	7,193	-
Lease liabilities	75	75	-
- Unsecured			
Redeemable Convertible Cumulative Preference Shares	10,582	10,582	-
	<u>17,850</u>	<u>17,850</u>	<u>-</u>
Total	<u>203,717</u>	<u>54,428</u>	<u>149,289</u>

9. Changes in Material Litigation

The change in the status of the material litigation of the Group since the last annual Statement of Financial Position as at 31 December 2021 is as follows:

- a) The Company, a Corporate Guarantor for Term Loan Facility granted by Maybank International Labuan Branch ("Maybank") to Dolomite Power-Shandong (HK) Ltd ("DPSHK"), a wholly-owned subsidiary of Dolomite Technology (HK) Limited which in turn is a wholly-owned subsidiary of the Company both received a Writ and Statement of Claim, dated 30 September 2020, through its solicitors for an outstanding amount of USD36,599,124.97 (RM152,179,162.00) under the Term Loan Facility.

On 18 March 2021, the High Court Judge allowed Maybank's summary judgement application with costs and ordered DPSHK to repay the outstanding amount of USD36,599,125 (equivalent to approximately RM146,864,000). The Judge dismissed the Defendants' Notice of Application to amend the defence and to include counterclaim with costs.

On 24 March 2021, the Company and DPSHK filed Notices of Appeal against the above decisions given by the High Court Judge. Further case management is fixed on 29 June 2022.

On 16 August 2021, the Company applied for Judicial Management Order ("JM Order") pursuant to Section 404 and 405 of the Companies Act 2016 whereby no resolution shall be passed or order shall be made for the winding-up of the Company. On 8 March 2022, the High Court dismissed the Company's application with costs. On 15 March 2022, a notice of appeal was filed with the Court of Appeal appealing against the dismissal. Case management is fixed on 21 June 2022.

The Company was served with a Winding-up Petition dated 21 September 2021 by Maybank for an alleged amount of USD38,187,513.33 together with costs awarded by the High Court purportedly due and owing to Maybank. Next hearing is fixed on 15 June 2022.

10. Proposed Dividend

The Directors do not recommend any ordinary share dividend for the current quarter ended 31 March 2022 (31 March 2021: Nil).

11. Earnings / (loss) per share

	Current period quarter 31.03.2022 RM'000	Current period to date 31.03.2022 RM'000
Earnings / (loss) for the financial period attributable to owners of the Company (RM'000)	(6,007)	(6,007)
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares at end of the financial period ('000)	590,792	590,792
Basic earnings/(loss) per share (sen)	(1.02)	(1.02)

The diluted earnings / (loss) per share is not presented as there is an anti-dilutive effect arising from the assumed conversion of the RCCPS.

12. Foreign Currency Risk Management

The Group did not enter into any foreign currency contracts during the current financial period under review.

13. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 May 2022.

ATTACHMENT
For the quarter ended 31 March 2022

Auditors' Report on Preceding Financial Period Financial Statements

The following is an extract of the audit report of the preceding financial period ended 31 December 2021:

Disclaimer Opinion

We were engaged to audit the financial statements of Dolomite Corporation Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 112.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer Opinion

1. As disclosed in Note 2.6 to the financial statements, the Group and the Company incurred net loss of RM29.390 million and RM24.856 million respectively. As of that date, the Group's and the Company's current liabilities exceeded their current assets by RM151.833 million and RM128.072 million respectively and the Company recorded a capital deficiency of RM52.067 million.

Since the previous financial years, one of the subsidiaries of the Company, Dolomite Power-Shandong (HK) Ltd ("DPSHK"), had defaulted in instalment repayments of principal sums and interests in respect of credit facilities granted by Maybank International Labuan Branch ("Maybank").

On 30 September 2020, the Company, which is a Corporate Guarantor for term loan facility granted by Maybank to DPSHK, a wholly-owned subsidiary of Dolomite Technology (HK) Limited which in turn is a wholly-owned subsidiary of the Company received a Writ and Statement of Claim through its solicitor for an outstanding amount under the term loan facility.

On 18 November 2020, Maybank filed a Notice of Application for summary judgement. On 18 March 2021, the High Court Judge allowed Maybank's summary judgement application with costs and ordered DPSHK to repay the outstanding amount.

On 24 March 2021, the Company filed Notices of Appeal against the above decisions given by the High Court Judge.

Further details are disclosed in Note 32(a) to the financial statements.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group and the Company on a going concern basis remains appropriate given the following measures being taken or will be taken by the Group and the Company to mitigate the existence of material uncertainty on going concerns and to meet their obligations falling due within the next 12 months which, include amongst others:

- i) The Group will seek an amicable settlement with Maybank;
- ii) The Group is exploring with potential purchasers who indicated their interests to acquire the thermal power plant located in Shandong Province of People's Republic of China; and
- iii) The Group is looking at monetising certain property assets of the Group.

If these events are not forthcoming, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements of the Group and the Company may require adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concerns.

We have not been able to obtain sufficient and appropriate audit evidence to ascertain the appropriateness of the preparation of the financial statements of the Group and of the Company on going concerns basis.

2. As disclosed in Note 31 to the financial statements, financial guarantee is given by the Company to Maybank International Labuan Branch ("Maybank") for credit facilities granted to Dolomite Power-Shandong (HK) Ltd ("DPSHK").

The outstanding balance as at the end of the financial year ended 31 December 2021 owing to Maybank for the facilities granted to the said subsidiary amounted to RM165.566 million.

As DPSHK had defaulted in instalment repayments of principal sums and interests in respect of credit facilities, the financial guarantee given by the Company to the bank had crystallised. However, no provision for the financial guarantees has been made in the financial statements of the Company.

We were unable to obtain sufficient appropriate audit evidence in respect of the loans and borrowings, penalties, interest and other possible costs recorded and unrecorded in the financial statements of the Company for the financial year ended 31 December 2021.

3. As disclosed in Note 5(d) to the financial statements, included in property, plant and equipment are the property, plant and equipment amounting to RM174.051 million of a subsidiary of the Company, namely Shandong Dolomite Thermal Power Company Limited ("SDTP").

On 3 March 2017, SDTP has been issued with the Power Generation Certificate and commenced its full operation. However, with effect from 30 November 2017, SDTP has ceased its operation due to low demand from the customers. In addition, the assets of SDTP was frozen by the People's Court of Linyi County of Shandong Province as a result of the claims made by the suppliers and customers.

During the financial year ended 31 December 2021, no independent professional valuer was appointed to assess the recoverable amount of the assets of SDTP and no further impairment is made in the financial statements.

Accordingly, we were unable to perform sufficient appropriate audit procedures to satisfy ourselves as to whether any adjustments to these amounts were necessary to the financial statements.