



STAR MEDIA GROUP BERHAD
Company No. 10894-D
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2021**

Unaudited Condensed Consolidated Statement of Profit or Loss

	Note	3 months ended		Financial year ended	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue		51,515	50,945	187,111	196,416
Operating expenses	A8	(100,311)	(73,367)	(351,478)	(277,041)
Other operating income	A9	6,095	3,716	16,011	65,475
Loss from operations		(42,701)	(18,706)	(148,356)	(15,150)
Finance cost		(276)	(466)	(1,095)	(1,378)
Loss before taxation		(42,977)	(19,172)	(149,451)	(16,528)
Taxation	B5	17,636	3,425	17,300	(3,260)
Loss for the financial period		(25,341)	(15,747)	(132,151)	(19,788)
Attributable to:					
Owners of the parent		(25,370)	(15,714)	(132,080)	(19,719)
Non-controlling interests		29	(33)	(71)	(69)
		(25,341)	(15,747)	(132,151)	(19,788)
Basic/Diluted loss per ordinary share (sen):		(3.50)	(2.16)	(18.22)	(2.71)

(The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2020)

Included in the Operating Expenses are depreciation and amortisation expenses:

	(5,959)	(9,332)	(25,255)	(38,862)
--	---------	---------	----------	----------

**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021**

	3 months ended		Financial year ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Loss for the financial period	(25,341)	(15,747)	(132,151)	(19,788)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
- exchange differences on translating foreign operations	(188)	173	(220)	119
Total comprehensive income for the financial period	(25,529)	(15,574)	(132,371)	(19,669)
Attributable to:				
Owners of the parent	(25,558)	(15,541)	(132,300)	(19,600)
Non-controlling interests	29	(33)	(71)	(69)
	(25,529)	(15,574)	(132,371)	(19,669)

(The unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2020)

**Unaudited Condensed Consolidated Statement of Financial Position
As at 31 December 2021**

	31 December 2021 RM'000	31 December 2020 RM'000
Non-current assets		
Property, plant and equipment	169,559	255,429
Investment properties	146,226	148,052
Intangible assets	24,020	25,138
Right-of-use assets	15,031	18,316
Other investments		
-Financial assets at fair value through profit or loss	94	118
Deferred tax assets	2,349	3,881
	357,279	450,934
Current assets		
Inventories	5,959	15,729
Trade and other receivables	46,528	100,096
Current tax assets	9,573	8,003
Short term deposits	325,310	296,457
Cash and bank balances	17,775	56,779
	405,145	477,064
TOTAL ASSETS	762,424	927,998

**Unaudited Condensed Consolidated Statement of Financial Position
As at 31 December 2021 (cont'd)**

	31 December 2021 RM'000	31 December 2020 RM'000
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Treasury shares	(6,124)	(6,124)
Reserves	(84,988)	47,312
Equity attributable to owners of the parent	647,452	779,752
Non-controlling interests	(1,947)	(1,876)
Total equity	645,505	777,876
Non-current liabilities		
Lease liabilities	14,241	15,713
Deferred tax liabilities	26	25,052
	14,267	40,765
Current liabilities		
Trade and other payables	100,400	105,842
Lease liabilities	2,188	3,495
Taxation	64	20
	102,652	109,357
Total Liabilities	116,919	150,122
TOTAL EQUITY AND LIABILITIES	762,424	927,998
Net assets per share attributable to owners of the parent company (RM)	0.88	1.06

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2020)

**Unaudited Condensed Consolidated Statements of Changes in Equity
For the year ended 31 December 2021**

[----- Attributable to equity holders of the Company -----]

	Share capital RM'000	Foreign exchange translation reserves RM'000	Treasury shares RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
Balance as at 1 January 2021	738,564	2,830	(6,124)	44,482	779,752	(1,876)	777,876
Total comprehensive income for the year	-	(220)	-	(132,080)	(132,300)	(71)	(132,371)
Balance as at 31 December 2021	738,564	2,610	(6,124)	(87,598)	647,452	(1,947)	645,505

**Unaudited Condensed Consolidated Statements of Changes in Equity
For the year ended 31 December 2020**

[----- Attributable to equity holders of the Company -----]

	Share capital RM'000	Foreign exchange translation reserves RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
Balance as at 1 January 2020	738,564	2,711	(1,769)	78,959	818,465	(1,807)	816,658
Total comprehensive income for the period	-	119	-	(19,719)	(19,600)	(69)	(19,669)
<u>Transactions with owners</u>							
Repurchase of shares	-	-	(4,355)	-	(4,355)	-	(4,355)
Dividend							
<i>Interim Dividend for the financial year ended 31 December 2019, paid on 17 April 2020</i>	-	-	-	(14,758)	(14,758)	-	(14,758)
Balance as at 31 December 2020	738,564	2,830	(6,124)	44,482	779,752	(1,876)	777,876

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2020)

Unaudited Condensed Consolidated Statement of Cash Flows
For the year ended 31 December 2021

	31 December 2021 RM'000	31 December 2020 RM'000
Loss before taxation	(149,451)	(16,528)
Adjustments for non-cash flow items:-		
Non-cash items	147,634	51,617
Non-operating items	(5,298)	(7,635)
Operating profit before working capital changes	(7,115)	27,454
Changes in working capital		
Net change in current assets	(21,056)	(28,285)
Net change in current liabilities	26,357	(2,681)
	5,301	(30,966)
Cash used in operations	(1,814)	(3,512)
Net tax paid	(7,722)	(7,381)
Net cash used in operating activities	(9,536)	(10,893)
Investing Activities		
Proceeds from disposal of property, plant and equipment	2,124	305
Proceeds from disposal of an associate	-	55
Purchases of property, plant and equipment	(4,822)	(2,096)
Purchases of intangible assets	(255)	(6,847)
Interest and investment income received	6,398	10,115
Withdrawals from/(Deposits placed with) licensed banks with original maturity more than 3 months	633	(26)
Net cash from investing activities	4,078	1,506
Financing Activities		
Interest paid	(1,095)	(1,363)
Repayment of lease liabilities	(2,976)	(2,873)
Repurchase of shares	-	(4,355)
Dividend paid	-	(14,758)
Net cash used in financing activities	(4,071)	(23,349)
Net decrease in cash and cash equivalents	(9,529)	(32,736)
Effect of exchange rates fluctuations on cash held	10	18
Cash and cash equivalents at beginning of the year	352,604	385,322
Cash and cash equivalents at end of the year	343,085	352,604

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at the end of the financial year:

	31 December 2021 RM'000	31 December 2020 RM'000
Deposits placed with licensed banks	325,310	296,457
Cash and bank balances	17,775	56,779
Deposits placed with licensed banks with original maturity more than 3 months	-	(632)
	343,085	352,604

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2020).

Notes to the interim financial report

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2020.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2020 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial year:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to MFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group:

Effective for annual periods commencing on or after 1 January 2022

Annual Improvements to MFRS Standards 2018 - 2020	
Amendments to MFRS 3	<i>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>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i>
MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 17	<i>Insurance Contracts</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 MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to MFRS 112	<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>

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

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

Notes to the interim financial report**A2. Seasonal or cyclical factors**

The operations of our major business segment are generally affected by the major festive seasons.

A3. Unusual items

Exceptional items are those items the Directors consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial statements.

	3 months ended		Financial year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Exceptional items – Impact to loss before tax:				
Impairment on property, plant and equipment and intangible assets	38,978	11,983	71,640	12,969
Reversal of compensation income	1,975	-	52,517	-
Compensation income	-	-	-	(50,542)
	<u>40,953</u>	<u>11,983</u>	<u>124,157</u>	<u>(37,573)</u>

Other than the above, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 31 December 2021.

A4. Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the current quarter.

A5. Debt and equity securities

There were no issuances and repayment of debts and equity securities, share cancellations and resale of treasury shares during the financial year ended 31 December 2021.

A6. Dividend paid

	2021	2020
	RM'000	RM'000
<u>In respect of the financial year ended 31 December 2019</u>		
Interim dividend of 2.0 sen per ordinary share, single tier, paid on 17 April 2020	-	14,758

Notes to the interim financial report

A7. Segment Reporting

	Print and digital RM'000	Radio RM'000	Event and exhibition RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Financial year ended</u>						
<u>31 December 2021</u>						
Sales to external customers	158,669	25,661	2,781	-	-	187,111
Inter-segment sales	188,891	33	-	29,117	(218,041)	-
Total revenue	347,560	25,694	2,781	29,117	(218,041)	187,111
(Loss)/Profit before tax	(151,246)	1,200	(812)	1,523	(116)	(149,451)
Assets	668,671	83,444	4,478	5,831	-	762,424
<u>Financial year ended</u>						
<u>31 December 2020</u>						
Sales to external customers	172,469	20,272	3,675	-	-	196,416
Inter-segment sales	186	149	-	32,784	(33,119)	-
Total revenue	172,655	20,421	3,675	32,784	(33,119)	196,416
(Loss)/Profit before tax	(17,151)	(3,367)	(381)	3,394	977	(16,528)
Assets	820,474	86,727	7,778	13,019	-	927,998

Notes to the interim financial report**A8. Operating expenses**

	3 months ended		Financial year ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Allowance of credit losses	(397)	(1,728)	598	639
Written off of other receivables	93	-	93	-
Foreign exchange loss	(11)	45	145	84
Impairment on property, plant and equipment and intangible assets	38,978	11,983	71,640	12,969
Reversal of compensation income	1,975	-	52,517	-

A9. Other operating income

	3 months ended		Financial year ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Interest income	69	132	433	1,184
Investment income	1,516	1469	5,960	7,829
Reversal of allowance of credit losses	308	329	553	631
Foreign exchange gain	44	77	49	179
Gain on disposal of property, plant and equipment and intangible assets	1,841	4	1,985	51
Gain on disposal of associates	-	55	-	55
Compensation income	-	-	-	50,542
Other income	2,317	1,650	7,031	5,004
Total	6,095	3,716	16,011	65,475

A10. Events subsequent to the end of the reporting period

There are no material events subsequent to the end of the reporting year under review that have not been reflected in the quarterly financial statements.

A11. Changes in composition of the Group

There are no changes in the composition of the Group during the quarter under review.

A12. Capital commitments

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	2,963
- not contracted	5,157
	<hr/>
	8,120
	<hr/> <hr/>

Additional information required by Bursa Malaysia Securities Listing Requirements**B1. Review of performance**

	Current Year Quarter 31.12.2021 (4Q 2021) RM'000	Preceding Year Corresponding Quarter 31.12.2020 (4Q 2020) RM'000
Revenue	51,515	50,945
Consolidated Loss before taxation	(42,977)	(19,172)
Consolidated Loss after taxation	(25,341)	(15,747)

The Group's total revenue in 4Q 2021 came in at RM51.52 million, which increased marginally by 1.1% as compared to 4Q 2020. The Group registered a larger loss before tax in Q4 2021 mainly due to one-off item on impairment on asset of RM38.98 million. Excluding these, the Group's loss narrowed substantially to RM2.02 million in Q4 2021 as compared to RM7.19 million in Q4 2020 (excluding impairment of assets of RM11.98 million).

Performance of the respective business segments for 4Q 2021 compared to the corresponding quarter of 2020 are as follows:-

Print and Digital – 4Q 2021's revenue has decreased by 2.2% against 4Q 2020 mainly due to the cessation of dimsum by end of Q3 2021. This segment recorded a lower loss before tax of RM1.18 million in 4Q 2021 as compared with RM8.96 million in 4Q 2020 if the one-off items mentioned above are excluded in respective periods.

Radio Broadcasting – Radio generated a higher revenue amounting to RM6.84 million in 4Q 2021 as compared with RM6.27 million in 4Q 2020. This segment recorded a profit before tax of RM0.47 million compared with a loss of RM0.16 million in 4Q 2020 mainly due to better cost management and higher revenue.

Event and exhibition – This segment recorded a profit amounting to RM0.26 million in 4Q 2021 compared with a loss of RM0.36 million in the corresponding quarter. With the re-opening of economic activities, the Group managed to organise 2 physical events in Q4 2021, resulting in turnaround for this segment.

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance (cont'd)

	Financial year 31.12.2021 (FY2021) RM'000	Financial year 31.12.2020 (FY2020) RM'000
Revenue	187,111	196,416
Consolidated Loss before taxation	(149,451)	(16,528)
Consolidated Loss after taxation	(132,151)	(19,788)

Performance of the company and subsidiaries for the financial year ended 31 December 2021 vs 31 December 2020:-

Total revenue of the Group in FY2021 amounted to RM187.11 million, which represents a decrease of 4.7% compared with FY2020. The decrease was mainly due to the high base in 1Q 2020 as the Covid-19 pandemic and MCO only started to kick in from March 2020. Our Digital and Radio segments remain resilient during this challenging time, which recorded a double-digit increase in revenue during the period under review.

The Group's performance improved in FY2021 as compared to FY2020. It recorded a lower loss before tax of RM25.29 million in FY2021 compared with RM54.1 million loss before tax in FY2020, if these one-off items for impairment on asset and reversal of compensation income of RM71.64 million and RM52.52 million are excluded. This improvement is also partly attributable to savings in operating expenses resulting from the cost rationalisation exercise carried out by the Group in 2H 2020 and better cost management.

Performance of the respective business segments are as follows:-

Print and Digital – We saw a 23% growth in digital revenue in FY2021 compared with FY2020. If the impairment on assets and compensation income mentioned above are excluded, this segment recorded a lower loss before tax of RM22.42 million in FY2021 compared with a loss before tax of RM54.73 million in FY2020 due to savings in operating expenses from the cost rationalisation exercise that was carried out in 2H 2020 and better cost management. The financial performance of print segment remains challenging in view of the structural change of media consumption and industry headwinds, and many advertisers were still very cautious on advertising spending due to the effects of Covid-19 pandemic.

Radio – Revenue increased to RM25.66 million in FY2021 from RM20.27 million in FY2020. With higher revenue from commercial airtime, this segment recorded a profit before tax of RM1.2 million in FY2021 compared with a loss before tax of RM3.37 million in FY2020.

Event and exhibition – Revenue decreased to RM2.78 million from RM3.68 million mainly due to restrictions being imposed on physical events under the government's standard operating procedures as well as cancellation of some events in FY2021 that was caused by the Covid-19 pandemic. This segment recorded a loss before tax of RM0.81 million in FY2021.

Additional information required by Bursa Malaysia Securities Listing Requirements**B2. Variation of results against preceding quarter**

	Current Quarter 31.12.2021 (4Q 2021) RM'000	Preceding Quarter 30.09.2021 (3Q 2021) RM'000
Revenue	51,515	46,243
Consolidated Loss before taxation	(42,977)	(54,691)
Consolidated Loss after taxation	(25,341)	(54,790)

Group revenue for 4Q 2021 recorded an increased revenue of 11.4% to RM51.52 million as compared to RM46.24 million in 3Q 2021 mainly attributed to the increase in revenue in all segments of the Group.

The Group recorded a loss in 4Q 2021 of RM42.98 million mainly due to the one-off unusual items as listed in section A3. Without these one-off items, the loss before tax of the Group would have been RM2.3 million in 4Q 2021, which was narrowed by 34% from RM3.6 million in 3Q 2021.

B3. Prospects

The Group has continued to progress with its digital transformation initiatives to improve its cost and operational efficiencies. March 2021 marks a year since MCO 1.0 and the implementation of the paywall for The Star Online. This follows a group wide “Subscribe and Win” campaign that was launched in Q1 to drive more subscriptions and there has been steady growth of more than 10% despite the uncertain economic situation.

In view of rapid changes in media consumption trends, the Group will focus on sustaining its investment in the digital space and attracting digital revenue. This will be done by introducing new products and rejuvenating existing ones to keep up with the changing market needs. The Group has launched its Malay news portal, Majoriti, which focuses on news and contents written in Bahasa Malaysia. Majoriti will get into corporate collaborations in order to tap on their customer databases to garner more traffic to our portal. We are expecting to collaborate and sign-on corporates from various industries to partner and collaborate in Majoriti ecosystem.

The Group will remain focused on its digital transformation initiatives and strategies across all media platforms and will continue to improve its operational efficiencies. The Group has initiated the venturing into property development in order to maximise the value of the land assets. Amid the challenging media industry landscape, the Group is also on the lookout for merger and acquisition opportunities as well as to penetrate into new businesses that have a promising outlook.

Additional information required by Bursa Malaysia Securities Listing Requirements**B4. Profit forecast**

The Group has not provided any profit forecast in a public document.

B5. Taxation

Taxation comprises the following: -

	3 months ended		Financial year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	5,859	(1,187)	6,195	5,498
2. Foreign taxation	-	-	-	-
3. Deferred taxation	(23,495)	(2,238)	(23,495)	(2,238)
	(17,636)	(3,425)	(17,300)	3,260

The Group's tax expense for the financial period is mainly due to income tax expense incurred by profitable subsidiaries within the Group. The reversal of deferred taxation is mainly due to the impairment on property, plant and equipment amounting to RM94.05 million.

B6. Status of corporate proposal announced

On 12 May 2017, the Company announced that Laviani Pte Ltd, a wholly-owned subsidiary company, entered into a conditional share purchase agreement with Lucrum 1 Investment for the proposed disposal of its entire equity interest in Cityneon Holdings Limited for a disposal consideration of SGD115,612,731 (equivalent to RM360,179,902) to be satisfied entirely via cash.

Subsequently, the Company obtained approval from its shareholders at the Extraordinary General Meeting held on 7 July 2017 for the abovementioned disposal.

On 12 July 2017, the Company announced the completion on the disposal of Cityneon Holdings Limited by Laviani Pte Ltd. Accordingly, Cityneon Holdings Limited and its subsidiaries will cease to be the indirect subsidiary companies of the Company.

On 1 August 2019, the Company announced that it has only utilised RM207.68 million out of the Disposal Proceeds and proposed variation to the utilisation of proceeds. Revised amount on the utilisation of proceeds are tabulated below.

As at 31 December 2021, the details of utilisation of proceeds are as follows:-

Purposes	Revised Amount (as at 30 June 2019) RM'000	Actual utilisation RM'000	Remaining Balance RM'000	Revised Expected Timeframe for Utilisation
Future investments	66,500	-	66,500	Within 24 months
General working capital	86,000	(86,000)	-	Fully utilised
Total	152,500	(86,000)	66,500	

Additional information required by Bursa Malaysia Securities Listing Requirements**B6. Status of corporate proposal announced (cont'd)**

The proposed revised timeframe for future investment purpose which was due in July 2021 is extended to the next 24 months as the Group continues to identify and evaluate growth opportunities through potential Mergers and Acquisitions.

B7. Lease liabilities

The Group's lease liabilities as at the end of the fourth quarter are as follows:

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
Short Term Lease Liabilities		
Unsecured		
- Finance lease	-	-
- Lease liabilities	2,188	3,495
	2,188	3,495
Long Term Lease Liabilities		
Unsecured		
- Finance lease	746	107
- Lease liabilities	13,495	15,606
	14,241	15,713

All lease liabilities in 2021 and 2020 are denominated in Ringgit Malaysia.

B8. Changes in material litigation

On the sale and purchase agreement dated 19 August 2011 made between the Company and Jaks Island Circle Sdn Bhd ("**JIC**") ("**SPA**") which had expired on 15 February 2018 for the delivery of vacant possession of its investment property under construction ("**Tower A**"), the Company had on 15 February 2018 called on the two (2) bank guarantees issued by United Overseas Bank (Malaysia) Berhad and AmBank (M) Berhad respectively (collectively, "**Banks**") amounting to RM50,000,000 pledged as security by JIC under the SPA.

After numerous rounds of court hearings and appeals in financial year 2018, the Company had received the latest update on 7 January 2019 where the Federal Court had unanimously dismissed JIC's Federal Court's Leave Applications with costs awarded to the Company. In relation to this, the Company has received the bank guarantees on 9 January 2019.

The Company had on 19 April 2019 filed a Writ and Statement of Claim against JAKS Resources Berhad ("**JRB**") for inter alia:

- (a) specific relief for JRB to complete or cause to be completed JIC's obligations under the SPA namely the completion and delivery of Vendor's Entitlement by 31 October 2019 in full and proper compliance with the terms of the SPA; and
- (b) damages being late payment interest calculated at the rate of 8% per annum on the balance purchase price of RM134,500,000 from 25 October 2015 to 31 October 2019 ("**Corporate Guarantee Claim**").

Additional information required by Bursa Malaysia Securities Listing Requirements

B8. Changes in material litigation (cont'd)

On 31 May 2019, the Company announced that it had been served with a Writ of Summons and Statement of Claim both dated 30 May 2019 (“**JAKS’ Claim**”) which amounted to RM595.3 million in addition to exemplary damages, interest, costs and such further relief that may be just. Among the reliefs sought were, refund of RM50,000,000 bank guarantees together with all interests and related costs incurred thereto.

On 1 August 2019, the Company filed an application to strike out JAKS’ claim. In addition, the Company had filed an application for summary relief in respect of the Corporate Guarantee Claim. High Court has fixed 28 September 2020 for clarification and decision on the application.

On 14 October 2019, the High Court had adjourned the hearing on the Company’s application for summary relief in respect of the Company’s Corporate Guarantee Claim against JRB. The High Court had fixed the hearing date on 14 November 2019, which have been adjourned to 21 April 2020. The hearing has been further adjourned to 18 June 2020 in light of the extension of the Movement Control Order by the Government of Malaysia. However, the hearing was further adjourned to 7 August 2020.

On 7 August 2020, the Court has partly allowed the Company’s application filed under Order 14A of the Rules of High Court 2012 in respect of the Company’s Corporate Guarantee Claim against JRB. The High Court has amongst others, ruled that the Company be compensated by JRB at the rate of 8% per annum on the Balance Purchase Price of RM134,500,000 from 25 October 2015 to 6 July 2020 which will continue to run from 6 July 2020 to the date JRB completes or cause to be completed JIC’s obligations under the SPA namely the full and complete delivery of the Company’s Entitlement in full and proper compliance with the terms of the SPA.

On 25 August 2020, the Company was informed by its solicitors that JRB has appealed against the High Court’s decision (“**Appeal 1122**”) and has also applied for a Stay of Execution of the High Court’s Order dated 7 August 2020 pending the disposal of the appeal. The Stay of Execution hearing was originally fixed on 14 October 2020 but in view of the Conditional Movement Control Order and Movement Control Order, it was adjourned to 25 November 2020 and subsequently to 11 January 2021 and 24 March 2021.

On 24 March 2021, the High Court has dismissed JRB’s application for the Stay of Execution of the High Court’s Order dated 7 August 2020 with costs of RM3,000.00 awarded to the Company.

JRB had on 16 April 2021 filed a notice of motion with the Court of Appeal against the High Court’s dismissal of JRB’s application for the Stay of Execution (“**Motion for Stay**”). JRB’s Motion for Stay is fixed for case management before the Court of Appeal’s Registrar on 4 May 2021. Following the case management, the hearing for JRB’s Motion for Stay is fixed on 19 July 2021. In view of the Company’s undertaking not to execute the High Court’s Order dated 7 August 2020 before 27 July 2021, the Court of Appeal struck out JRB’s Motion for Stay without costs.

On 1 September 2020, the Company appealed to the Court of Appeal against part of the High Court’s decision made on 7 August 2020 that it is not necessary and incumbent on JRB and/or JIC, having regard to the provisions of Clause 18(a)(i) of the SPA as well as general construction industry practice, to provide the full set construction drawings, details and specifications requested by the Company vide letter dated 1 July 2020 in order to carry out proper and meaningful joint inspection under Clause 4B.4 of the SPA (“**Appeal 1188**”).

Additional information required by Bursa Malaysia Securities Listing Requirements

B8. Changes in material litigation (cont'd)

Following the case management for Appeal 1188 on 17 November 2020, the parties agreed that Appeal 1122 and Appeal 1188 will be heard together at the Court of Appeal. The Court then directed that e-Appellate hearing for both Appeal 1122 and Appeal 1188 be fixed on 27 July 2021.

On 28 September 2020, the High Court dismissed the Company's application to strike off JAK's Claim. The Company had on 2 October 2020 filed an appeal to the Court of Appeal against the decision of the High Court ("**Appeal 1435**"). During the case management on 25 January 2021, the Company proposed for this Appeal 1435 to be heard with Appeal 1122 and Appeal 1188 given their commonality in facts and law. JIC and JRB's solicitors informed the Court that they will seek their clients' instructions on this matter.

Appeal 1122, Appeal 1188 and Appeal 1435 shall hereinafter be collectively referred to as the "**3 Appeals**".

During the case management before the Court of Appeal on 4 March 2021, the Deputy Registrar of the Court of Appeal directed for the 3 Appeals be heard together on 27 July 2021. A further case management for the 3 Appeals at the Court of Appeal is fixed for 8 July 2021.

The 3 Appeals were heard together on 27 July 2021 before the Court of Appeal whereby the Court of Appeal has unanimously decided that there are various disputes of fact and/or law which necessitates a trial. In light of this, the Court of Appeal ordered as follows:

- (a) Appeal 1122 was allowed, whereas Appeal 1188 and Appeal 1435 were dismissed;
- (b) Costs of the 3 Appeals to follow the costs of the (eventual) trial of these matters; and
- (c) Trial for JAKS' Claim before Justice Akhtar Tahir to be transferred to Justice Nazlan's court from which the Corporate Guarantee Claim originates.

The Company had on 26 August 2021 filed three (3) Motions and respective Affidavits in Support for application for Leave to Appeal to the Federal Court against the decisions of the Court of Appeal ("**Star's FC Leave Motions**") with the next case management fixed on 27 September 2021.

During the High Court's case management on 17 August 2021, the Registrar confirmed that JAKS' Claim had successfully been transferred to Justice Nazlan's court and the next case management is fixed on 6 September 2021.

On 6 September 2021, the Company informed the Registrar of the High Court that the Company had on 26 August 2021 filed Star's FC Leave Motions and the matter was then fixed for case management before Justice Nazlan on 18 October 2021.

On 18 October 2021, Justice Nazlan directed that the next pre-trial case management for JAKS' Claim is on 2 March 2022 and the trial is tentatively fixed on 17 October 2022, 18 October 2022 and 19 October 2022 pending Star's FC Leave Motions to be disposed of at the Federal Court. In view of Justice Nazlan's recent elevation to the Court of Appeal, JAKS' Claim has been transferred to Justice Azimah bt Omar's Court.

During the case management on 27 September 2021 at the Federal Court, the parties agreed that Star's FC Leave Motions be heard together and the matter was fixed for further case management on 5 October 2021.

Additional information required by Bursa Malaysia Securities Listing Requirements**B8. Changes in material litigation (cont'd)**

During the case management on 5 October 2021, the Federal Court set an online hearing for the Star's FC Leave Motions on 15 February 2022 before a single judge panel.

The Federal Court had further directed parties to file their respective written submissions, bundles of authorities, common core bundles and executive summary (if necessary) on or before 31 January 2022. A further case management is fixed on 1 February 2022 via e-Review to ensure all cause papers and other relevant documents are in order. The Federal Court has adjourned the hearing of Star's FC Leave Motions originally fixed on 15 February 2022 to 17 May 2022. The Federal Court also directed parties to attend a final case management on 10 May 2022 to ensure all papers in respect of Star's FC Leave Motions are in order before the hearing.

B9. Dividend

No interim dividend has been recommended for the current quarter under review (Quarter 4, 2020: Nil).

B10. Basic earnings per share

The basic earnings per share has been calculated based on the Group's profit after taxation attributable to owners of the parent divided by the weighted average number of ordinary shares outstanding during the financial period.

	3 months ended		Financial year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Group's loss after taxation attributable to owners of the parent (RM'000)	(25,370)	(15,714)	(132,080)	(19,719)
Number of shares at the beginning of the year ('000)	724,765	737,877	724,765	737,877
Effect of Share Buy Back during the period ('000)	-	(9,012)	-	(9,012)
Weighted average number of ordinary shares outstanding ('000)	724,765	728,865	724,765	728,865
Basic loss per share (sen)	(3.50)	(2.16)	(18.22)	(2.71)

Diluted earnings per share

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

By Order of the Board

Hoh Yik Siew
Group Company Secretary

28 February 2022
Petaling Jaya, Selangor Darul Ehsan