# UNI WALL APS HOLDINGS BERHAD
**[Registration No. 201801007506 (1269520-X)]**
**(Incorporated in Malaysia)**

## REPORTS AND FINANCIAL STATEMENTS

## 31 DECEMBER 2021

**Registered office:**
**Level 5, Block B, Dataran PHB**
**Saujana Resort, Section U2**
**40150 Shah Alam**
**Selangor Darul Ehsan**

**Principal place of business:**
**15, Jalan Kesuma 2/3**
**Bandar Tasik Kesuma**
**43700 Semenyih**
**Selangor Darul Ehsan**

Registration No. 201801007506 (1269520-X)

# UNI WALL APS HOLDINGS BERHAD

(Incorporated in Malaysia)

## REPORTS AND FINANCIAL STATEMENTS

## 31 DECEMBER 2021

## INDEX

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**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

## Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## Financial Results

| | Group RM | Company RM |
|---|---|---|
| Net profit/(loss) for the financial year | 4,198,823 | (187,026) |
| Attributable to: | | |
| Owners of the parent | 4,202,726 | (187,026) |
| Non-controlling interests | (3,903) | - |
| | 4,198,823 | (187,026) |

## Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year.

## Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

## Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

**Options Granted Over Unissued Shares**

No options were granted to any person to take up unissued shares of the Company during the financial year.

**Directors**

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

Siow Hon Yong*
Siow Hon Yuen*
Siew Choon Jern

** Director of the Company and its subsidiary companies*

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

**Directors' Interests in Shares**

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

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **At 01.01.2021** | **Bought** | **Sold** | **At 31.12.2021** |
| **Interest in the Company** | | | | |
| **Direct interests:** | | | | |
| Siow Hon Yong | 200,000 | - | - | 200,000 |
| **Interest in the Company** | | | | |
| **Indirect interests:** | | | | |
| Siow Hon Yong* | 640,850,004 | - | - | 640,850,004 |
| Siow Hon Yuen^ | 640,000,004 | - | - | 640,000,004 |

**Deemed interest by virtue of Section 8(4) of the Companies Act, 2016 of 640,000,004 shares held through HYSiow Holdings Sdn Bhd and 850,000 shares held by his spouse, Mdm Fong Soon Foon.*

*^Deemed interest by virtue of Section 8(4) of the Companies Act, 2016 of 640,000,004 shares held through HYSiow Holdings Sdn Bhd.*

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

None of the other Director in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

**Directors' Benefits**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and received by Directors as shown in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**Indemnity and Insurance Costs**

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

**Other Statutory Information**

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

    (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no known bad debts to be written off; and

    (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**Subsequent Events**

The details of subsequent events are disclosed in Note 36 to the financial statements.

**Holding Company**

The holding company is Hysiow Holdings Sdn. Bhd., a private limited company incorporated and domiciled in Malaysia.

**Subsidiary Companies**

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

**Significant Event**

The details of significant event are disclosed in Note 35 to the financial statements.

**Auditors**

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

The details of auditor's remuneration are disclosed in Note 22 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2022.

| | |
|---|---|
| SIOW HON YONG | SIOW HON YUEN |

KUALA LUMPUR

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

## STATEMENT BY DIRECTORS
**Pursuant to Section 251(2) of the Companies Act 2016 in Malaysia**

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 15 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2022.

SIOW HON YONG

SIOW HON YUEN

KUALA LUMPUR

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

## STATUTORY DECLARATION
**Pursuant to Section 251(1) of the Companies Act 2016 in Malaysia**

I, Siow Hon Yuen, being the Director primarily responsible for the financial management of Uni Wall APS Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and relief, the financial statements set out on pages 15 to 94 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

| | | |
|---|---|---|
| Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 29 April 2022 | ) ) ) | |
| | | SIOW HON YUEN |

Before me,

**No. W790**
**ZAINUL ABIDIN BIN AHMAD**
COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**
**UNI WALL APS HOLDINGS BERHAD**
[Registration No.: 201801007506 (1269520-X)]
(Incorporated in Malaysia)

## Report On The Audit Of The Financial Statements

### *Opinion*

We have audited the financial statements of Uni Wall APS Holdings 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 15 to 94.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *Basis for Opinion*

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

### *Independence and Other Ethical Responsibilities*

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**
**UNI WALL APS HOLDINGS BERHAD (CONT'D)**
[Registration No.: 201801007506 (1269520-X)]
(Incorporated in Malaysia)

**Report On The Audit Of The Financial Statements (Cont'd)**

***Key Audit Matters***

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

| Key Audit Matters | How our audit addressed the key audit matters |
|---|---|
| **Revenue and cost recognition of construction contracts** | |
| Refer to Note 2(c) (Significant Accounting Judgements, Estimates and Assumptions), Note 3 (Significant Accounting Policies) and Note 20 (Revenue).<br><br>Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants.<br><br>Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. | We had performed walkthrough test on the Group's controls by checking for evidence of reviews and approvals over contract cost, setting budgets and authorising and recording of actual costs incurred;<br><br>We had read key contracts to obtain an understanding of the specific terms and conditions;<br><br>We had compared the architect certificate against stage of completion of certain contracts to ascertain the reasonableness of the percentage of completion recognised in the profit or loss;<br><br>We had challenged the assumptions in deriving at the estimates of contract costs. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated cost to suppliers' agreements or tenders;<br><br>We had agreed samples of costs incurred to date to invoice and/or progress claim, checked that they were allocated to the appropriate contract, and met the definition of contract costs; and<br><br>We had assessed the adequacy and reasonableness of the disclosures in the financial statements. |

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNI WALL APS HOLDINGS BERHAD (CONT'D)**
[Registration No.: 201801007506 (1269520-X)]
(Incorporated in Malaysia)

**Report On The Audit Of The Financial Statements (Cont'd)**

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

| Key Audit Matters | How our audit addressed the key audit matters |
|---|---|
| **Impairment of trade receivables and contract assets**<br><br>Refer to Note 2(c) (Significant Accounting Judgements, Estimates and Assumptions), Note 3 (Significant Accounting Policies), Note 7 (Contract Assets), Note 8 (Trade Receivables), Note 22 (Profit/(Loss) Before Taxation) and Note 30 (Financial Instruments).<br><br>The Group reviews the recoverability of its receivables and contract assets at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses a provision matrix to calculate expected credit loss for receivables and contract assets. The provision rates are based on number of days past due.<br><br>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. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. | We had developed understanding of the design and implementation of controls associated with monitoring of outstanding receivables and contract assets and impairment calculation;<br><br>We had assessed the reasonableness of information in determining whether the credit risk has increased significantly since initial recognition and developed an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports or other collection reports;<br><br>We had reviewed and assessed the reasonableness of the probability of default using historical data and adjustment of forward-looking information applied by the Group;<br><br>We had reviewed receipts of collections subsequent to the financial year end, customer correspondence, and considering level of activity with the customer and explanation on recoverability with significantly past due balances; and<br><br>We had assessed the reasonableness of expected credit loss provided under provision matrix. |

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**
**UNI WALL APS HOLDINGS BERHAD (CONT'D)**
[Registration No.: 201801007506 (1269520-X)]
(Incorporated in Malaysia)

**Report On The Audit Of The Financial Statements (Cont'd)**

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

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

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

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

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**
**UNI WALL APS HOLDINGS BERHAD (CONT'D)**
[Registration No.: 201801007506 (1269520-X)]
(Incorporated in Malaysia)

## Report On The Audit Of The Financial Statements (Cont'd)

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**
**UNI WALL APS HOLDINGS BERHAD (CONT'D)**
[Registration No.: 201801007506 (1269520-X)]
(Incorporated in Malaysia)

**Report On The Audit Of The Financial Statements (Cont'd)**

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNI WALL APS HOLDINGS BERHAD (CONT'D)**
[Registration No.: 201801007506 (1269520-X)]
(Incorporated in Malaysia)

**Other Matters**

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

UHY
Firm Number: AF 1411
Chartered Accountants

DATUK TEE GUAN PIAN
Approved Number: 01886/05/2022 J
Chartered Accountant

KUALA LUMPUR

29 April 2022

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2021**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| | Note | RM | RM | RM | RM |
| **ASSETS** | | | | | |
| **Non-current Assets** | | | | | |
| Property, plant and equipment | 4 | 17,422,257 | 17,463,593 | - | - |
| Right-of-use assets | 5 | 2,405,834 | 2,101,789 | - | - |
| Investment in subsidiary companies | 6 | - | - | 8,012,098 | 8,000,102 |
| | | 19,828,091 | 19,565,382 | 8,012,098 | 8,000,102 |
| **Current Assets** | | | | | |
| Contract assets | 7 | 38,194,470 | 27,685,949 | - | - |
| Trade receivables | 8 | 11,951,254 | 12,805,913 | - | - |
| Other receivables | 9 | 3,769,903 | 2,755,212 | 562,275 | 586,926 |
| Amount due from subsidiary companies | 10 | - | - | 4,867,982 | 5,463,780 |
| Fixed deposits with licensed banks | 11 | 7,161,494 | 5,873,562 | - | - |
| Cash and bank balances | | 3,174,641 | 1,568,002 | 1,448,733 | 1,103,153 |
| | | 64,251,762 | 50,688,638 | 6,878,990 | 7,153,859 |
| **Total Assets** | | 84,079,853 | 70,254,020 | 14,891,088 | 15,153,961 |

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2021 (CONT'D)**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| | Note | RM | RM | RM | RM |
| **EQUITY** | | | | | |
| Share capital | 12 | 15,056,793 | 15,056,793 | 15,056,793 | 15,056,793 |
| Merger reserve | 13 | (6,000,000) | (6,000,000) | - | - |
| Retained earnings/ (Accumulated losses) | | 27,872,842 | 23,670,116 | (257,043) | (70,017) |
| Foreign currency translation reserve | 14 | (32) | - | - | - |
| **Equity attributable to owners of the parent** | | 36,929,603 | 32,726,909 | 14,799,750 | 14,986,776 |
| Non-controlling interests | | (142) | - | - | - |
| **Total Equity** | | 36,929,461 | 32,726,909 | 14,799,750 | 14,986,776 |
| **LIABILITIES** | | | | | |
| **Non-current Liabilities** | | | | | |
| Lease liabilities | 15 | 965,682 | 912,978 | - | - |
| Bank borrowings | 16 | 7,750,062 | 8,082,044 | - | - |
| | | 8,715,744 | 8,995,022 | - | - |
| **Current Liabilities** | | | | | |
| Trade payables | 17 | 12,818,570 | 11,633,526 | - | - |
| Other payables | 18 | 2,549,210 | 3,483,701 | 89,838 | 167,185 |
| Amount due to a Director | 19 | 681,049 | 681,049 | - | - |
| Lease liabilities | 15 | 734,279 | 678,799 | - | - |
| Bank borrowings | 16 | 15,400,328 | 5,017,651 | - | - |
| Tax payable | | 6,251,212 | 7,037,363 | 1,500 | - |
| | | 38,434,648 | 28,532,089 | 91,338 | 167,185 |
| **Total Liabilities** | | 47,150,392 | 37,527,111 | 91,338 | 167,185 |
| **Total Equity and Liabilities** | | 84,079,853 | 70,254,020 | 14,891,088 | 15,153,961 |

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2021** | **2020** | **2021** | **2020** |
| | **Note** | **RM** | **RM** | **RM** | **RM** |
| Revenue | 20 | 40,639,430 | 34,077,520 | - | - |
| Cost of sales | | (30,184,581) | (18,465,004) | - | - |
| **Gross profit** | | 10,454,849 | 15,612,516 | - | - |
| Other income | | 429,928 | 314,598 | 12,205 | - |
| Net loss on impairment of financial assets | 22 | (1,016,800) | (1,138,729) | - | - |
| Administrative expenses | | (3,365,150) | (4,382,956) | (196,231) | (316,093) |
| Finance costs | 21 | (913,530) | (739,224) | - | - |
| **Profit/(Loss) before taxation** | 22 | 5,589,297 | 9,666,205 | (184,026) | (316,093) |
| Taxation | 23 | (1,390,474) | (3,650,991) | (3,000) | - |
| **Net profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year** | | 4,198,823 | 6,015,214 | (187,026) | (316,093) |
| **Other comprehensive loss:** | | | | | |
| **Items that are or may be reclassified subsequently to profit or loss** | | | | | |
| Exchange translation differences | | (32) | - | - | - |
| **Other comprehensive loss for the financial year** | | (32) | - | - | - |
| **Total comprehensive profit /(loss) for the financial year** | | 4,198,791 | 6,015,214 | (187,026) | (316,093) |

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2021** | **2020** | **2021** | **2020** |
| | **Note** | **RM** | **RM** | **RM** | **RM** |
| **Net profit/(loss) for the financial year, representing total comprehensive income/ (loss) for the financial year attributable to:** | | | | | |
| Owners of the Company | | 4,202,726 | 6,015,214 | (187,026) | (316,093) |
| Non-controlling interests | | (3,903) | - | - | - |
| | | 4,198,823 | 6,015,214 | (187,026) | (316,093) |
| **Total comprehensive income/(loss) for the financial year attributable to:** | | | | | |
| Owners of the parent | | 4,202,694 | 6,015,214 | (187,026) | (316,093) |
| Non-controlling interests | | (3,903) | - | - | - |
| | | 4,198,791 | 6,015,214 | (187,026) | (316,093) |
| **Earnings per share (sen):** | | | | | |
| - Basic | 25 | 0.57 | 0.82 | | |
| - Diluted | 25 | 0.57 | 0.82 | | |

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

| | | Attributable to Owners of the Parent | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | <- Non-Distributable -> | | Distributable | | | |
| | Note | Share Capital RM | Merger Reserve RM | Foreign Currency Translation Reserve RM | Retained Earnings RM | Total Equity RM | Non-Controlling Interests RM | Total RM |
| **Group** | | | | | | | | |
| **At 1 January 2020** | | 15,056,793 | (6,000,000) | - | 17,654,902 | 26,711,695 | - | 26,711,695 |
| Net profit for the financial year, representing total comprehensive income for the financial year | | - | - | - | 6,015,214 | 6,015,214 | - | 6,015,214 |
| **At 31 December 2020** | | 15,056,793 | (6,000,000) | - | 23,670,116 | 32,726,909 | - | 32,726,909 |

## UNI WALL APS HOLDINGS BERHAD

(Incorporated in Malaysia)

## STATEMENTS OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

| | | Attributable to Owners of the Parent | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | <- Non-Distributable -> | | Distributable | | | |
| | Note | Share Capital RM | Merger Reserve RM | Foreign Currency Translation Reserve RM | Retained Earnings RM | Total Equity RM | Non-Controlling Interests RM | Total RM |
| **Group** | | | | | | | | |
| **At 1 January 2021** | | 15,056,793 | (6,000,000) | - | 23,670,116 | 32,726,909 | - | 32,726,909 |
| Net profit/(loss) for the financial year | | | | | 4,202,726 | 4,202,726 | (3,903) | 4,198,823 |
| Foreign exchange translation reserve | | - | - | (32) | - | (32) | - | (32) |
| **Total comprehensive (loss)/ profit for the financial year** | | - | - | (32) | 4,202,726 | 4,202,694 | (3,903) | 4,198,791 |
| **Transaction with owners:** | | | | | | | | |
| Issuance of shares by subsidiary companies to non-controlling interest | | - | - | - | - | - | 3,761 | 3,761 |
| **Total transaction with owners** | | - | - | - | - | - | 3,761 | 3,761 |
| **At 31 December 2021** | | 15,056,793 | (6,000,000) | (32) | 27,872,842 | 36,929,603 | (142) | 36,929,461 |

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

| | Note | Share capital RM | Retained earnings/ (Accumulated losses) RM | Total RM |
|---|---|---|---|---|
| **Company** | | | | |
| **At 1 January 2020** | | 15,056,793 | 246,076 | 15,302,869 |
| Net loss for the financial year, representing total comprehensive income for the financial year | | - | (316,093) | (316,093) |
| **At 31 December 2020** | | 15,056,793 | (70,017) | 14,986,776 |
| **At 1 January 2021** | | 15,056,793 | (70,017) | 14,986,776 |
| Net loss for the financial year, representing total comprehensive loss for the financial year | | - | (187,026) | (187,026) |
| **At 31 December 2021** | | 15,056,793 | (257,043) | 14,799,750 |

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM** | **RM** | **RM** |
| **Cash Flows From Operating Activities** | | | | |
| Profit/(Loss) before taxation | 5,589,297 | 9,666,205 | (184,026) | (316,093) |
| Adjustments for: | | | | |
| Amortisation of right-of-use assets | 632,231 | 492,748 | - | - |
| Depreciation of property, plant and equipment | 261,417 | 234,994 | - | - |
| Interest income | (107,970) | (116,589) | (12,205) | - |
| Interest expenses | 902,400 | 567,161 | - | - |
| Property, plant and equipment written off | - | 2,915 | - | - |
| Impairment loss on trade receivables | 1,016,800 | 1,607,242 | - | - |
| Reversal of impairment loss on trade receivables | - | (468,513) | - | - |
| Gain on termination of lease contracts | (2,712) | - | | |
| Gain on disposals of property, plant and equipment | - | (7,000) | - | - |
| Unrealised foreign exchange loss | 24,651 | - | 24,651 | - |
| Operating profit/(loss) before working capital changes | 8,316,114 | 11,979,163 | (171,580) | (316,093) |
| Changes in working capital: | | | | |
| Contract assets | (10,508,521) | (12,643,908) | - | - |
| Trade receivables | (162,141) | (5,586,117) | - | - |
| Other receivables | (1,039,342) | (1,380,910) | - | (569,691) |
| Amount due from a subsidiary company | - | - | 595,798 | 272,318 |
| Amount due to a Director | - | (1,000,000) | - | - |
| Contract liabilities | - | (22,868) | - | - |
| Trade payables | 1,185,044 | 4,064,796 | - | - |
| Other payables | (934,491) | 2,101,205 | (77,347) | 83,677 |
| | (11,459,451) | (14,467,802) | 518,451 | (213,696) |
| Cash (used in)/generated from operating activities | (3,143,337) | (2,488,639) | 346,871 | (529,789) |
| Tax paid | (2,176,625) | (211,125) | (1,500) | - |
| **Net cash (used in)/from operating activities** | (5,319,962) | (2,699,764) | 345,371 | (529,789) |

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| **Cash Flows From Investing Activities** | | | | | |
| Interest received | | 107,970 | 116,589 | 12,205 | - |
| Acquisition of subsidiary companies | | - | - | (4,096) | (102) |
| Purchase of additional shares in subsidiary company | | - | - | (7,900) | - |
| Purchase of property, plant and equipment | 4(a) | (220,081) | (69,833) | - | - |
| Purchase of right-of-use assets | 5(b) | (179,189) | (50,361) | - | - |
| Proceeds from disposals of property, plant and equipment | | - | 7,000 | - | - |
| Increase in fixed deposit pledged with licensed banks | | (1,287,932) | (3,077,841) | - | - |
| **Net cash (used in)/from investing activities** | | (1,579,232) | (3,074,446) | 209 | (102) |
| **Cash Flows From Financing Activities** | | | | | |
| Interest paid | | (902,400) | (565,292) | - | - |
| Issuance of shares by subsidiary companies to non-controlling interest | | 3,761 | - | - | - |
| Net changes in term loans | | (323,308) | 3,957,658 | | |
| Net changes in Import/Export line | | 7,595,521 | 1,164,922 | - | - |
| Net changes in letter of credit | | 642,093 | 76,022 | - | - |
| Repayment of lease liabilities | | (646,191) | (551,584) | - | - |
| **Net cash from/(used in) financing activities** | | 6,369,476 | 4,081,726 | - | - |

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM** | **RM** | **RM** |
| **Net changes in cash and cash equivalents** | (529,718) | (1,692,484) | 345,580 | (529,891) |
| **Effect of exchange translation differences** | (32) | - | - | - |
| **Cash and cash equivalents at the beginning of the financial year** | (80,841) | 1,611,643 | 1,103,153 | 1,633,044 |
| **Cash and cash equivalents at the end of the financial year** | (610,591) | (80,841) | 1,448,733 | 1,103,153 |
| | | | | |
| **Cash and cash equivalents at the end of the financial year comprises:** | | | | |
| Cash and bank balances | 3,174,641 | 1,568,002 | 1,448,733 | 1,103,153 |
| Fixed deposits with licensed banks | 7,161,494 | 5,873,562 | - | - |
| Bank overdrafts | (3,785,232) | (1,648,843) | - | - |
| | 6,550,903 | 5,792,721 | 1,448,733 | 1,103,153 |
| Less: Fixed deposits pledged for credit facilities | (7,161,494) | (5,873,562) | - | - |
| | (610,591) | (80,841) | 1,448,733 | 1,103,153 |

**UNI WALL APS HOLDINGS BERHAD**
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**
**31 DECEMBER 2021**

## 1. Corporate Information

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

The principal place of business of the Company is located at 15, Jalan Kesuma 2/3, Bandar Tasik Kesuma, 43700 Semenyih, Selangor Darul Ehsan.

The registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The holding company is Hysiow Holdings Sdn. Bhd., a private limited company incorporated and domiciled in Malaysia.

## 2. Basis of Preparation

### (a) Statement of compliance

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

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

## 2. Basis of Preparation

### (a) Statement of compliance

**Adoption of new and amended standards**

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

| | |
|---|---|
| Amendments to MFRS 16 | Covid-19-Related Rent Concessions |
| Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16 | Interest Rate Benchmark Reform - Phase 2 |

The adoption of the above amendments to MFRS's did not have any significant impact on the financial statements of the Group and of the Company.

**Standards issued but not yet effective**

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

| | | Effective dates for financial periods beginning on or after |
|---|---|---|
| Amendments to MFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| Amendments to MFRS 3 | Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 116 | Property, Plant and Equipment-Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137 | Onerous Contracts - Cost of Fulfilling a Contract | 1 January 2022 |
| Annual Improvements to MFRS Standards 2018-2020<br>• Amendments to MFRS 1<br>• Amendments to MFRS 9<br>• Amendments to MFRS 16<br>• Amendments to MFRS 141 | | 1 January 2022 |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Initial Application of MFRS 17 and MFRS 9 - Comparative Information | 1 January 2023 |

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

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

**Standards issued but not yet effective (Cont'd)**

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and for the Company:(Cont'd)

| | | **Effective dates for financial periods beginning on or after** |
|---|---|---|
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 101 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108 | Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred until further notice |

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

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

(b) **Functional and presentation currency**

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

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

### (c) Significant accounting judgements, estimates and assumptions

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

**Judgements**

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

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

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

The Group recognises revenue over time in the following circumstances:

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

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

<u>Determining the lease term of contracts with renewal and termination options - Group as lessee</u>

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

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

(c) **Significant accounting judgements, estimates and assumptions (Cont'd)**

**Judgements (Cont'd)**

Determining the lease term of contracts with renewal and termination options - Group as lessee (Cont'd)

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

**Key sources of estimation uncertainty**

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

Useful lives / amortisation of property, plant and equipment and right-of-use ("ROU") assets

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

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

(c) **Significant accounting judgements, estimates and assumptions (Cont'd)**

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

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 20 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 24 to the financial statements.

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables and contract assets at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses a provision matrix to calculate expected credit loss for receivables and contract assets. The provision rates are based on number of days past due.

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. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

(c) **Significant accounting judgements, estimates and assumptions (Cont'd)**

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

Provision for expected credit loss of financial assets at amortised cost (Cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Note 30 to the financial statements.

Discount rate used in leases

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

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2021, the Group and the Company have tax payable of RM6,251,212 (2020: RM7,037,363) and RM1,500 (2020: RMNil) respectively.

## 3. Significant Accounting Policies

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

### (a) Basis of consolidation

#### (i) Subsidiary companies

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

Subsidiary companies are consolidated using merger method of accounting as the business combination of these subsidiary companies involved an entity under common control except for business combination with Uni Wall Properties Sdn. Bhd. and NS Aero City Sdn. Bhd., which was accounted for under acquisition method of accounting.

Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been affected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

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

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

(a) **Basis of consolidation (Cont'd)**

(i) **Subsidiary companies (Cont'd)**

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

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

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

(a) **Basis of consolidation (Cont'd)**

(iii) **Disposal of subsidiary companies**

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

(iv) **Goodwill on consolidation**

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

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

(b) **Foreign currency translation**

(i) Foreign currency transactions and balances

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

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

(b) **Foreign currency translation (Cont'd)**

(i) Foreign currency transactions and balances (Cont'd)

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

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

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

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

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

(b) **Foreign currency translation (Cont'd)**

(ii) Foreign operations (Cont'd)

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

(c) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) to the financial statements on impairment of non-financial assets.

(i) **Recognition and measurement**

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

All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

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

(c) **Property, plant and equipment (Cont'd)**

(i) **Recognition and measurement (Cont'd)**

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

(ii) **Subsequent costs**

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

(iii) **Depreciation**

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

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

| | |
|---|---|
| Freehold buildings | 2% |
| Forklift | 10% |
| Furniture and fittings | 20% |
| Motor vehicles | 20% |
| Office equipment | 20% |
| Plant and machinery | 20% |
| Renovation | 20% |

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

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

(d) **Leases**

As lessee

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

The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) to the financial statements on impairment of non-financial assets.

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

| | |
|---|---|
| Leasehold buildings | Over the remaining lease period |
| Motor vehicles | 20% |
| Plant and machinery | 20% |

The ROU assets are subject to impairment.

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

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

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

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

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

(e) **Financial assets**

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

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

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

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

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

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

The Company has not designated any financial assets as fair value through other comprehensive income ("FVOCI") and FVTPL.

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

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

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

(f) **Financial liabilities**

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

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

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

(g) **Financial guarantee contracts**

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

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

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

(h) **Offsetting of financial instruments**

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

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

(i) **Contract assets and Contract liabilities**

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

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

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

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

(j) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, and deposits with banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

(k) **Impairment of assets**

(i) **Non-financial assets**

The carrying amounts of non-financial assets (except for contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

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

(k) **Impairment of assets (Cont'd)**

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

The carrying amounts of non-financial assets (except for contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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

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

(k) **Impairment of assets (Cont'd)**

(ii) **Financial assets**

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-months expected credit loss. Loss allowances for trade receivables, contract assets and inter-company balances are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider 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 and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-months expected credit losses are the portion of expected credit losses that result from default events 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 and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables, contract assets and inter-company balances using a provision matrix with reference to historical credit loss experience.

Loss rates are based on actual credit loss experience over the past three years. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost 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 the financial asset have occurred.

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

(k) **Impairment of assets (Cont'd)**

(ii) **Financial assets (Cont'd)**

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

(l) **Construction contracts**

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognosed as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs exceed costs incurred plus recognised profits (less recognised losses).

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

(m) **Share capital**

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

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

(n) **Provisions**

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

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

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

(o) **Employee benefits**

(i) **Short term employee benefits**

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

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

(o) **Employee benefits (Cont'd)**

(i) **Short term employee benefits (Cont'd)**

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

(ii) **Defined contribution plans**

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

(p) **Revenue recognition**

*Revenue from contracts with customers*

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

(i) **Construction contracts**

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

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

(p) **Revenue recognition (Cont'd)**

*Revenue from other sources*

(i) **Interest income**

Interest income is recognised on accruals basis using the effective interest method.

(ii) **Dividend income**

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

(q) **Borrowing costs**

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

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

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

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

(r) **Income taxes**

Tax expense in profit or loss comprises current and deferred tax. Current tax 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.

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

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

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

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

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

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

(s) **Segment reporting**

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

(t) **Contingencies**

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

(u) **Fair value measurement**

Fair value of an asset or a liability 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 of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

(u) **Fair value measurement (Cont'd)**

When measuring the fair value of an asset or a liability, the Group and the Company use 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 Company 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 and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 4. Property, Plant and Equipment

| Group | Freehold Land RM | Freehold Buildings RM | Forklift RM | Furniture and Fittings RM | Motor Vehicles RM | Office Equipment RM | Plant and Machinery RM | Renovation RM | Capital Work-in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | | | |
| **Cost** | | | | | | | | | | |
| At 1 January 2021 | 7,290,854 | 3,403,507 | 25,000 | 20,646 | 3,190,572 | 220,380 | 3,513,313 | 279,222 | 6,734,581 | 24,678,075 |
| Additions | - | - | - | - | 40,000 | - | 3,000 | - | 177,081 | 220,081 |
| At 31 December 2021 | 7,290,854 | 3,403,507 | 25,000 | 20,646 | 3,230,572 | 220,380 | 3,516,313 | 279,222 | 6,911,662 | 24,898,156 |
| **Accumulated depreciation** | | | | | | | | | | |
| At 1 January 2021 | - | 786,526 | 25,000 | 18,128 | 2,632,157 | 156,598 | 3,316,851 | 279,222 | - | 7,214,482 |
| Charges for the financial year | - | 68,077 | - | 708 | 98,413 | 23,797 | 70,422 | - | - | 261,417 |
| At 31 December 2021 | - | 854,603 | 25,000 | 18,836 | 2,730,570 | 180,395 | 3,387,273 | 279,222 | - | 7,475,899 |
| **Carrying amount** | | | | | | | | | | |
| At 31 December 2021 | 7,290,854 | 2,548,904 | - | 1,810 | 500,002 | 39,985 | 129,040 | - | 6,911,662 | 17,422,257 |

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

| **Group** | **Freehold Land RM** | **Freehold Buildings RM** | **Forklift RM** | **Furniture and Fittings RM** | **Motor Vehicles RM** | **Office Equipment RM** | **Plant and Machinery RM** | **Renovation RM** | **Capital Work-in-progress RM** | **Total RM** |
|---|---|---|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | | | | |
| **Cost** | | | | | | | | | | |
| At 1 January 2020 | 7,290,854 | 3,403,507 | 25,000 | 20,646 | 3,290,873 | 209,833 | 3,513,313 | 279,222 | 6,678,534 | 24,711,782 |
| Additions | - | - | - | - | - | 13,786 | - | - | 56,047 | 69,833 |
| Disposals | - | - | - | - | (100,301) | - | - | - | - | (100,301) |
| Written off | - | - | - | - | - | (3,239) | - | - | - | (3,239) |
| At 31 December 2020 | 7,290,854 | 3,403,507 | 25,000 | 20,646 | 3,190,572 | 220,380 | 3,513,313 | 279,222 | 6,734,581 | 24,678,075 |
| **Accumulated depreciation** | | | | | | | | | | |
| At 1 January 2020 | - | 718,450 | 25,000 | 17,420 | 2,674,822 | 133,822 | 3,246,575 | 264,024 | - | 7,080,113 |
| Charges for the financial year | - | 68,076 | - | 708 | 57,636 | 23,100 | 70,276 | 15,198 | - | 234,994 |
| Disposals | - | - | - | - | (100,301) | - | - | - | - | (100,301) |
| Written off | - | - | - | - | - | (324) | - | - | - | (324) |
| At 31 December 2020 | - | 786,526 | 25,000 | 18,128 | 2,632,157 | 156,598 | 3,316,851 | 279,222 | - | 7,214,482 |
| **Carrying amount** | | | | | | | | | | |
| At 31 December 2020 | 7,290,854 | 2,616,981 | - | 2,518 | 558,415 | 63,782 | 196,462 | - | 6,734,581 | 17,463,593 |

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

(a) Purchase of property, plant and equipment

The aggregate additional costs for the property, plant and equipment of the Group during the financial year acquired with cash payments.

(b) Assets pledged as securities to licensed banks

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 16 to the financial statements are:

| | **Group** | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| Freehold land | 7,290,854 | 7,290,854 |
| Freehold buildings | 2,548,904 | 2,616,981 |
| Capital work-in-progress | 6,911,662 | 6,734,581 |
| | 16,751,420 | 16,642,416 |

## 5. Right-of-use Assets

| | **Leasehold Building RM** | **Motor Vehicles RM** | **Plant and Machinery RM** | **Total RM** |
|---|---|---|---|---|
| **Group** | | | | |
| **2021** | | | | |
| **Cost** | | | | |
| At 1 January 2021 | 167,643 | 1,786,221 | 1,295,354 | 3,249,218 |
| Additions | - | 377,532 | 618,352 | 995,884 |
| Termination of lease contracts | (167,643) | - | - | (167,643) |
| At 31 December 2021 | - | 2,163,753 | 1,913,706 | 4,077,459 |
| | | | | |
| **Accumulated amortisation** | | | | |
| At 1 January 2021 | 73,110 | 695,700 | 378,619 | 1,147,429 |
| Charge for the financial year | 34,925 | 226,704 | 370,602 | 632,231 |
| Termination of lease contracts | (108,035) | - | - | (108,035) |
| At 31 December 2021 | - | 922,404 | 749,221 | 1,671,625 |
| | | | | |
| **Carrying amount** | | | | |
| At 31 December 2021 | - | 1,241,349 | 1,164,485 | 2,405,834 |

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

| | Leasehold Building RM | Motor Vehicle RM | Plant and Machinery RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2020** | | | | |
| **Cost** | | | | |
| At 1 January 2020 | - | 1,484,221 | 1,016,219 | 2,500,440 |
| Additions | 167,643 | 302,000 | 279,135 | 748,778 |
| At 31 December 2020 | 167,643 | 1,786,221 | 1,295,354 | 3,249,218 |
| | | | | |
| **Accumulated amortisation** | | | | |
| At 1 January 2020 | - | 493,264 | 161,417 | 654,681 |
| Charge for the financial year | 73,110 | 202,436 | 217,202 | 492,748 |
| At 31 December 2020 | 73,110 | 695,700 | 378,619 | 1,147,429 |
| | | | | |
| **Carrying amount** | | | | |
| At 31 December 2020 | 94,533 | 1,090,521 | 916,735 | 2,101,789 |

(a) Assets held under lease liabilities

The carrying amount of right-of-use assets of the Group held under lease financing are as follows:

| | Group | |
|---|---|---|
| | **2021 RM** | **2020 RM** |
| Motor vehicles | 1,241,349 | 1,090,521 |
| Plant and machinery | 1,164,485 | 916,735 |
| | 2,405,834 | 2,007,256 |

The leased assets are pledged as securities for lease liabilities as disclosed in Note 15 to the financial statements.

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

(b) Purchase of right-of-use assets

The aggregate additional costs for the right-of-use assets of the Group during the financial year acquired under the lease liabilities and cash payments are as follows:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| Aggregate costs | 995,884 | 748,778 |
| Less: Leases liabilities | (816,695) | (698,417) |
| Cash payments | 179,189 | 50,361 |

6. **Investment in Subsidiary Companies**

| | Company | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| **Unquoted shares at cost:** | | |
| - In Malaysia | 8,008,002 | 8,000,102 |
| - Outside Malaysia | 4,096 | - |
| | 8,012,098 | 8,000,102 |

Details of the subsidiary companies are as follows:

| **Name of company** | **Place of business/ Country of incorporation** | **Effective interests** | | **Principal activities** |
|---|---|---|---|---|
| | | **2021** | **2020** | |
| | | **%** | **%** | |
| Uni Wall Architectural Products & Services Sdn. Bhd. | Malaysia | 100 | 100 | Supplying, installation and fabrication of aluminium products |
| Uni Wall Properties Sdn. Bhd. | Malaysia | 100 | 100 | Has not commenced business operations |

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

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

| Name of company | Place of business/ Country of incorporation | Effective interests | | Principal activities |
|---|---|---|---|---|
| | | 2021 % | 2020 % | |
| NS Aero City Sdn. Bhd. | Malaysia | 80 | 100 | Has not commenced business operations |
| Uniwall Capital Pte. Ltd. | Singapore | 70 | - | Has not commenced business operations |
| ***Held through Uni Wall Architectural Products & Services Sdn. Bhd.:*** | | | | |
| Uni Wall Manufacturing Sdn. Bhd. | Malaysia | 70 | 100 | Has not commenced business operations |

(a) Incorporation of new subsidiary companies

During the financial year:

(i) On 29 October 2021, Uni Wall Manufacturing Sdn. Bhd. ("UMSB") issued additional 8 ordinary shares. Uni Wall Architectural Products & Services Sdn. Bhd. ("UAPSSB"), a wholly-owned subsidiary company of the Company subscribed 5 ordinary shares in UMSB for a total cash consideration of RM 5, decreasing its ownership from 100% to 70%.

(ii) On 6 November 2021, the Company subscribed 1,321 ordinary shares in Uniwall Capital Pte. Ltd. ("UCPLT"), representing 70% equity interests in UCPLT for a total cash consideration of RM4,096.

(iii) On 24 December 2021, NS Aero City Sdn. Bhd. ("NSACSB") issued additional 9,900 ordinary shares. The Company subscribed 7,900 units share in NSACSB for a total cash consideration of RM7,900, decreasing its ownership from 100% to 80%.

In the previous financial year:

(i) On 15 January 2020, the Company subscribed 2 ordinary shares in Uni Wall Properties Sdn. Bhd. ("UPSB"), representing 100% equity interests in UPSB for a total cash consideration of RM2.

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

(a) Incorporation of new subsidiary companies (Cont'd)

In the previous financial year: (Cont'd)

(ii) On 7 April 2020, the Company subscribed 100 ordinary shares in NS Aero City Sdn. Bhd. ("NSACSB"), representing 100% equity interests in NSACSB for a total cash consideration of RM100.

7. **Contract Assets**

| | **Group** | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| Construction costs incurred to date | 116,697,529 | 86,514,008 |
| Add: Attributable profits | 85,527,415 | 76,047,454 |
| | 202,224,944 | 162,561,462 |
| Less: Progress billings | (164,030,474) | (134,875,513) |
| | 38,194,470 | 27,685,949 |
| Presented as: | | |
| - Contract assets | 38,194,470 | 27,685,949 |

During the financial year, the following costs are capitalised to costs:

| | **Group** | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| Staff costs (Note 26) | 3,709,472 | 4,434,567 |

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount generally will be billed ranging from 7 days to 60 days and payment is expected ranging from 30 days to 37 days (2020: 30 days to 37 days).

The contract liabilities primarily relate to the advance consideration received from a customer for a construction contract, which revenue is recognised overtime during the construction. The contract liabilities as expected to be recognised as revenue over a period ranging from 30 days to 60 days.

7. **Contract Assets (Cont'd)**

(a) Contract value yet to be recognised as revenue

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

| | **Group** |
|---|---|
| | **2022** |
| | **RM** |
| Construction contracts | 19,122,574 |

The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

8. **Trade Receivables**

| | **Group** | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| Trade receivables | 17,514,297 | 17,352,156 |
| Less: Accumulated impairment losses | (5,563,043) | (4,546,243) |
| | 11,951,254 | 12,805,913 |

Trade receivables are recognised at their original certificate of claimed amounts which represent their fair value on initial recognition.

The Group's normal trade credit terms are ranging from 30 days to 45 days (2020: 30 days to 37 days). Other credit terms are assessed and approved on a case by case basis.

## 8. Trade Receivables (Cont'd)

Included in trade receivables of the Group as at 31 December 2021 are retentions of RM6,091,316 (2020: RM4,305,016) relating to construction work-in-progress. Retentions are unsecured, non-bearing interests and are expected to be collected as follows:

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RM | RM |
| Within one year | 349,450 | 707,789 |
| Between one to two years | 5,549,364 | 2,079,173 |
| More than two years | 192,502 | 1,518,054 |
| | 6,091,316 | 4,305,016 |

## 9. Other Receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM | RM | RM | RM |
| Other receivables | 1,173,948 | 26,382 | - | - |
| Deposits | 858,018 | 844,099 | 562,275 | 586,926 |
| Prepayments | 1,737,937 | 1,884,731 | - | - |
| | 3,769,903 | 2,755,212 | 562,275 | 586,926 |

## 10. Amount due from Subsidiary Companies

Amount due from subsidiary companies is unsecured, non-bearing interests advances and is repayable on demand.

## 11. Fixed Deposits with Licensed Banks

The fixed deposits with licensed banks of the Group are pledged as securities for credit facilities granted by the banks as disclosed in Note 16 to the financial statements.

The interest rate of fixed deposits with licensed banks of the Group is ranging from 1.35% to 3.10% (2020: 1.35% to 4.00%) per annum and the maturity of the deposits is ranging from 30 days to 365 days (2020: 30 days to 365 days).

## 12. Share Capital

| | Number of shares | | Amount | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **Units** | **Units** | **RM** | **RM** |
| **Group/Company** | | | | |
| **Issued and fully paid:** | | | | |
| **Ordinary shares** | | | | |
| At 1 January | 731,400,004 | 365,700,002 | 15,056,793 | 15,056,793 |
| Issuance of ordinary shares | - | 365,700,002 | - | - |
| At 31 December | 731,400,004 | 731,400,004 | 15,056,793 | 15,056,793 |

In the previous financial year, the Company increased its shares capital from 365,700,002 ordinary shares to 731,400,004 ordinary shares by way of issuance of 365,700,002 bonus shares which were issued on the basis of one bonus share for every one existing share (“Bonus Issue”).

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

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

## 13. Merger Reserve

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RM | RM |
| Consideration transferred | 8,000,000 | 8,000,000 |
| Less: Fair value of identifiable net assets acquired | (2,000,000) | (2,000,000) |
| Merger reserve arising on acquisition | 6,000,000 | 6,000,000 |

The merger reserve arises from the acquisition of UAPSSB under common control, representing the difference between the carrying amount of net equity of the UAPSSB as of the acquisition date and the acquisition consideration paid by the Company.

## 14. Foreign Currency Translation Reserve

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

## 15. Lease Liabilities

| | 2021 | 2020 |
|---|---|---|
| | RM | RM |
| At 1 January | 1,591,777 | 1,444,944 |
| Additions | 816,695 | 698,417 |
| Accretion of interest (Note 21) | 114,104 | 85,063 |
| Termination of lease contracts | (62,320) | - |
| Repayment | (760,295) | (636,647) |
| | 1,699,961 | 1,591,777 |
| **Presented as:** | | |
| Non-current | 965,682 | 912,978 |
| Current | 734,279 | 678,799 |
| | 1,699,961 | 1,591,777 |

15. **Lease Liabilities (Cont'd)**

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

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| Not later than one year | 822,946 | 758,676 |
| Later than one year but not later than two years | 482,266 | 513,770 |
| Later than two years but not later than five years | 566,198 | 473,632 |
| | 1,871,410 | 1,746,078 |
| Less: Future finance charges | (171,449) | (154,301) |
| Present value of minimum lease payments | 1,699,961 | 1,591,777 |

The Group leased various buildings, motor vehicles and plant and machinery. Lease term are negotiated on an individual basis and contain a wide range of different terms and conditions.

The leased liabilities are secured by a charge over the leased assets as disclosed in Note 5(a) to the financial statements. The interest rate for the leases are ranging from 2.48% to 5.44% (2020: 2.48% to 3.65%) per annum.

16. **Bank Borrowings**

| | | Group | |
|---|---|---|---|
| | | **2021** | **2020** |
| | **Note** | **RM** | **RM** |
| **Secured** | | | |
| **Current** | | | |
| Bank overdrafts | (a) | 3,785,232 | 1,648,843 |
| Import/Export line | (b) | 10,048,355 | 2,452,834 |
| Letter of credit | (c) | 937,034 | 294,941 |
| Term loans | (d) | 629,707 | 621,033 |
| | | 15,400,328 | 5,017,651 |
| **Non-current** | | | |
| Term loans | (d) | 7,750,062 | 8,082,044 |
| | | 23,150,390 | 13,099,695 |

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

(a) Bank overdrafts

Bank overdrafts are denominated at RM, bear interest at BLR-0.75%, BLR+1.00% and BFR% per annum and are secured by the following:

(i) Legal charge over a piece of freehold land and building, and capital work-in-progress as disclosed in Note 4(b) to the financial statements;
(ii) Legal charge over fixed deposits of the Group as disclosed in Note 11 to the financial statements;
(iii) Corporate guarantee by the Company; and
(iv) Jointly and severally guarantee by certain Directors of the Company.

(b) Import/Export line

Import/Export line are denominated of RM, bear interest of BLR + 1.00% per annum and are secured by the following:

(i) Legal charge over a piece of freehold land and building, and capital work-in-progress as disclosed in Note 4(b) to the financial statements;
(ii) Legal charge over fixed deposits of the Group as disclosed in Note 11 to the financial statements;
(iii) Corporate guarantee by the Company; and
(iv) Jointly and severally guarantee by certain Directors of the Company.

(c) Letter of credit

Letter of credit are denominated of RM, bear commission at 0.10% per month and are secured by the following:

(i) Legal charge over a piece of freehold land and capital work-in-progress as disclosed in Note 4(b) to the financial statements;
(ii) Legal charge over fixed deposits of the Group as disclosed in Note 11 to the financial statements; and
(iii) Jointly and severally guarantee by certain Directors of the Company.

(d) Term loans

This term loans is secured by the following:

(i) Legal charge over a piece of freehold land and capital work-in-progress as disclosed in Note 4(b) to the financial statements;
(ii) Legal charge over fixed deposits of the Group as disclosed in Note 11 to the financial statements;
(iii) Guarantee cover from the Government of Malaysia;
(iv) Assignment of insurance policy (Entrepreneur Protection);
(v) Corporate guarantee by holding company; and
(vi) Jointly and severally guarantee by Directors of the Company.

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

Maturities of bank borrowings are as follows:

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RM | RM |
| Within one year | 15,400,328 | 5,017,651 |
| Between one and two years | 1,132,216 | 1,124,579 |
| Between two and five years | 3,316,533 | 3,539,763 |
| After five years | 3,301,313 | 3,417,702 |
| | 23,150,390 | 13,099,695 |

The range of effective interest rates per annum of the Group at the reporting date are as follows:

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RM | RM |
| Bank overdraft | 4.86% - 6.61% | 4.65% - 7.85% |
| Import/Export line | 6.51% | 5.49% - 6.71% |
| Letter of credit | 0.10% | 0.10% |
| Term loans | 3.01% - 7.04% | 3.50% - 7.99% |

17. **Trade Payables**

Credit terms of trade payables of the Group is ranging from Nil to 90 days (2020: Nil to 90 days) depending on the terms of the contracts.

18. **Other Payables**

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM | RM | RM | RM |
| Other payables | 1,457,208 | 1,191,548 | 14,438 | 90,385 |
| Accruals | 1,092,002 | 2,292,153 | 75,400 | 76,800 |
| | 2,549,210 | 3,483,701 | 89,838 | 167,185 |

## 19. Amount due to a Director

Amount due to a Director is unsecured, non-bearing interests advances and is repayable on demand.

## 20. Revenue

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| **Revenue from contracts with customers, recognised over time:** | | |
| Construction contract | 40,639,430 | 34,077,520 |

Revenue from contracts with customers recognised for the Group in the current financial year included RMNil (2020: RM22,868) that was included in the contract liabilities at the beginning of the financial year.

## 21. Finance Costs

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| Bank guarantee charges | 2,695 | 165,110 |
| Commitment fee | 8,435 | 6,953 |
| | 11,130 | 172,063 |
| Interest expenses on: | | |
| - Bank overdrafts | 116,760 | 56,294 |
| - Term loans | 425,241 | 339,515 |
| - Import/Export line | 239,759 | 84,786 |
| - Letter of credit | 6,536 | 1,503 |
| - Lease liabilities | 114,104 | 85,063 |
| | 902,400 | 567,161 |
| | 913,530 | 739,224 |

## 22. Profit/(Loss) Before Taxation

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM | RM | RM | RM |
| Auditors' remuneration | 52,000 | 54,000 | 20,000 | 20,000 |
| Non-executive Director: | | | | |
| - Fees | 54,000 | 54,000 | 54,000 | 54,000 |
| Amortisation of right-of-use assets | 632,231 | 492,748 | - | - |
| Depreciation of property, plant and equipment | 261,417 | 234,994 | - | - |
| Property, plant and equipment written off | - | 2,915 | - | - |
| Realised foreign exchange gain | (34,118) | (16,854) | - | - |
| Unrealised foreign exchange loss | 24,651 | - | 24,651 | - |
| Interest income | (107,970) | (116,589) | (12,205) | - |
| Impairment loss on trade receivables | 1,016,800 | 1,607,242 | - | - |
| Reversal of impairment loss on trade receivables | - | (468,513) | - | - |
| Net loss on impairment of financial instruments | 1,016,800 | 1,138,729 | - | - |
| Gain on termination of lease contracts | (2,712) | - | - | - |
| Gain on disposals of property, plant and equipment | - | (7,000) | - | - |

## 23. Taxation

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM** | **RM** | **RM** |
| **Tax expenses recognised in profit or loss:** | | | | |
| **Current tax provision** | | | | |
| - Current income tax | 1,880,504 | 3,256,837 | 3,000 | - |
| - (Over)/Underprovision in prior years | (490,030) | 420,259 | - | - |
| | 1,390,474 | 3,677,096 | 3,000 | - |
| **Deferred tax (Note 24):** | | | | |
| - Origination and reversal of temporary differences | - | - | - | - |
| - Overprovision in prior years | - | (26,105) | - | - |
| | - | (26,105) | - | - |
| Tax expense for the financial year | 1,390,474 | 3,650,991 | 3,000 | - |

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profits for the financial year.

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

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** **RM** | **2020** **RM** | **2021** **RM** | **2020** **RM** |
| Profit/(Loss) before taxation | 5,589,297 | 9,666,205 | (184,026) | (316,093) |
| At Malaysian statutory tax rate of 24 % (2020: 24%) | 1,341,431 | 2,319,890 | (44,166) | (75,862) |
| Income not subject to tax | (38,959) | (4,285) | - | - |
| Expenses not deductible for tax purposes | 586,715 | 954,127 | 47,166 | 75,862 |
| Utilisation of previously unrecognised deferred tax assets | (8,683) | (12,895) | - | - |
| (Over)/Underprovision of current tax in prior years | (490,030) | 420,259 | - | - |
| Overprovision of deferred tax expense in prior years | - | (26,105) | - | - |
| Tax expense for the financial year | 1,390,474 | 3,650,991 | 3,000 | - |

## 24. Deferred Taxation

| | Group 2021 RM | Group 2020 RM |
|---|---|---|
| At 1 January | - | 26,105 |
| Recognised in profit or loss | - | (26,105) |
| At 31 December | - | - |

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

| | Group 2021 RM | Group 2020 RM |
|---|---|---|
| Deferred tax assets | (85,920) | (77,576) |
| Deferred tax liabilities | 85,920 | 77,576 |
| | - | - |

The components and movements of deferred tax asset and deferred tax liability are as follows:

**Deferred tax assets of the Group**

| **Other Temporary Differences** | Group 2021 RM | Group 2020 RM |
|---|---|---|
| At 1 January | (77,576) | (85,086) |
| Recognised in profit or loss | (8,344) | 7,510 |
| At 31 December | (85,920) | (77,576) |

**Deferred tax liabilities of the Group**

| **Accelerated Capital Allowance** | Group 2021 RM | Group 2020 RM |
|---|---|---|
| At 1 January | 77,576 | 111,191 |
| Recognised in profit or loss | 8,344 | (33,615) |
| At 31 December | 85,920 | 77,576 |

24. **Deferred taxation (Cont'd)**

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM** | **RM** | **RM** |
| Other deductible temporary differences | 274,692 | 310,872 | - | - |

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

25. **Earnings Per Share**

(a) **Basic earnings per share**

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

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| Profit attributable to owners of the parent | 4,202,726 | 6,015,214 |
| | **Units** | **Units** |
| Weighted average number of ordinary shares in issue: | | |
| Issued ordinary shares of 1 January | 731,400,004 | 365,700,002 |
| Bonus issue | - | 365,700,002 |
| Weighted average number of ordinary shares as of 31 December | 731,400,004 | 731,400,004 |
| Basic earnings per share (Sen) | 0.57 | 0.82 |

25. **Earnings Per Share (Cont'd)**

(b) **Diluted earnings per share**

The Group has no dilution in their retained earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of the financial statements.

26. **Staff Costs**

| | **Group** | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| Salaries, wages and allowances | 4,663,653 | 5,876,360 |
| Defined contribution plans | 324,650 | 467,018 |
| Benefits-in-kind | 56,700 | 89,300 |
| | 5,045,003 | 6,432,678 |
| Less: Amount capitalised into construction cost (Note 7) | (3,709,472) | (4,434,567) |
| | 1,335,531 | 1,998,111 |

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and its subsidiary companies during the financial year as follow:

| | **2021** | **2020** |
|---|---|---|
| | **RM** | **RM** |
| Salaries, wages and allowances | 512,693 | 542,851 |
| Defined contribution plans | 63,213 | 66,588 |
| Benefits-in-kind | 56,700 | 56,700 |
| | 632,606 | 666,139 |

## 27. Financial Guarantees

| | 2021<br>RM | 2020<br>RM |
|---|---|---|
| **Group** | | |
| **Unsecured:** | | |
| Bank guarantee for tender bond on projects given to third parties | 100,000 | 100,000 |
| Bank guarantee on performance bond for projects given to third parties | 4,413,725 | 7,637,830 |
| Corporate guarantee for project given to a third party | 1,062,597 | - |
| | 5,576,322 | 7,737,830 |
| **Company** | | |
| **Unsecured:** | | |
| Corporate guarantee given by the Company to licensed banks for banking facilities granted to a subsidiary company | 11,471,577 | 3,130,376 |
| Corporate guarantee for project given by the Company to a third party | 1,062,597 | - |
| | 12,534,174 | 3,130,376 |

28. **Reconciliation of Liabilities Arising from Financing Activities**

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

| **Group** | **At 1 January RM** | **New lease liabilities RM** | **Financing cash flows (i) RM** | **Other charges (ii) RM** | **At 31 December RM** |
|---|---|---|---|---|---|
| **2021** | | | | | |
| Lease liabilities (Note 15) | 1,591,777 | 816,695 | (646,191) | (62,320) | 1,699,961 |
| Import/Export line (Note 16) | 2,452,834 | - | 7,595,521 | - | 10,048,355 |
| Letter of Credit (Note 16) | 294,941 | - | 642,093 | - | 937,034 |
| Term Loans (Note 16) | 8,703,077 | - | (323,308) | - | 8,379,769 |
| | 13,042,629 | 816,695 | 7,268,115 | (62,320) | 21,065,119 |

## 28. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

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

| | At 1 January RM | New lease liabilities RM | Financing cash flows (i) RM | Interest payables RM | At 31 December RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2020** | | | | | |
| Lease liabilities (Note 15) | 1,444,944 | 698,417 | (551,584) | - | 1,591,777 |
| Import/Export line (Note 16) | 1,287,912 | - | 1,164,922 | - | 2,452,834 |
| Letter of Credit (Note 16) | 218,919 | - | 76,022 | - | 294,941 |
| Term Loans (Note 16) | 4,743,550 | - | 3,957,658 | 1,869 | 8,703,077 |
| | 7,695,325 | 698,417 | 4,647,018 | 1,869 | 13,042,629 |

(i) The financing cash flows include the net amount of proceeds from or repayments of lease liabilities, import/export line, letter of credit and term loans in the statements of cash flows; and

(ii) Other changes include gain on termination of lease contracts.

## 29. Related Party Transactions

### (a) Identifying related parties

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

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

### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. Other than related party balances disclosed elsewhere in the financial statements, the Group and the Company do not have any significant related party transactions during the financial year.

### (c) Compensation of key management personnel

The Company defines key management personnel as its Directors whose remuneration are disclosed in Note 26.

## 30. Financial Instruments

### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

| | At Amortised Cost | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| **Group** | | |
| **Financial Assets** | | |
| Trade receivables | 11,951,254 | 12,805,913 |
| Other receivables | 2,031,966 | 870,481 |
| Fixed deposits with licensed banks | 7,161,494 | 5,873,562 |
| Cash and bank balances | 3,174,641 | 1,568,002 |
| | 24,319,355 | 21,117,958 |
| **Financial Liabilities** | | |
| Trade payables | 12,818,570 | 11,633,526 |
| Other payables | 2,549,210 | 3,483,701 |
| Amount due to a Director | 681,049 | 681,049 |
| Lease liabilities | 1,699,961 | 1,591,777 |
| Bank borrowings | 23,150,390 | 13,099,695 |
| | 40,899,180 | 30,489,748 |
| **Company** | | |
| **Financial Assets** | | |
| Other receivables | 562,275 | 586,926 |
| Amount due from a subsidiary company | 4,867,982 | 5,463,780 |
| Cash and bank balances | 1,448,733 | 1,103,153 |
| | 6,878,990 | 7,153,859 |
| **Financial Liability** | | |
| Other payables | 89,838 | 167,185 |

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies**

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) **Credit risk**

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from the individual characteristics of each customer, loans and advances to an associate and financial guarantee given to banks for credit facilities granted to related companies and third parties. There are no significant changes as compared to prior periods.

**Contract assets**

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via Group's management reporting procedures and action will be taken for stagnant contract assets.

At each reporting date, Group assesses whether any of the contract assets are credit impaired.

The gross amounts of credit impaired contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(i) **Credit risk (Cont'd)**

**Contract assets (Cont'd)**

*Exposure to credit risk, credit quality and collateral*

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

*Concentration of credit risk*

As at the end of the financial year, the Group had 1 customers (2020: 3 customers) and accounted for approximately 90% (2020: 89%) of the total contract assets.

*Recognition and measurement of impairment loss*

As there are only a few contract customers, the Group assessed the risk of loss of each customer individually based on their financial information and past trend of payments, where applicable. All these customers have low risk of default because there is no history of default from these customers. The Company is of the view that loss allowance is not material and hence, it is not provided for.

The aged analysis of contract assets as at the end of the reporting period:

| | **Gross balance RM** | **Allowance for impairment RM** | **Net balance RM** |
|---|---|---|---|
| **2021** | | | |
| **Group** | | | |
| - Less than 30 days | 19,573,002 | - | 19,573,002 |
| - More than 60 days | 19,597,416 | - | 19,597,416 |
| | 39,170,418 | - | 39,170,418 |
| **2020** | | | |
| - Less than 30 days | 5,062,941 | - | 5,062,941 |
| - 31 to 60 days | 2,235,350 | - | 2,235,350 |
| - More than 60 days | 20,387,658 | - | 20,387,658 |
| | 27,685,949 | - | 27,685,949 |

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(i) **Credit risk (Cont'd)**

**Trade receivables**

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via the Group's management reporting procedures and action will be taken for long overdue debts. Majority of the trade receivables are from construction activity.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

*Exposure to credit risk, credit quality and collateral*

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

*Concentration of credit risk*

As at the end of the financial year, the Group had 2 customers (2020: 3 customers) and accounted for approximately 93% (2020: 88%) of the total trade receivables.

*Recognition and measurement of impairment loss*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days to 45 days (2020: 30 days to 37 days). The Group's debt recovery process is that when invoices which are exceeded credit terms, the Group will start to initiate a structured debt recovery process which is monitored by sales team.

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(i) **Credit risk (Cont'd)**

**Trade receivables (Cont'd)**

*Recognition and measurement of impairment loss (Cont'd)*

The Group uses an allowance matrix to measure ECLs for trade receivables. Consistent with the debt recovery process, involves which are exceeded credit terms may be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

The following table provides information about the exposure to credit risk and ECLs for trade receivables of the Group.

| | Gross balance RM | Allowance for impairment RM | Net balance RM |
|---|---|---|---|
| **Group** | | | |
| **2021** | | | |
| Not past due | 167,771 | - | 167,771 |
| *Past due:* | | | |
| - Less than 30 days | 4,261,833 | - | 4,261,833 |
| - 31 to 60 days | 770,004 | - | 770,004 |
| - More than 60 days | 2,485,834 | (1,825,504) | 660,330 |
| | 7,685,442 | (1,825,504) | 5,859,938 |
| **Credit impaired** | | | |
| More than 60 days | | | |
| - Individually impaired | 3,737,539 | (3,737,539) | - |
| | 11,422,981 | (5,563,043) | 5,859,938 |
| Retention sum | 6,091,316 | - | 6,091,316 |
| | 17,514,297 | (5,563,043) | 11,951,254 |

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(i) **Credit risk (Cont'd)**

**Trade receivables (Cont'd)**

*Recognition and measurement of impairment loss (Cont'd)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables of the Group. (Cont'd)

| | Gross balance RM | Allowance for impairment RM | Net balance RM |
|---|---|---|---|
| **Group** | | | |
| **2020** | | | |
| Not past due | 1,565,245 | (84,803) | 1,480,442 |
| *Past due:* | | | |
| - Less than 30 days | 1,514,410 | (49,234) | 1,465,176 |
| - 31 to 60 days | 4,606,489 | (366,016) | 4,240,473 |
| - More than 60 days | 2,099,445 | (784,639) | 1,314,806 |
| | 9,785,589 | (1,284,692) | 8,500,897 |
| **Credit impaired** | | | |
| More than 60 days | | | |
| - Individually impaired | 3,261,551 | (3,261,551) | - |
| | 13,047,140 | (4,546,243) | 8,500,897 |
| Retention sum | 4,305,016 | - | 4,305,016 |
| | 17,352,156 | (4,546,243) | 12,805,913 |

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(i) **Credit risk (Cont'd)**

**Trade receivables (Cont'd)**

The movement in the allowance for impairment losses in respect of trade receivables during the financial year as follows:

| | Lifetime allowances RM | Credit impaired RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| At 1 January 2021 | 1,284,692 | 3,261,551 | 4,546,243 |
| Impairment loss recognised | 540,812 | 475,988 | 1,016,800 |
| At 31 December 2021 | 1,825,504 | 3,737,539 | 5,563,043 |
| | | | |
| At 1 January 2020 | 1,753,205 | 1,654,309 | 3,407,514 |
| Impairment loss recognised | - | 1,607,242 | 1,607,242 |
| Impairment loss reversed | (468,513) | - | (468,513) |
| At 31 December 2020 | 1,284,692 | 3,261,551 | 4,546,243 |

**Cash and cash equivalents**

*Risk management objectives, policies and processes for managing the risk*

The cash and cash equivalents are held with licensed banks. The Group and the Company have a credit policy in place to control credit risk by deposit with licensed banks with good credit rating.

*Exposure to credit risk, credit quality and collateral*

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

*Recognition and measurement of impairment loss*

These banks have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(i) **Credit risk (Cont'd)**

**Other receivables**

*Risk management objectives, policies and processes for managing the risk*

Credit risks on other receivables are mainly arising from receivables from third parties. The Group and the Company manage the credit risk on an ongoing basis via Group's and Company's management reporting procedures and action will be taken for long outstanding debts.

*Exposure to credit risk, credit quality and collateral*

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

*Recognition and measurement of impairment loss*

These other receivables have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

**Inter-company loans and advances**

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

*Exposure to credit risk, credit quality and collateral*

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

*Recognition and measurement of impairment loss*

Generally, the Company considers loans and advances to subsidiary companies have low credit risk because there is no indications that any going concern from subsidiary companies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(i) **Credit risk (Cont'd)**

**Financial guarantees**

*Risk management objectives, policies and processes for managing the risk*

The Group and the Company provide unsecured financial guarantee as disclosed in Note 27 to the financial statements. The Group and the Company monitor the ability of the subsidiary company to service its loans on an individual basis.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk of the Group and of the Company as disclosed in Note 30 to the financial statements.

*Recognition and measurement of impairment loss*

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

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

The financial guarantees of the Group and the Company have not been recognised since the fair value on initial recognition was not material.

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(ii) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(ii) **Liquidity risk (Cont'd)**

| | On demand or within 1 year RM | 1 - 2 years RM | 2 - 5 years RM | After 5 years RM | Total Contractual Cash Outflow RM | Total Carrying Amount RM |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2021** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Trade payables | 12,818,570 | - | - | - | 12,818,570 | 12,818,570 |
| Other payables | 2,549,210 | - | - | - | 2,549,210 | 2,549,210 |
| Amount due to a Director | 681,049 | - | - | - | 681,049 | 681,049 |
| Lease liabilities | 822,946 | 482,266 | 566,198 | - | 1,871,410 | 1,699,961 |
| Bank borrowings | 16,498,278 | 1,704,033 | 4,620,596 | 5,163,630 | 27,986,537 | 23,150,390 |
| Financial guarantee | 5,576,322 | - | - | - | 5,576,322 | - |
| | 38,946,375 | 2,186,299 | 5,186,794 | 5,163,630 | 51,483,098 | 40,899,180 |
| **2020** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Trade payables | 11,633,526 | - | - | - | 11,633,526 | 11,633,526 |
| Other payables | 3,483,701 | - | - | - | 3,483,701 | 3,483,701 |
| Amount due to a Director | 681,049 | - | - | - | 681,049 | 681,049 |
| Lease liabilities | 758,676 | 513,770 | 473,632 | - | 1,746,078 | 1,591,777 |
| Bank borrowings | 5,823,348 | 1,715,635 | 4,887,463 | 5,635,352 | 18,061,798 | 13,099,695 |
| Financial guarantee | 7,737,830 | - | - | - | 7,737,830 | - |
| | 30,118,130 | 2,229,405 | 5,361,095 | 5,635,352 | 43,343,982 | 30,489,748 |

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(ii) **Liquidity risk (Cont'd)**

| | On demand or within 1 year RM | Total Contractual Cash Outflow RM | Total Carrying Amount RM |
|---|---|---|---|
| **Company** | | | |
| **2021** | | | |
| Non-derivative financial liabilities | | | |
| Other payables | 89,838 | 89,838 | 89,838 |
| Financial guarantee | 12,534,174 | 12,534,174 | - |
| | 12,624,012 | 12,624,012 | 89,838 |
| **2020** | | | |
| Non-derivative financial liabilities | | | |
| Other payables | 167,185 | 167,185 | 167,185 |
| Financial guarantee | 3,130,376 | 3,130,376 | - |
| | 3,297,561 | 3,297,561 | 167,185 |

(iii) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(a) **Foreign currency exchange risk**

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

The Group has cash and bank balances that are denominated in Singapore Dollar ("SGD"). Approximately less than 1% (2020: Nil) of the Group's total assets are denominated in foreign currencies. The Group's foreign exchange exposures are kept to a minimal level.

The Group has minimal cash and bank balances denominated in foreign currencies. As such, the Group is not sensitive to foreign currency risk.

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(iii) **Market risk (Cont'd)**

(b) **Interest rate risk**

The Group's fixed rate deposits placed with licensed banks and fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

*Exposure to interest rate risk*

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

| | **2021**<br>**RM** | **2020**<br>**RM** |
|---|---|---|
| **Group** | | |
| **Fixed rate instruments** | | |
| **Financial asset:** | | |
| Fixed deposits with licensed banks | 7,161,494 | 5,873,562 |
| **Financial liability:** | | |
| Lease liabilities | 1,699,961 | 1,591,777 |
| **Floating rate instrument** | | |
| **Financial liability:** | | |
| Bank borrowings | 23,150,390 | 13,099,695 |

30. **Financial Instruments (Cont'd)**

(b) **Financial risk management objectives and policies (Cont'd)**

(iii) **Market risk (Cont'd)**

(b) **Interest rate risk (Cont'd)**

*Interest rate risk sensitivity analysis*

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change of 0.25% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before taxation by RM57,876 (2020: RM32,749), arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) **Fair value of financial instruments**

The Group's and the Company's carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of lease liability is estimated based on future contractual cash flows discounted at incremental borrowing rate for similar type of borrowing at the end of the reporting period.

31. **Capital Management**

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratio at the end of the reporting period are as follows:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM** | **RM** | **RM** |
| Total loans and borrowings | 24,850,351 | 14,691,472 | - | - |
| Less: Deposits, cash and bank balances | (10,336,135) | (7,441,564) | (1,448,733) | (1,103,153) |
| Net debts | 14,514,216 | 7,249,908 | (1,448,733) | (1,103,153) |
| Total equity | 36,929,603 | 32,726,909 | 14,799,750 | 14,986,776 |
| Gearing ratio | 0.39 | 0.22 | * | * |

* *The gearing ratio analysis is not applicable as the Company has no loans and borrowings.*

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to any external imposed capital requirements.

## 32. Material Litigation

High Court of Shah Alam Civil Suit No: BA-22NCVC-96-03/2020

On 9 March 2020, a supplier of Uni Wall's wholly-owned subsidiary, Uni Wall Architectural Products & Services Sdn Bhd ("**UAPSSB**" or "**Defendant**"), Ajiya Safety Glass Sdn Bhd ("**Ajiya**" or "**Plaintiff**") had served a writ of summons in the High Court of Shah Alam bearing civil action no. BA-22NCVC-96-03/2020 against the Defendant in respect of alleged claim of RM1,711,311 from the Defendant being the outstanding payment due for glasses already sold and delivered to the Defendant's façade construction works together with an interest rate of 8% per annum. The Defendant disputed the claim as the Plaintiff had sold sub-standard glasses to the Defendant, which does not fit for purpose and not in accordance with the specification and/or type of glasses ordered by the Defendant in the quotation.

On 28 May 2020, the Defendant had filed a Defence and Counter Claim against the Plaintiff for a sum of approximately RM1,300,000 together with the interest rate of 5% per annum for the damages and also further damages to be assessed as the facade construction works are still on-going.

Pleadings are closed and all Bundle of Documents have been filed in Court. The trial of the matter is now fixed on 14 December 2022, 15 December 2022, 19 December 2022 and 20 December 2022 at 10.30 a.m.

The Board is of the view that UAPSSB has a good defence to Ajiya's claims, and that UAPSSB's counter claim is likely to succeed. Hence, there will not be any material adverse impact to the Group's financial position after taking into consideration that the claim had already been recorded in the Group's trade payables as at 31 December 2021.

## 33. Capital Commitment

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| **Approved but not contracted for:** | | |
| - Purchase of property, plant and equipment | 1,588,339 | 1,765,418 |

## 34. Segmental Information

Segmental information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

(a) Business segment

The principal businesses of the Group are carrying on the business as supplying, installation and fabrication of aluminum products which are substantially within a single business segment. As such, segmental reporting by business segment is deemed not necessary.

(b) Geographical segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets and segment capital expenditure are based on geographical location of assets. The geographical location of customers and assets are within Malaysia. As such, segmental reporting by geographical segment is deemed not necessary.

## 35. Significant Event

Outbreak of Coronavirus Pandemic ("Covid-19")

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the 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 and movement restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operates.

At the reporting date, the Company have performed an assessment of the overall impact of the situation on the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effects on the financial statements for the financial year ended 31 December 2021 save for reassessment on the credit risk of receivables, with further implementation of stringent credit controls to mitigate the risk of credit loss.

The Directors and management of the Company are not aware of any uncertainties arising after the end of the financial year that would have a significant impact on the current financial statements, including the financial continuity and sustainability of the Company as going concern for the next twelve (12) months.

## 36. Subsequent Events

(i) On 21 April 2022, Uni Wall's wholly-owned subsidiary, Uni Wall Architectural Products & Services Sdn Bhd has issued Notice of Arbitration to Ssangyong Engineering & Construction Co. Ltd to claim for the outstanding sum of RM7,762,003.

Ssangyong Engineering & Construction Co. Ltd ("**SsangYong**" or "**Respondent**"), appointed Uni Wall's wholly-owned subsidiary, Uni Wall Architectural Products & Services Sdn Bhd ("**UAPSSB**" or "**Claimant**") as the sub-contractor for external façade works in respect of a project known as "Cadangan 1 Blok Pangsapuri 'Servis' 49 Tingkat (80 Unit) Dan 1 Blok Pangsapuri 'Servis' 43 Tingkat (117 Unit) Dengan 6 Tingkat Tempat Letak Kereta Serta 1 Basemen Tempat Letak Kereta Di Atas Lot 247, Seksyen 43, Jalan Ampang/Lorong Mayang Dalam Bandaraya Kuala Lumpur" ("**the Project**") vide a letter of acceptance dated 2 March 2012 ("Letter of Acceptance").

UAPSSB has duly completed all the works under the Letter of Acceptance as well as other variation orders/directions given by SsangYong. Pursuant to the said Letter of Acceptance, UAPSSB has duly submitted to SsangYong the Final Claim (No. 53 - Final Claim/Account) dated 20 June 2016 ("Final Claim"), in which the sum of RM10,452,151.41 is due and payable to the Company.

Under the Final Claim, the final value of the Project is RM79,109,757. As the Respondent had made various payments previously amounting to RM68,657,605, there is only a total sum of RM10,452,151 that remains outstanding, including the retention sum which is due and payable.

The Claimant revised the Final Claim vide its letter dated 6 October 2017 to Respondent ("Revised Final Claim"). Pursuant to the Revised Final Claim, the revised final claim of the Project is RM77,458,402 and the total payment received is RM69,696,399. As such, the outstanding sum is reduced to RM7,762,003.

(ii) On 27 April 2022, Crest Builder Sdn. Bhd. ("**the Contractor**") who is the main contractor of Toyoma - New Ocean World project has issued a Letter of Demand to the Company for payment of the sum of RM1,062,597 pursuant to the corporate guarantee dated 21 June 2021 issued in favour of the Contractor. By Letter of Award ("**the Agreement**") dated 22 February 2019 made between the Contractor and Uni Wall Architectural Products & Services Sdn. Bhd. ("**UAPSSB**" or "**the Subcontractor**"), the Subcontractor was appointed to undertake the Design, Supply and Installation of Aluminum, Glazing, Second Skin External Façade and Related Works ("**Works**") for the project.

The completion date of the Agreement was 21 March 2020. The Contractor agreed to grant UAPSSB till 18 October 2021 to complete the Works. It is a condition precedent of the Agreement that a Performance Bond in the form of Bank Guarantee, in a sum equal to 5% of the Subcontracts Sum amounting to RM1,062,597 valid from 21 February 2019 to 30 March 2020 or any extended period thereof at the discretion of the Architect ought to have been submitted to the Contractor.

36. **Subsequent Events (Cont'd)**

(ii) The Contractor and the UAPSSB have entered into a Supplementary Agreement dated 21 June 2021 and have agreed the Company to be the Guarantor of UAPSSB, provide the Contractor with Corporate Guarantee, together with the Personal Guarantee by UAPSSB's directors, to jointly and severally guarantee the loss and damages incurred by the Contractor as a result of UAPSSB's delay and/or failure to complete the Works, in place of the Performance Bond which expired on 30 June 2021.

This Corporate Guarantee remained in full force and effect until 15 August 2021.

Pursuant to a letter from the Contractor to the Company dated 20 October 2021, the Company by an acceptance of the same date agreed to extend the duration of the Corporate Guarantee by a further three (3) months after the projected Practical Completion Date of the Works and undertook to be bound by the terms and conditions stipulated in the Corporate Guarantee. The projected Practical Completion Date of the Works is 30 April 2022.

36. **Date of Authorisation for Issue**

The financial statements of the Group and of the Company for the financial year 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 29 April 2022.