SOUTH MALAYSIA INDUSTRIES BERHAD
[Co. No. 196901000152 (8482-D)]

ANNUAL REPORT 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr Abdullah Bin Sepien
Chairman/Non-Independent Non-Executive Director

Mr Leow Thang Fong
Executive Director

Dato' Zainuddin Bin Yahya
Independent Non-Executive Director

Puan Latifah Binti Abdul Latiff
Independent Non-Executive Director

Dato' Sri Mohd Mokhtar Bin Mohd Shariff
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Zainuddin Bin Yahya (Chairman)
Puan Latifah Binti Abdul Latiff
Dato' Sri Mohd Mokhtar Bin Mohd Shariff

NOMINATION COMMITTEE

Dato' Zainuddin Bin Yahya (Chairman)
Puan Latifah Binti Abdul Latiff
Dato' Sri Mohd Mokhtar Bin Mohd Shariff

REMUNERATION COMMITTEE

Puan Latifah Binti Abdul Latiff (Chairman)
Dato' Zainuddin Bin Yahya
Dato' Sri Mohd Mokhtar Bin Mohd Shariff

RISK MANAGEMENT COMMITTEE

Mr Leow Thang Fong (Chairman)
Dato' Zainuddin Bin Yahya
Mr Chong Heng Kiong
Mr Ham Sai Kit
Ms Yau Sek Fun

COMPANY SECRETARIES

Ms Yong May Li (LS 0000295)
[SSM PC No. 202008000285]
Ms Wong Chee Yin (MAICSA 7023530)
[SSM PC No. 202008001953]
Ms Tan Siew Chin (MAICSA 7007938)
[SSM PC No. 202008000798]

AUDITORS

UHY (AF 1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
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59200 Kuala Lumpur
Wilayah Persekutuan
Tel: 03-22793088
Fax : 03-22793099

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Registration No. 197901005880 (50164-V)
Lot 10, The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-77843922
Fax : 03-77841988

REGISTERED OFFICE

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Johor Darul Takzim
Tel : 07-3322088
Fax : 07-3328096

HEAD OFFICE

15th Floor, Menara SMI
No. 6, Lorong P. Ramlee
50250 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-20781522
Fax : 03-20721509

PRINCIPAL BANKERS

RHB Bank Berhad
Bank Islam Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Property
Stock Code : 4375

WEBSITE

www.smib.com.my

INVESTOR RELATIONS

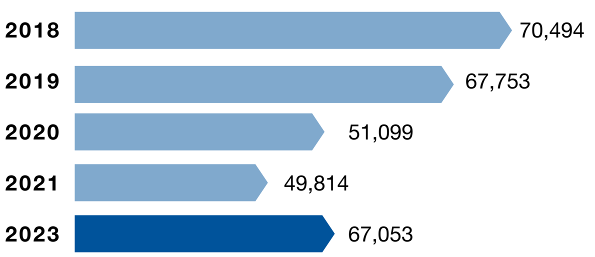
Email : query@smib.com.my
Tel No. 03-20781522

GROUP FINANCIAL HIGHLIGHTS

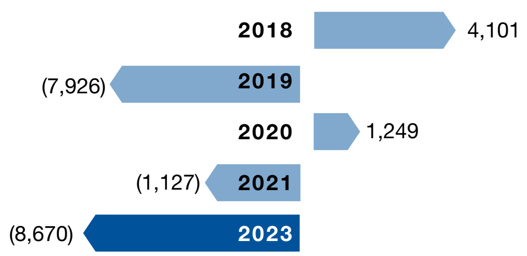
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2023 RM'000
Results					
Revenue	70,494	67,753	51,099	49,814	67,053
EBITDA*	7,138	(5,079)	2,571	2,220	(4,095)
Profit/(Loss) before tax	4,101	(7,926)	1,249	(1,127)	(8,670)
Profit/(Loss) after tax	3,257	(8,750)	785	(1,716)	(9,393)
Profit/(Loss) attributable to owners of the Company	4,294	(7,680)	(3,862)	(1,716)	(9,393)
Financial Position					
Total assets	217,591	203,536	190,439	177,502	160,077
Total Borrowings	26,519	22,860	26,905	20,269	14,984
Shareholders' equity	165,912	157,874	151,305	145,639	133,646
Net assets per share (sen)	79.03	75.20	72.07	69.37	63.66
Return on equity (%)	2.59	(4.86)	(2.55)	(1.18)	(7.03)
Gearing ratio (times)	0.13	0.09	0.16	0.10	0.03

EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortisation*

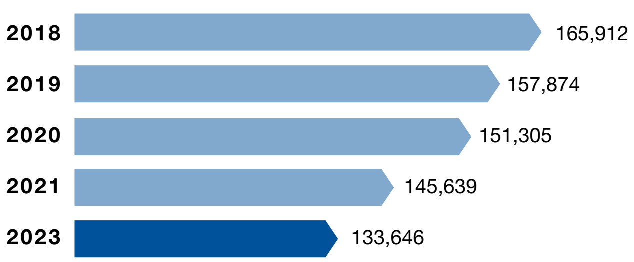
Revenue (RM'000)



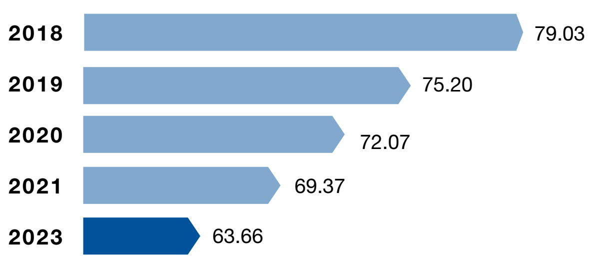
PROFIT/(LOSS) BEFORE TAX (RM'000)



SHAREHOLDERS' EQUITY (RM'000)



NET ASSETS PER SHARE (SEN)



MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis should be read in conjunction with the audited financial statements of the Group and the Company for the financial period ended 30 June 2023.

OVERVIEW

The Company is principally engaged in property and investment holding, trading, property development activities and the provision of management services while its subsidiaries are principally involved in property development, car park management and operation and manufacturing and trading of assorted wires.

The Group's property development projects are in Ipoh and the car park sites are located at Kelana Jaya, Selangor while its wire factory is located in Tampoi, Johor.

CHANGE IN FINANCIAL YEAR END

On 31 March 2023, the Company announced that the Board of Directors approved the change of the Company's financial year end from 31 December to 30 June. The audited financial statements of the Company for the current financial period are prepared for eighteen (18) months from 1 January 2022 to 30 June 2023. Thereafter, the subsequent financial years of the Company shall end on 30 June. The change of financial year end applies to the Company and its subsidiaries.

The Group's recalibrated 3-Year Business Plan 2024 – 2026 to reflect the new financial periods was approved by the Board of Directors on 24 August 2023.

CORPORATE OBJECTIVES AND STRATEGIES

The Group's main corporate objectives which were incorporated in the Group's recalibrated 3-Year Business Plan 2024 - 2026 are as follows:

1. to sustain existing operations and turnaround to profitability by optimal utilisation of its available resources whilst meeting the needs of customers, employees and business partners; and
2. to identify business opportunities for long term growth.

The key aspect to the Group's business sustainability is establishing continuous revenue streams while reigning in rising operating costs. The immediate priority of the Board of Directors is:

Identifying New Land Bank

The challenge to the Group has always been finding suitable sizeable land banks at good locations. The Group will look for opportunities of acquiring lands with shorter holding periods and faster turnaround time. Joint ventures with suitable parties are also alternatives being pursued after the success of the Group's first Joint Development project i.e. Pinnacle Kelana Jaya.

Faced with slowdown of the global economy, exacerbated by weak property sentiments and conservative lending policies of the financial institutions, the Management has adopted a cautious approach in considering potential land investments.

Identifying New Business

Besides identifying suitable lands for development, the Group is also on the lookout to venture into new business that would help spur growth but again the slowdown in global and domestic demand has also increased business risks. The Group is adopting a more prudent and conservative approach with emphasis on market sentiments and risk analysis taking into considerations the changing business ecosystem and the greater focus on sustainability and environmental aspects.

MALAYSIA ECONOMY

Malaysia's economy recorded a significant GDP growth of 8.7% in 2022 driven by private consumption and investment and the recovery in the labour market. Bank Negara Malaysia expected growth to moderate to 4% in 2023, amid a weaker than expected global growth and more volatile financial market conditions. Domestic demand will continue to drive growth, ongoing policy support and expansion of global economic and trade activities especially with the reopening of China's economy. However, downside risks remain mainly from external conditions, impact of the geopolitical tensions on global growth and commodity prices, upward inflation amid the environment of high input costs from prolonged supply-related disruptions and the weakening Ringgit with continued strengthening of the US dollar amid monetary policy by the US Federal Reserve to bring down inflation. GDP growth rate of 4.3% is projected in 2024 with the expectation of higher exports and gradual recovery of the global economy.

The Group's operations were significantly curtailed by the Covid-19 containment measures undertaken in 2020 and 2021 resulting in unfavourable financial performance and this has also delayed the Group's turnaround plans due to the weak market conditions and the time taken for businesses impacted by the pandemic to recover to their pre-pandemic levels or transform into new businesses.

THE GROUP'S BUSINESS AND PERFORMANCE

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

	18 Months FPE 30.6.2023 RM'mil	12 months FYE 31.12.2021 RM'mil
Revenue		
Property Development	14.12	10.11
Manufacturing and Trading	42.25	33.48
Property & Investment Holding	10.68	6.22
	67.05	**49.81**
Profit/(Loss) Before Tax		
Property Development	(1.27)	(2.11)
Manufacturing and Trading	(4.00)	(0.75)
Property & Investment Holding	(3.40)	1.73
	(8.67)	**(1.13)**

Revenue

The Group's revenue for the 18 months Financial Period Ended 30 June 2023 (FPE) was RM67.05m while RM49.81m revenue was recorded in the 12 months Financial Year Ended 31 December 2021 (FYE). The manufacturing and trading division was the main revenue contributor followed by the property development division.

The manufacturing and trading division's average monthly revenue for the 18 months FPE was lower as compared with the 12 months FYE mainly due to lower sales quantities as a result of the breakdown of a main galvanizing machine in November 2021. Repairs and replacement works was completed and the machine resumed operation in May 2023. Average selling price was slightly lower in the 18 months FPE as a result of lower cost of wire rods.

The property development division's revenue of RM14.12m in the 18 months FPE was mainly contributed by the Group's projects in Ipoh: RM11.11m from Taman Klebang (12 months FYE: RM8.04m) and RM3.01m from Taman Saikat (12 months FYE: RM2.07m).

Revenue of the property & investment holding division in the 18 months FPE comprise rental of commercial properties of RM2.05m (12 months FYE: RM1.17m) and car park operation revenue of RM8.63m (12 months FYE: RM5.05m). Higher average monthly car park revenue was recorded in the 18 months FPE was mainly due to the increase in season and casual collections for both the Kelana Square and Zenith car park sites as businesses return to normal after the transition to the Covid-19 endemic phase on 1 April 2022.

Profit or Loss before Tax

The Group recorded higher loss before tax of RM8.67m for the 18 months FPE while RM1.13m loss was recorded in the 12 months FYE.

The manufacturing and trading division recorded higher loss of RM4.00m as a result of low profit margin arising from low sales quantities and higher production costs. The breakdown of a main galvanizing machine had reduced production capacity from November 2021 to May 2023, affecting sales quantities and economy of scale. The 10% increase in average selling prices was not able to offset the 30% decrease in average monthly sales quantities.

The property development division registered a lower loss of RM1.27m in the 18 months FPE mainly due to higher profit from the Group's projects in Ipoh: RM3.52m profit from Taman Klebang (12 months FYE: RM3.00m profit) and RM1.64m profit from Taman Saikat (12 months FYE: RM0.44m profit) offset by higher operating costs.

The property & investment holding division recorded a loss of RM3.40m in the 18 months FPE with the investment holding division contributing RM4.37m loss (12 months FYE:

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

RM0.22m profit), offset by RM0.97m profit (12 months FYE: RM1.51m profit) of the car park operation. Lower average monthly car park profit was recorded in the 18 months FPE was mainly due to the absence of a fair value gain for the carparks in the 12 months FYE. The RM0.22m profit for the 12 months FYE of the investment holding division was due to a foreign exchange gain of RM3.17m crystalised on disposal of overseas subsidiaries.

FNANCIAL POSITION AS AT 30 JUNE 2023

Assets

The Group's non-current assets of RM125.75m as at 30 June 2023 comprise mainly property, plant and equipment, right-of-use assets, investment properties, inventories and quoted and unquoted investments.

The carrying amount of investment properties of the Group as at 30 June 2023 was RM90.58m, which represented a decrease of RM0.21m from RM90.79m as at 31 December 2021 mainly due to the sale of a retail commercial unit.

The Group's other investments (non-current) decreased from RM24.43m as at 31 December 2021 to RM19.98m as at 30 June 2023 mainly due to RM1.85m disposal of quoted investments and RM2.60m fair value loss adjustment made for the Group's quoted investments in financial period ended 30 June 2023.

Liquidity

The Group's financial position as at 30 June 2023 was healthy with relatively low level of borrowings at RM14.98m and deposits, bank and cash balances of RM12.41m.

As at 30 June 2023, the Group's gearing ratio remain low at 0.03 times as a result of RM5.84m net outflow from drawdown of bank facilities offset by loans and borrowings repayment. The cash flows generated from the Group's car park operations, the Group's developments in Ipoh and the manufacturing division were sufficient to meet the Group's respective borrowing commitments.

The Group's working capital requirements were funded by cash generated from the on-going development projects, car park and rental collections and manufacturing proceeds. Given the Group's low gearing level and the availability of assets to be offered for securities, the Group is in a good position to obtain additional short-term financing should the need arises.

As at 30 June 2023, there was no major capital expenditure other than the RM1.63m spent on plant and machinery and RM0.31m for lease of premises and equipment.

REVIEW OF OPERATING ACTIVITIES

Manufacturing and trading

The Group's manufacturing and trading activities were mainly carried out by SMI Wire Sdn Bhd ("SMIW") which manufactures and trades in assorted steel wires including cold drawn, annealed, galvanised and PVC coated galvanised steel wires and staple wires. The core product is galvanised steel wires and the main raw material is steel wire rods which are mainly sourced locally.

The manufacturing division's market conditions remain challenging, faced with intense price competition amid a low market demand, volatility in the commodity markets which caused prices of majority of our manufacturing inputs to surge in recent months, including steel wire rods, zinc, PVC resin and natural gas. The electricity cost has also increased substantially and this has caused the prices of wire finished products to rise in tandem, putting a strain on working capital requirements. Hence, the division will need to keep a tight rein on its costs and credit control whilst balancing the need to achieve volume and market share and economy of scale. The import of cheap G.I. wires from China has also put pressure on the local manufacturers. The manufacturing operation is forecast to contribute significantly to the Group revenue, contributing an average of RM30m in the next three financial years. The division will strive to minimise losses in the next three financial years.

Property Development

The property division is expected to contribute significantly to the Group's results from 2024 to 2026 from the Ipoh projects carried out by Anastoria Sdn Bhd (Anastoria). The Group's existing land bank in Ipoh will be able to sustain development activities for the next 3 years. The 10 acres Taman Klebang land will continue to be developed in the next two years. The first phase in Taman Klebang comprising 38 units of double-storey terraced houses was launched in June 2019 and the development was completed in September 2022. Phase 2 comprising 28 units of double-storey terraced houses which was launched in August 2021 is expected to be completed in December 2023. Phase 3 comprising 31 units of double-storey terraced houses will be launched in December 2023 and is expected to be completed at the end of year 2025. Anastoria will also commence the construction and open for sale the 4 units of double-storey shop-office at Taman Ipoh Jaya in early 2024 which is estimated to contribute of RM1.5m profit from 2024 to 2026. The odd lots in Taman Ipoh Jaya which consists of 4 units of double-storey bungalow is expected to be sold from 2024 to 2026. Two phases of a new development project at Chenderong, Tanjung Tualang are expected to be launched in December 2023 with completion at the end of year 2026. The remaining land in Taman Ipoh Jaya Timur 1, Tanjung Tualang and Sungai Terap are available for future development. To sustain its development activities, Anastoria is actively looking to acquire more land in the near term.

With the higher construction costs, Anastoria will strive to improve efficiency and maintain the projected profit margin in the next 3 financial years. The division will constantly review the market demand and keep abreast with the economy to determine what the market really wants. This will enable the Group to reposition itself to face the growing competition in the property sector. The Group will also sell the remaining stock units in Pinnacle Kelana Jaya, Zenith and Kelana Square Kelana Jaya.

The challenge to the Group has always been finding suitable sizeable land banks at good locations. The Group will look for opportunities of acquiring lands with shorter holding period and faster turnaround time and also seek joint development ventures with suitable parties.

Property & Investment Holding

The property & investment holding division's activities comprise property investment (rental and car park operation) and investment holding.

The Group's overseas operation ceased completely after the completion of liquidation of an associate company incorporated in Mauritius and the sale of SMI (Hong Kong) Limited in year 2021. The Company has a 14.70% equity investment in Remarkables Park Corporation Ltd, New Zealand.

As for the investment holding division, revenue comprising of rental from Menara SMI and unsold commercial properties in Kelana Jaya of approximately RM2m is anticipated in the next three financial years. Rental income from investment properties is anticipated to recover in 2024 as confidence of the business community returns. However, the holding company is expected to make losses arising mainly from head office administrative and staff costs.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Car park operations

The Group owns and operates 2,230 car park bays in Kelana Square and 1,227 car park bays in Zenith Corporate Park in Kelana Jaya. The division is projected to contribute significantly to the Group results in the next 3 financial years. After the transition to Covid-19 endemic stage on 1 April 2022, the occupancy rates have increased gradually to the pre-Covid-19 levels. Cashless Touch and Go equipment were installed in the Kelana Square site in May 2021 and Zenith site in March 2023. This cashless system has increased operational efficiency and reduced revenue leakages. Upgrading and rectification works are carried out progressively to provide a more conducive environment to the parkers and to enhance the value of the car park assets. The division remains as one of the main contributors to the Group's profit and cash flow.

IDENTIFIED ANTICIPATED OR KNOWN RISKS

The Group's operations and financial results could be affected by risks affecting the property development and manufacturing industries primarily the market demand, scarcity of land suitable for development, escalating land costs, prices of raw materials, currency exchange fluctuations, labour shortages and labour costs, changes in government policies on interest rates, taxes, import duties and tariffs. Measures undertaken by the Group to mitigate these risks include prudent cost management, hedging of foreign currency exposure, efficient production processes and upgrading of production capabilities and human resource policies on training, recruitment and retention.

Although Malaysia is not directly impacted by the geopolitical conflicts, the disruptions to global energy and commodity markets may lead to high energy and commodity prices such as wheat, corn, chemicals and fertilizer. This disruption of the supply chain could worsen, increasing logistics and shipping rates as well as input and raw material costs, increasing the costs of doing business and may suppress production and margins.

CORPORATE DEVELOPMENTS

The Group did not undertake any corporate exercise or issue any debt or equity securities in the financial period ended 30 June 2023.

SIGNIFICANT EVENT

On 19 May 2023, the Company announced that:

(1) a notice of intention dated 18 April 2023 received from Honsin Apparel Sdn Bhd ("Honsin") and HIQ Media (Malaysia) Sdn Bhd ("HIQ Media") (collectively refer as "Plaintiffs") to move resolutions requiring special notice pursuant to Sections 206(3) and 322 of the Companies Act 2016;
(2) a request for record of depositors dated 26 April 2023 and 17 May 2023; and
(3) the Originating Summons No. WA-24NCC-269-05/2023 ("OS").

During the case management held on 18 May 2023, the Counsel for the Company, Messrs Gideon Tan Razali Zaini informed the Court that the 3rd to 7th defendants named in the OS (which are all the Directors of the Company) should not be named as parties to the OS and as such, the 3rd to 7th defendants reserve their rights and will apply to strike out the claim against them. Upon hearing the submissions from both parties, the Court gave the following directions:

(a) all the defendants to file affidavit in reply to OS by 30 May 2023;
(b) the parties to file any interlocutory applications by 30 May 2023;
(c) the parties to file and exchange written submissions for the OS by 20 June 2023; and
(d) the hearing for the OS is fixed on 17 August 2023.

The Company had on 30 May 2023 filed a striking out application to the OS filed against the 3rd to 7th defendants, however, such application was dismissed by the Court on 17 August 2023. The Court had also in the same hearing allowed Honsin and HIQ Media to amend the OS. As at 17 August 2023, the Court has yet to make any finding of facts in relation to the OS and the main hearing to determine the rights of Honsin and HIQ Media to the record of depositors of the Company has been fixed on 11 September 2023.

The Court had during the hearing on 11 September 2023 reserved its decision and stated that its decision will only be delivered on 2 October 2023.

The Court during its decision which was given on 2 October 2023, allowed the Plaintiffs' Amended Originating Summons (Enclosure 39), and ordered the following:

(i) a declaration that the Plaintiffs are entitled to the Record of Depositors of the Company ("ROD") as at 26 April 2023 and the ROD as at 17 May 2023 for the purposes of convening the proposed Extraordinary General Meeting ("EGM");

(ii) an EGM of the Company may be convened pursuant to Section 314 of the Companies Act 2016 ("the Court Convened Meeting") within 50 days from the date of such order for the purpose of considering and if thought fit passing the resolutions set forth in the plaintiff's notice dated 18 April 2023;

(iii) the Company and the share registrar do, jointly and severally, provide the Plaintiffs with the ROD as at the next market day after the date of such order, within 3 market days immediately thereafter, in hardcopy only as furnished by Bursa Malaysia Depository Sdn Bhd ("BMDSB");

(iv) the notice of the Court Convened Meeting may be issued by the Plaintiffs within 3 working days from the receipt of the ROD as required under (iii) above;

(v) the Company and the Registrar do, jointly and severally, provide the Plaintiffs with the ROD as at a date not less than 3 market days before the Court Convened Meeting or any adjournment thereof at a time not less than 48 hours before the Court Convened Meeting or any adjournment in hardcopy only as furnished by BMDSB.

The Court also ordered that RM30,000 to be paid by the Company to the Plaintiffs as costs.

The counsels for the Defendants have orally applied to Court for a stay of the order and the Court has granted an interim stay of the order until 16 October 2023 and the Court has fixed for the hearing of the stay of the order on 16 October 2023.

No orders were made by the Court against the Directors of the Company.

On 17 October 2023, the Court dismissed the stay of execution and ordered the Company to pay RM5,000 as costs to be awarded to the Plaintiff. The Company had on even date filed a notice of motion to the Court of Appeal applying for a stay of execution of the order dated 2 October 2023 given by the High Court in relation to OS. Upon hearing the submission from the parties on 27 October 2023, the Court of Appeal granted the Company a stay of execution of such High Court order dated 2 October 2023 pending a full appeal to be heard.

The Company had on 11 October 2023 written to Securities Commission of Malaysia ("SC") to follow up on the complaint lodged on 23 March 2023 by the Company with SC and the Takeover and Mergers Panel of SC ("Takeover Panel") in respect of a breach of Section 218(2) of the Capital Market Services Act 2007 ("CMSA") and Rule 15 of Rules on Take-Overs, Mergers and Compulsory Acquisitions ("Take-Over Rules") against Honsin and HIQ Media as well as the persons who are acting in concert with them because the Company has cogent evidence that Honsin and HIQ Media and the persons acting in concert with them had failed to make a mandatory general offer to the Company's shareholders pursuant to Section 218(2) of the CMSA, when it is the obligations of Honsin, HIQ Media and the persons acting in concert with them to do so. Further, Rule 15 of the Take-Over Rules also provides that a party required to make a mandatory general offer shall not be appointed to the board of the company until the offer document is dispatched save and unless consent is granted by the SC. Such complaint was publicly announced via a press release dated 4 April 2023 and published by The Edge Markets. It was also reported by The Edge Markets on 10 April 2023 that the SC has received a complaint from the Company and the SC is currently looking into the matter. The decision from the SC and Takeover Panel is still pending as at the date of this report.

DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the financial period ended 30 June 2023 as there were accumulated losses in the statements of financial position as at 30 June 2023.

SUSTAINABILITY STATEMENT

This Detailed Sustainability Statement ("Statement") sets out what the Board considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters, that impact the way the Group's operations are carried out as well as how such Material Sustainability Matters are managed. This Statement is prepared in accordance with the Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa") as well as Practice Note 9 of the Listing Requirements on the content of sustainability statements. In preparing this Statement, the Board of Directors ("Board") has also considered the Sustainability Reporting Guide and its accompanying Toolkits, issued by Bursa Malaysia.

The contents of this Statement encompass the Group's key business operations, which have been determined based on their revenue and contributions to the Group's results, as follows:
(i) Wire manufacturing and trading;
(ii) Property development; and
(iii) Car park operations.

These business operations collectively represent 98% of the Group's revenue.

This Statement underlines the Group's commitment towards ensuring that its business operations are carried out sustainably and responsibly, taking cognizance of the economic, environmental and social ("EES") implications it is exposed to.

SUSTAINABILITY GOVERNANCE STRUCTURE

Whilst the Board is primarily responsible for the sustainability performance of the Group, a committee, namely the Risk Management Committee ("RMC"), helmed by key management personnel, has been tasked to assist the Board in managing sustainability related matters.

The Group integrates sustainability into its risk management system, where sustainability is one of the key discussion points at all its meetings. The RMC is entrusted with responsibilities that include the establishment of a sustainability framework; review of the adequacy of the sustainability initiatives and processes; ensuring the effectiveness in identification, management and reporting of Material Sustainability Matters; and monitoring and overseeing all sustainable strategies and initiatives of the Group. The RMC plays a pivotal role in ensuring the success of the Group's sustainability initiatives.

Since 2018, the Group has adopted a sustainability framework and provided overall oversight in the sustainability initiatives and processes with regard to the materiality assessment review, its results and management of Material Sustainability Matters.

MATERIALITY PROCESS

The Group has adopted a materiality process developed considering the Listing Requirements and Sustainability Reporting Guide and its accompanying Toolkits. During the 18-month financial period ended 30 June 2023 and up to the date of this Statement, the Group has undertaken a materiality assessment review of the material sustainability matters identified for the financial period ended 30 June 2023, to identify important EES themes where actions can impact sustainability and also to identify any significant changes in the Group's materiality sustainability matters.

The materiality assessment review has taken into consideration any development or significant changes to the industries, business and markets the Group operates in, stakeholders' views and concerns and business implications with regard to economic, environmental and social aspects. Management personnel responsible for the respective business units had participated in the materiality assessment review and this has been included in the scope of the Statement. The Group's stakeholders include, amongst others, customers, employees, contractors, consultants, shareholders and investors, and government agencies, law enforcers and regulators.

For the financial period under review, the Group has noted no significant changes in the material sustainability matters of the Group, which are discussed in detail in the following sections.

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED

Quality and Timely Delivery

With over 30 years of experience in wire manufacturing, the Group has built a loyal customer base through the quality and reliability of its products and delivery. The Group's factory located in Johor Bahru currently runs at full capacity, producing about 1,000MT of wires per month to fulfil customers' orders and for buffer stock. The Wire Manufacturing Division has a dedicated Quality Controller who is responsible for ensuring consistency in the quality of its products and delivery.

In addition, the Group's Sales Managers for the Wire Manufacturing Division maintains a close relationship with customers, as well as business operations, in ensuring expectations, including expectation gaps if any, between internal stakeholders and external stakeholders are properly managed.

The Group has not received any major complaint on quality or timeliness of delivery of its products for the financial period under review.

The Group considers the quality and timely delivery of its property development units to be vital and has, accordingly, adopted the industry's best practices, where procurement of materials and services are controlled via tender board procedures, to ensure conformance to specified requirements and to ensure timely delivery of performance.

In addition, the Group's Property Division conducts stringent quality checks at all stages of construction and finishing of their property development projects. The project managers appointed are well equipped with industry knowledge and vast experience. In their day-to-day operations, project managers conduct frequent site visits to supervise and monitor the projects, putting emphasis on design safety, practicality and aesthetic appeal that are packaged in the comfort of a secure and well-built home.

Following the Group's successful delivery of vacant possession for the 38 units double storey terrace house under the 1st phase of residential development at Taman Klebang Emas (TKE), the 2nd phase of 28 units double storey terrace house was fully sold out after the launch in the fourth quarter of 2021. As at June 2023, the Group has achieved 85% work progress and the project is expected to be completed within schedule before the end of year 2023.

The upcoming last phase (3rd phase) of Taman Klebang Emas (TKE), which comprised thirty one (31) units of the double storey terrace houses is targeted to launch by end of year 2023.

The Group has planned to launch 4 units of double storey shop lots and a bungalow in Taman Ipoh Jaya Timur by the end of year 2023. In the pipeline is a 260-unit mixed development in Chenderong, located some 25km from Ipoh town.

The Group anticipates and stays abreast of latest trends in the property market, embracing and adapting well to innovations such as our current planning of transit-oriented developments ("TOD") strategically located along the Klang Valley's urban public transportation system. From time to time, the Property Division carries out market surveys to keep abreast of the latest market needs and expectations.

The Group has two (2) car park sites located in Petaling Jaya, Selangor, which serve the neighbouring residences, retail shoppers and office workers. The car park rates were revised upwards in the previous financial year and this revision has compensated for the impact of the COVID-19 pandemic. Additionally, the Group recognises the importance for its car park facilities to remain in conducive conditions and, as such, periodic maintenance and upkeep works are performed.

As part of the Group's on-going endeavours to be environmentally friendly, the two (2) car park sites have successfully implemented a full cashless system and they no longer issue paper tickets. This effort has resulted in a positive economic impact, arising from the discontinuation of paper tickets and printing.

The Group recognises the importance of security and cleanliness at its car park facilities. As such, it has appointed security and cleaning vendors to maintain security, including periodic patrolling to handle and prevent crime, and maintain cleanliness at the sites respectively. Alongside the replacement of lighting with LED lightings, visibility and security of both car parks have currently been improved significantly and creates a much safer and more comfortable feeling to users.

There were no major incidents recorded on crime at the car park facilities for the financial period ended 30 June 2023.

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED (CONT'D)

Waste Management

More than ever, the Group views waste management as an integral part of its wire manufacturing business. Unmanaged generation and disposal of waste presents a cost to the business and may also lead to opportunity cost. The Group has hence put in place efforts to minimise waste disposal from the manufacturing process, for example, selling off by-products of the manufacturing process such as zinc ash and zinc dross instead of disposing. This does not only help to reduce disposal cost incurred but also provides opportunity for waste to be converted into value.

The Group has also established an effluent treatment system, where effluents from manufacturing activities are treated and thereafter collected by a licensed outsourced hazardous waste management company for disposal. The main type of wastewater generated from the Group's wire manufacturing operation is effluent from wire cooling and acid rinse water, which is a scheduled waste and is treated in-house and collected by a licensed outsourced hazardous waste management company.

At construction site, the Group takes care to reduce and manage wastes in a responsible manner by ensuring the appointed licensed contractors to do the same. Besides installing silt traps to minimise site pollution, all wastes generated from project sites are either recycled for reuse or transported to designated disposal sites timely and efficiently to minimise disruption to the daily lives of the community.

Energy and Resource Conservation

At the manufacturing plant, energy and electricity is one of most intensively used resources. Efficient use of energy and electricity is crucial, not only in managing the profit margin of the business, but also in tackling climate change. The Group has engaged an energy consulting engineering firm to analyse and advise on the efficient use of energy. As a result, various efforts were undertaken to reduce energy consumption, such as installation of skylight roofing to provide natural lighting during daytime and the replacement of high bay lighting with LED lighting by phases. The progress of this initiative as of financial period ended 30 June 2023 is as follows:

Key efforts	Progress	Completion Year	Estimated savings per annum (RM)
Replacement with LED lighting	100%	2022 to June 2023	1,631
Detect & Check Air Compressors Leak	100%	2022	8,821
Review Air Compressor On/Off Load Setting	100%	2022	11,771
Total Estimated Savings per Annum			**22,223**

The Group believes in harmony and balance between nature and the built environment. To conserve natural resources, the Group adopts low-flush toilet system in its design, which reduces water usage and provides cost saving in water bills for the home owners.

Additionally, the Group is diligent in the selection of building materials, placing focus on environmentally friendly building materials. The use of non-degradable materials such as plastic is minimised while materials that may cause health hazards such as asbestos ceiling are avoided, where possible. The Group is also looking at the prospect of having its future projects certified with Green Building Index ("GBI"), a recognition on efficient use of resources and minimal environmental impact to its surroundings.

At the car park sites, the Group has achieved greater energy efficiency by converting all conventional lighting to LED lighting. The LED lighting in the car park sites has provided a more comfortable and secure environment for users, as well as to minimise electricity consumption cost.

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED (CONT'D)

Occupational Safety and Health

The Group is cognisant of the operating environment of its businesses and has placed significant emphasis in ensuring its employees perform their day-to-day operations in a safe and healthy working environment. Occupational safety and health risk is discussed and monitored through the Group's quarterly meetings of the Risk Management Committee. The Group has in place established standard operating procedures for its operation activities which have incorporated safety procedures and practices. In addition, employees are provided with relevant personal protective equipment and periodic safety training to instil safety awareness.

As the Group's key subsidiary, ie. the Wire Manufacturing Division, the Group supervises the safety conduct of its operations through the Operational Safety and Health ("OSHA") Committee. OSHA meetings are held periodically to report and discuss any safety and health related risks, including formulation of action plans, if required. As for the Group's Property Development Division, while the Group does not directly involves in the carrying out of construction works of its developments, it requires contractors to maintain a safe work environment which at minimum complies with relevant safety laws and regulations.

For the financial period ended 30 June 2023, the Group's summary on recordable incidents relating to employees' occupational safety and health are as follows:

	Total Recordable Incidents	Total Lost Workdays	Severity Rate*
12 months ended 31 December 2021	2	62	31
18 months ended 30 June 2023	3	86	29

Note: * Severity Rate is a calculation that gives an average of the lost days per recordable incident.

There were no fatalities for the 18-month financial period ended 30 June 2023.

The Group will continue to monitor and review its internal control systems pertaining to occupational safety and health to provide employees with a safe work environment.

Skills and Talent Development and Retention

The Group is mindful of the need to constantly upskill its workforce and treat its employees fairly by providing equal opportunities to all for personal and career enhancement within the Group. Every year, the Group invests in developing employees' functional development, leadership, soft skills, as well as occupational safety trainings. The Group also encourages professional development by employees by offering to sponsor the cost of selected professional qualifications.

Through performance appraisal sessions and day-to-day engagement with employees, Heads of Department discuss with employees to identify each individual's training needs and arrange for training with the respective Human Resources function. In addition, the Group keep itself updated on changes or development in the Group's business environment and relevant industries, including changes to laws and regulations and provides appropriate training to relevant personnel to ensure the Group's businesses remain relevant and comply with laws and regulations.

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED (CONT'D)

Skills and Talent Development and Retention (Cont'd)

Some of the key training provided for the financial period under review which were presented via various virtual platforms and physical attendance, includes, but not limited to, the following:

Secretarial :
- Meetings, Minutes & Resolutions – Responsibilities of the Secretary

Finance :
- Consolidated & Group Financial Statements Reporting
- MFRS/IFRS : From principles to practice
- MIA – Microsoft Excel Time Saving Workshop
- Half Yearly Tax Updates
- Transfer Pricing Essentials

Human Resource :
- MEF Tax Seminar 2023 Towards Sustainable Recovery
- HRD Workshop 2023
- Employment (Amendment) Act 2022
- Malaysia Current Issues On Labour & Human Resource Management

Safety & Health
- Fire Fighting & Fire Prevention Training
- Bomba – Designed For Fire Certificate Buildings

The Group recognises the value of dedicated and long serving employees, acknowledging that their dedication, loyalty and contribution throughout the years have made the Group what it is today. The Group has a policy to provide financial incentives to award long serving employees for completing 10 years of service within the Group and subsequently every five (5) years thereafter. For the financial period under review, the Group presented seventeen (17) employees with its Long Service Award with 3 employees attaining their 30th Year Service Awards.

The Group also places emphasis on the importance to achieve a positive work-life balance by providing its employees with adequate rest days (i.e. paid leave) as well as an overseas vacation trip annually. Events and gatherings are also regularly organised for employees to celebrate the various festivals of our company's multi-racial group of employees.

For the financial period under review, there were no application to the Group's staff welfare fund which was established in 2020 with the value statement of the fund being "Building Staff Welfare Through Charity and Education" is to extend help to staff (and their children) who are in need of medical and educational financial support. The fund is managed by an "Oversight Committee" comprising senior staff from various departments within the Group where applications and disbursement of funds will be administered through the Group's Social Club.

BUILDING A SUSTAINABLE FUTURE

The Board is of the view that the existing sustainability practices adopted are adequate and pertinent to steer the Group's sustainable growth. Nonetheless, it will consider the need to implement other sustainability practices, as appropriate, to augment existing ones as the Board monitors the sustainability performance of the Group's operations on an ongoing basis.

DIRECTORS' PROFILE

DATO' DR ABDULLAH BIN SEPIEN

Non-Independent Non-Executive Chairman

Nationality: Malaysian | **Gender:** Male | **Age:** 76

Date of Appointment:
26 September 1994

Dato' Dr Abdullah Bin Sepien obtained his Doctor of Philosophy in Economics and Masters Degree in Agriculture Development Economics from the Australia National University in 1980 and 1975 respectively; and a Bachelor of Science Degree in Agricultural Economics from Louisiana State University in 1971.

He served Bank Bumiputera Malaysia Berhad ("BBMB") Group for more than 12 years in various capacities. These included Chief Economist of BBMB from 1983 to 1985, Chief Executive of Bumiputera Lloyds Leasing Berhad from 1985 to 1986, Chief Executive of Bumiputera Merchant Bankers Berhad from 1986 to 1989 and Chief General Manager of BBMB from 1989 to 1993. Before joining BBMB, he was with the Rubber Research Institute of Malaysia from 1967 to 1981, and was Head of Economics and Statistics Division in 1981.

Dato' Dr Abdullah ceased to be the member of the Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee on 1 October 2021 to be in line with the revised Malaysian Code on Corporate Governance issued by Securities Commission dated 28 April 2021, whereby Chairman of the Board should not be a member of the Board Committees.

Dato' Dr Abdullah was re-designated as Non-Independent Non-Executive Director with effect from 1 April 2022.

MR LEOW THANG FONG

Executive Director

Nationality: Malaysian | **Gender:** Male | **Age:** 72

Chairman of Risk Management Committee

Date of Appointment:
26 September 1994

Mr Leow Thang Fong is a Fellow of the Institute of Chartered Accountants of England and Wales and a member of the Malaysian Institute of Accountants. He was in the auditing profession for eight years, after which he left Hanafiah Raslan & Mohamed in 1979. He then joined the Corporate Finance Department of Chartered Merchant Bankers Malaysia Berhad in 1979 after which he joined Asian Pac Holdings Berhad to become its Company Secretary in 1984. He then left in 1989 and joined Gula Perak Berhad as a Director until January 2009.

DATO' ZAINUDDIN BIN YAHYA

Independent, Non-Executive Director

Nationality: Malaysian | **Gender:** Male | **Age:** 64

Chairman of Audit Committee
Chairman of Nomination Committee
Member of Remuneration Committee
Member of Risk Management Committee

Date of Appointment:
1 October 2019

Dato' Zainuddin Bin Yahya holds a Bachelor of Economics Degree from University of Malaya in 1981. Prior to joining Ministry of Foreign Affairs in 1988, he was an Assistant Director at the Ministry of International Trade and Industry for 5 years.

Dato' Zainuddin has almost 31 years experience in diplomacy, having served in various bilateral and multilateral posts at the Malaysian missions/embassies abroad. During his career, Dato' Zainuddin served as Ambassador of Malaysia to a few countries namely Syria; Belgium/EU and concurrently accredited to Luxembourg; and People's Republic of China and concurrently accredited to Mongolia.

Dato' Zainuddin was re-designated as Chairman of the Nomination Committee and appointed as member of Remuneration Committee both on 1 October 2021.

Dato' Zainuddin was appointed as an additional member of the Risk Management Committee with effect on 1 April 2022.

DIRECTORS' PROFILE (Cont'd)

PUAN LATIFAH BINTI ABDUL LATIFF

Independent, Non-Executive Director

Nationality:	**Gender:**	**Age:**
Malaysian	Female	62

Chairman of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee

Date of Appointment:
1 June 2018

Puan Latifah Abdul Latiff holds a Bachelor of Science Degree (majoring in Finance) from Indiana University, Bloomington, USA.

Puan Latifah has over 30 years experience in the financial services industry specifically in the areas of commercial & investment banking, development finance and insurance. Throughout much of her career, she was involved in business development and lending activities with key focus on origination, negotiating and structuring loan transactions, business development, loan portfolio management and credit supervision. Based on her professional experience, she was hired in 2009 to be part of the pioneer team to set up Danajamin Nasional Berhad, Malaysia's first financial guarantee insurer, where she spearheaded the only business division of the company. As a member of the senior management team, she served on various management committees responsible for reviewing and deliberating business proposals, risk management initiatives and processes, audit and compliance as well as overall management of the organization. Her last position was Senior Vice President of Business Banking II in Bank Pembangunan Malaysia Berhad.

Puan Latifah was appointed as Chairman of Remuneration Committee and member of Nomination Committee of the Company on 1 October 2021.

Currently, Puan Latifah sits on the boards of Mynews Holdings Berhad and MK Land Holdings Berhad.

DATO' SRI MOHD MOKHTAR BIN MOHD SHARIFF

Independent, Non-Executive Director

Nationality:	**Gender:**	**Age:**
Malaysian	Male	66

Member of Audit Committee
Member of Nomination Committee
Member of Remuneration Committee

Date of Appointment:
1 April 2022

Dato' Sri Mohd Mokhtar holds a degree in Bachelor of Law (Hons), a Master of Business Administration, Certificate of Legal Practice and was called to the Malaysian Bar on September 2019.

Dato' Sri Mohd Mokhtar had served the Royal Malaysia Police from 3 July 1977 to 22 May 2018. He held key senior positions in the Royal Malaysian Police namely, Director of Special Branch, Director of Narcotics Crime Investigation Department, Chief Police Officer of Johor, Deputy Chief Police Officer of Pahang, Deputy Chief Police Officer of Johor and Head of Special Branch Kuala Lumpur. He had also served in the Embassy of Malaysia in Bangkok, Thailand.

Currently, Dato' Sri Mohd Mokhtar sits on the boards of MY. E.G. Services Berhad, Pacific & Orient Berhad and TMC Life Sciences Berhad.

SENIOR MANAGEMENT PROFILE

MR CHONG HENG KIONG
Director

Nationality:	Gender:	Age:
Malaysian	Male	85

Mr Chong Heng Kiong is the Executive Director of Anastoria Sdn Bhd, a wholly-owned subsidiary of the Company.

Mr Chong graduated from Royal Melbourne Institute of Technology, Australia with a Degree in Civil Engineering and Diploma in Industrial Management in 1968. He is now responsible for SMI's property development operations. He holds several directorships in both local and overseas incorporated private companies which are involved in real estate development.

Mr Chong is the uncle of Mr Mah Sau Cheong, a Substantial Shareholder of SMI.

MR HAM SAI KIT
General Manager

Nationality:	Gender:	Age:
Malaysian	Male	68

Mr Ham Sai Kit joined SMI in March 1986 and is the General Manager of the manufacturing operations. He graduated from Loughborough University of Technology with a degree in Civil Engineering in 1978 and also holds a Master in Business Administration from Cranfield Institute of Technology, United Kingdom. He has extensive marketing experience in the building and construction industry and had a successful career in the civil and structural engineering consultancy sector.

MS YAU SEK FUN
Group Accountant

Nationality:	Gender:	Age:
Malaysian	Female	57

Ms Yau Sek Fun joined SMI in July 2000 as Group Accountant and she is a member of the Malaysian Institute of Certified Public Accountants. Prior to joining the Company, she was attached to the then Arthur Anderson & Co from 1988 to 1995 where she gained experience in auditing companies in various industries. Thereafter, she joined Asian Pac Holdings Berhad as its accountant before joining SMI.

SENIOR MANAGEMENT PROFILE (Cont'd)

MR WONG KUM SENG
Production Manager

Nationality:	Gender:	Age:
Malaysian	Male	68

Mr Wong Kum Seng is the Production Manager of SMI Wire Sdn Bhd. He joined the Group in October 1987. He received his Production Engineering Degree from the University of Aston, United Kingdom in 1977 and has extensive experience in managing metal hardware factories. He was with Malaysia Ropes Berhad from 1978 to 1982 as Production Manager and Malaysia Metal Industries Berhad as Factory Manager from 1982 to 1985. He obtained his Master in Business Administration from the University of Bath, United Kingdom.

DATIN ZUBAIDAH BTE BUNYAMIN
General Manager

Nationality:	Gender:	Age:
Malaysian	Female	67

Datin Zubaidah Binti Bunyamin joined SMI in April 1994 as the Senior Manager, Property Division and was promoted to General Manager. She handle's the property administration and land matters that requires close liaison with the Government Departments and State Authorities. She is well versed with legal matters related to stratified development.

Datin Zubaidah studied The Institute of Chartered Secretaries and Administrators at the Middlesex University London, United Kingdom. Prior to joining SMI, she was the Internal Auditor, Unit Head in Malaysia Building Society Berhad in 1978 and thereafter she joined Kewangan Usaha Bersatu Berhad and was the senior Manager of the Treasury Department.

Note:-
Save as disclosed above, none of the Directors and the Senior Management have:

i) Family relationship with any Director and/or substantial shareholder of the Company;
ii) Conflict of interest with the Company; and
iii) Conviction for offences (other than traffic offences) within the past 5 years.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") oversees the financial reporting, internal control system, external auditing, governance control and regulatory compliance of the Group.

The Board is pleased to present the Audit Committee Report for the financial period ended 30 June 2023.

COMPOSITION AND MEETINGS

The Audit Committee ("AC") comprises the following members and details of their attendance at meetings held during the financial period ended 30 June 2023 are as follow:

Names	Attendance of Meeting
Dato' Zainuddin Bin Yahya Chairman/ Independent Non-Executive Director	7/7
Dato' Sri Mohd Mokhtar Bin Mohd Shariff Member/ Independent Non-Executive Director	6/7
Puan Latifah Binti Abdul Latiff Member/ Independent Non-Executive Director	7/7

None of the AC members are former key audit partner of the External Auditors. Nevertheless, a cooling -off period of at least two (2) years shall be observed by the Board before such person is being appointed as a member of the AC.

The composition of the AC meets the requirements of Paragraph 15.09 of the MMLR of Bursa Securities. All members of the AC are financially literate and have the relevant experience and capacities necessary to discharge their duties and responsibilities effectively. Puan Latifah Abdul Latiff holds a Bachelor of Science Degree (majoring in Finance) from Indiana University, Bloomington, USA. She has over 30 years experience in the financial services industry specifically in the areas of commercial & investment banking, development finance and insurance.

The AC is chaired by an Independent Non-Executive Director, who is not the Chairman of the Board. This is in line with Paragraph 15.10 of the MMLR and Practice 9.1 of the MCCG 2021.

The Board has reviewed the terms of office of the AC members and assessed the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's terms of reference, supporting the Board in ensuring the Group upholds appropriate corporate governance standards.

During the financial period ended 30 June 2023, seven (7) meetings were held. These meetings were also attended by the Group Accountant, Internal Auditor and representatives of the External Auditors. Other members of the Board and Senior Management attended the meetings by invitation. The AC also met with the External Auditors during the period without the presence of Executive Director ("ED"). The meetings have been appropriately structured with AC members receiving notices, agendas and papers sufficiently in advance of the meetings.

The AC Chairman reports to the Board on principal matters deliberated at the AC meetings. Minutes of each meeting are circulated to the Board at the following Board meeting.

TERMS OF REFERENCE

The AC is guided by its Terms of Reference in performing its duties and discharging it responsibilities. The Terms of Reference of the AC is available on the Company's website at www.smib.com.my.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORKS

During the financial period ended 30 June 2023, the AC has carried out the following work in accordance with its terms of reference to meet its responsibilities:

FINANCIAL REPORTING

- Reviewed the unaudited quarterly financial reports and audited financial statements before they were presented to the Board for approval and release to Bursa Securities; which focusing particularly on:

  - going concern assumption;
  - compliance with accounting standards and regulatory requirements;
  - changes in major accounting policies and practices and its implementation;
  - significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
  - the outlook and prospects of the Group; and
  - significant audit issues and adjustments arising from the audit.

  In relation to the aforementioned reviews, the discussions included various matters, including key audit matters and the implications to the Group, and how these matters were addressed in the audit, the identification of key contributing factors to the fluctuations in the financial performance and position of the Group to enhance AC's understanding of the Group's business operation.

MATTERS RELATING TO EXTERNAL AUDIT

- Reviewed the audit plan of the External Auditors in terms of their scope of audit, audit methodology, timetable and areas of audit emphasis prior to the commencement of their audit;

- Reviewed and discussed with the External Auditors on the audited report and areas of concern highlighted in the audit review memorandum, including management response to the concerns raised by the External Auditors;

- Assessed the independence and objectivity of the External Auditors during the period. This includes monitoring the fees of total non-audit work by the External Auditors. The non-audit fees are disclosed in the Corporate Governance Overview Statement in this Annual Report;

- Reviewed the audit fees, the number and experience of audit staff assigned to the audit engagement, resources and effectiveness of the External Auditors;

- Discussed the key audit matters raised by the External Auditors with Management and the disclosure thereof in the Auditors' Report for the financial period ended 30 June 2023, which is in line with the requirements of the International Standards on Auditing;

- Noted that upon an enquiry by the External Auditors, Management, the Internal Auditors and all AC members verbally confirmed that they were not aware of any actual, suspected or alleged fraud affecting the Group or contravention of any laws or statutory regulations by the Group;

- Reviewed the independence of the External Auditors and have received written assurance from External Auditors confirming that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements as well as the By-Laws (on Professional Ethics, Conduct and Practice) of the MIA.

- The AC met with the External Auditors without the presence of Management during the financial period under review. The AC had enquired about the assistance and cooperation given by employees to the External Auditors and were satisfied with the Management cooperation given to them; and

- The AC is also satisfied that the External Auditors have and will be able to carry out their responsibilities in an unbiased and professional manner and thus recommended their re-appointment for the next financial year.

ANNUAL REPORTING

- Reviewed and recommended the Corporate Governance Overview Statement, Statement on Risk Management and Internal Control and Audit Committee Report for the financial period ended 30 June 2023 to the Board for approval for inclusion in the Annual Report.

MATTERS RELATING TO INTERNAL AUDIT

- Reviewed and approved the annual Internal Audit Plan prepared by Internal Audit Department ("IAD") for activities to be undertaken for the financial year 2024. The annual Internal Audit Plan was developed based on the risk based approach, outlining the areas of coverage, audit scope and adequacy of resources of IAD.

- Reviewed a total of nine (9) internal audit reports (including follow-up review reports) prepared by IAD at the quarterly AC meetings on the audit findings and recommendations, management's response and/ or action taken thereto, and ensure that material findings were satisfactorily addressed by Management. Enquiries were made to both IAD and Management over details of issues raised, root causes and the proposed corrective actions. The AC also provide additional advisory on issues raised through the discussion with the IAD and Management.

- Monitored and deliberated the implementation of audit recommendations arising from the audit activities as well as the follow-up audits conducted by IAD to ensure that all key risks and controls have been addressed. The AC also considered the timelines of completion of the proposed actions and whether such actions effectively resolved the issues raised.

- Reviewed and discussed the quarterly status report of the employees' voluntary disclosures of gifts, hospitality and sponsorships offered and received in compliance with the Group's Anti-Bribery and Corruption Policy at AC meetings.

- The Chairman of the AC had given briefings to the Board on the Internal Audit Report presented by IAD at the Board meetings following each of the AC meetings.

RELATED PARTY TRANSACTION

- Reviewed the quarterly updates on the related party transactions entered into by the Company and/or its Group of Companies, to ensure the transactions were at arm's length and they were not detrimental to the interests of the minority shareholders.

RISK MANAGEMENT

- The AC reviewed the overall risk profile of the Group and provided guidance on the action plans to address the identified risks and reported to the Board thereon.

- Reviewed the quarterly Risk Assessment Reports comprising the Action Plans on Significant Risk and Risk Register which were then presented to the AC and thereafter to the Board.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house and is independent from the main activities and operations of the Group's operating units. The principal responsibility of the Internal Auditor is to perform independent, regular and systematic reviews of the systems of internal controls throughout the Group so as to provide reasonable assurance that such systems is adequate and continue to operate effectively and efficiently.

It is the responsibility of the IAD to provide the AC with independent and objective reports on the state of internal controls of the various business operating units within the Group and the extent of compliance with the Group's policies and procedures as well as relevant statutory requirements. The audit reports are presented to the AC for review, deliberation and approval.

During the financial period from 1 January 2022 to 30 June 2023, the following activities were carried out by the IAD:

- Prepared risk-based audit plans for the financial year ended 30 June 2024 for approval by the AC;
- Completed audit assignments as per approved annual audit plan;
- Performed reviews based on the approved audit plan, in which focus areas were from the results of risk assessment conducted on the business plan, financial statements and operational processes;
- Recommended improvements to strengthen the system of internal controls;
- Conducted quarterly reviews to determine the extent of compliance with established policies, procedures and statutory requirements; including the employee's compliance with the Company's established anti-bribery and corruption policy;
- Followed up with management from corrective actions taken on agreed audit recommendations to strengthen the system of internal controls; and
- Reported to the AC the achievement of the audit plan and status of resources of the Group's internal audit function.

The total cost incurred from the internal audit function in respect of financial period ended 30 June 2023 was RM197,238.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of South Malaysia Industries Berhad ("**the Board**") acknowledges the importance of practicing high standards of corporate governance in the best interest of the Company and its stakeholders, and to protect and enhance shareholders' value as well as the performance of the Company and its subsidiaries ("**the Group**").

The Board is committed to the principles and recommendations of the Malaysian Code on Corporate Governance **("MCCG" or "CG Code")** and is pleased to present the Group's application of the three (3) Key Principles set out in the MCCG during the financial period from 1 January 2022 to 30 June 2023, under the stewardship of the Board:

(a) Board Leadership and Effectiveness;
(b) Effective Audit and Risk Management; and
(c) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The Board is pleased to present this statement supported by the Corporate Governance Report 2023 **("CG Report")** which is available on the Company's website at www.smib.com.my. The CG Report provides the details on how the Group has applied the three (3) abovesaid principles outlined in the MCCG during the 18-month financial period ended 30 June 2023 as well as explanations for the departures from the abovementioned practices.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I – Board Responsibilities

Board's Roles and Responsibilities

The Board's main roles are to create value for shareholders and provide leadership to the Group. It is primarily responsible for the Group's overall strategic plans and directions, overseeing the conduct of the businesses, risk management, succession planning for members of the board and senior management, implementing investor relation programmes and ensuring the system of internal controls and management information are adequate and effective.

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- To review and approve strategies, business plans and significant policies and ensure the Group's goals are clearly established, and to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations;

- The Management devises action plans in accordance with business plans and work towards achieving the targets. Management meetings are carried out to track progress and identify risks;

- To evaluate whether the business is being properly managed and to ensure that the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard the Company's assets. The Board analyses the financial results periodically and seek clarification on any anomaly. Besides explaining on the deviation, the Management is also required to have back-up plans. Further meetings will be conducted to follow up on the effectiveness of these plans;

- To ensure that the Group has appropriate business risk management processes, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;

- To establish various Board Committees and ensure their effectiveness to address specific issues, by considering their recommendations and acting on their reports;

- To ensure that there is in place an appropriate succession plan for members of the Board and senior management. The Management periodically reviews the status of succession of key positions;

- To review the Board Charter periodically and making it available publicly on the Company's website including the Terms of Reference ("TOR") which deals with the respective committees namely, Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee; and

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part I – Board Responsibilities (Cont'd)

Board's Roles and Responsibilities (Cont'd)

- To ensure that there is in place an appropriate investor relations and communications policy and accordingly the Company has established an email address namely query@smib.com.my. The Board recognises the need to keep shareholders informed on key or material development. Majority of the communications are through announcements made to Bursa Malaysia. General information has been provided on the Company's website at www.smib.com.my and is constantly updated. Further information such as conditions of business, business direction, status of certain projects, etc are explained in the Management Discussion and Analysis in the Annual Report.

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the authorities and discretion to the Executive Director and key management team of the operating units within the Group ("the Management") as well as properly constituted Board committees. There is a clear segregation of responsibilities reserved for the Board and those delegated to the Management.

The Board committees established to assist the Board, namely:

i. Audit Committee ("AC")

ii. Nomination Committee ("NC")

iii. Remuneration Committee ("RC")

iv. Risk Management Committee ("RMC")
(collectively referred to as the "Board Committees").

The power delegated to the Board Committees are set out in the Terms of Reference of each of the Committees as approved by the Board and set in the Appendices I, II, III and IV of the Board Charter.

The Chairman

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Chairman is committed to instill good corporate governance practices, leadership and effectiveness of the Board.

Chairman and Executive Director

The roles of the Chairman and the Executive Director are distinct and separated to ensure a balance of power and authority. The Executive Director is responsible to the Board for the day-to-day management of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part I – Board Responsibilities (Cont'd)

Qualified and Competent Company Secretaries

The Board is supported by suitably qualified secretary who is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretary is responsible for the overall corporate secretarial function and providing advices to the Board regarding the performance of duties in corporate compliances.

On a quarterly basis, the Company Secretary serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the securities of the Company in accordance with Chapter 14 of the Main Market Listing Requirements of Bursa Securities **("MMLR")**.

The Company Secretary also acts as the Company Secretary for all the Board Committees. The Company Secretary attends all Board Committees meetings to record deliberations, issues discussed and conclusions in discharging her duties and responsibilities and also provide advice in relation to relevant guides and legislation.

Other roles of the Company Secretary include coordinating the preparation of Board papers with Management, ensure Board procedures and applicable rules are observed and maintaining records of the Board as well as provide timely dissemination of information relevant to the Directors' roles and functions and keeping them updated in evolving regulatory requirements.

The Company also engages the services of Tricor Corporate Services Sdn Bhd, an external consultant on corporate secretarial matters and compliance to provide additional advice on issues pertaining to compliance and Corporate Governance.

Access to information and advice

The Board has unrestricted access to information of the Group. The Directors may also seek independent advice at the expense of the Company, if need be so as to ensure that they are able to make independent and informed decisions. The Board may also seek advice from the Management or request further explanations, information and updates on any aspect of the Group's operation or business concerns.

The Board also recognised that decision making processes are highly dependent on the quality of information furnished. Therefore, the Board expects to receive adequate, timely and quality information on an ongoing basis to effectively discharge their duties. Notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers will be forwarded to the Directors at least five (5) days before the meeting is held, except in the case of an emergency, where reasonable time would suffice. This is to ensure that Board papers comprising due notice of issues to be discussed and the supporting information and documentation are provided to the Board sufficiently in advance.

The Board's deliberations regarding the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretary. Minutes are prepared for all Board and Board Committees' proceedings, circulated to the Board and/or Board Committee Members and will be confirmed and signed by the respective Chairman. The minutes will then be tabled at the subsequent meetings for notation.

Board Charter

In discharging its functions and responsibilities, the Board is guided by the Board Charter which outlines the role, functions, operation, duties and responsibilities of the Board, Board Committees and matters reserved for the Board. The role of Chairman, Executive Director and Independent Directors are also clearly defined in the Board Charter.

The Board Charter as well as the Terms of Reference of the Board Committees are reviewed from time to time when necessary. Amendments and updates are made from time to time in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and corporate vision as well as to be in line with the changes to statutory and regulatory requirements.

The Board Charter is available on the Company website at www.smib.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part I – Board Responsibilities (Cont'd)

Code of Conduct and Ethics

The Group has in place a code of ethics for Directors and employees to govern their standard of ethics and good conduct. The Code of Ethics for Directors described the standards of business conduct and ethical behavior for Directors in discharging and exercising their duties and responsibilities as Directors of the Company. The Code of Ethics for Directors is available on the Company's website at www.smib.com.my.

For employees, the Code of Conduct which governs the standards for Labor, Health and Safety, Environment, Business Ethnics and Management Systems to manage conformity to the Code of Conduct. The policies, practices and procedures of the Code of Conduct for employees are clearly outlined in the Office Policy Manual of respective subsidiary under the Group. The Code of Conduct for employees is integrated into the Group management practices and reviewed periodically. These codes provide guidance to all so that right choices can be made in response to any ethical dilemma in daily work.

Whistleblowing Policy

The Board had also established a Whistleblowing Policy, to provide employees/stakeholders a proper channel and guidance to raise genuine concerns, disclose any wrongdoing or misconduct, unethical behavior, malpractices, any violation of Code of Ethics, unlawful, illegal acts or failure to comply with regulatory requirements. The Board and the Management assure that the whistleblowers are kept confidential and are protected from any possible reprisals or retaliations if the disclosure is genuine.

The AC is the contact point for all employees. All members of the AC are the Company's Non-Executive Directors. Any reports should be sent directly to the Chairman of the AC.

The Whistleblowing Policy is available on the Company's website at www.smib.com.my.

Anti-Bribery and Corruption Policy

In line with the new provision, Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), the Board has adopted an Anti-Bribery and Corruption Policy in November 2019. The Board and the Group's employees are prohibited from, directly or indirectly, receiving or providing gifts, kickbacks or gratuities from/to third party. A copy of the Anti-Bribery and Corruption Policy is available on the Company's website at www.smib.com.my.

Directors' Fit and Proper Policy

The Board has adopted a Directors' Fit and Proper Policy in year 2022, which serves as a guide for the Nomination Committee and the Board in the selection of candidates for appointment as Directors and for re-election of Directors to the Board of the Company and its subsidiaries. This Policy also aims to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders. The Directors' Fit and Proper Policy is available on the Company's website at www.smib.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II - Board Composition

Composition of the Board

The current Board of Directors consists of five (5) members, comprising a Non-Independent Non-Executive Chairman, one (1) Executive Director ("ED") and three (3) Independent Non-Executive Directors ("NEDs"). The Company thus complies with Paragraph 15.02 of the Bursa Securities Listing Requirements whereby at least two (2) or one-third (1/3) of the Board of Directors, whichever is higher, are Independent Directors; and also fulfil the Practice 5.2 of the CG Code, at least half of the Board comprises Independent Directors. Of the five (5) Directors on the Board, one (1) is woman.

The composition of the Board reveals their varied background as outlined on pages 15 to 16 of this Annual Report. The Board members are equipped with the relevant skills, knowledge and expertise required for the proper running of the Company's affairs. The effectiveness of the individual Directors and the Board as a whole are assessed annually by the NC.

Generally, the ED along with the senior management are responsible for making and implementing operational decisions. Non-Executive Directors play a key supporting role, contributing their skills, expertise and knowledge towards the formulation of the Group's strategic and corporate goals and objectives, policies and decisions. The Board collectively made decisions in the best interest of the Company.

Tenure of Independent Directors

Currently, the Company does not have a formal policy on the tenure for Independent Directors as the Board is of the view that a term of more than nine (9) years may not necessarily impair the independence and judgement of an Independent Director and therefore the Board does not deem it appropriate to impose a fixed term limit for Independent Directors at this juncture.

However, as recommended by the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval through a two-tier voting process.

As at the date of this statement, the tenure of the Independent Non-Executive Directors of the Company are as follows:

	1-3 years	4-7 years
Puan Latifah Binti Abdul Latiff		√
Dato' Zainuddin Bin Yahya		√
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	√	

Currently, none of the Independent Directors had served the Company for more than nine (9) years.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II - Board Composition (Cont'd)

New Candidate for Board Appointment

The Board has adopted Directors' Fit and Proper Policy in year 2022, as a guide to Nomination Committee and the Board to ensure each director has the character, experience, integrity, competence and time to effectively discharge his/her role as Director of the Group.

The appointment of new Director is the responsibility of the full Board after considering the recommendation of the NC of the Company. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made and meet the legal and regulatory obligations.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending on the circumstances and timing of the appointment. The NC will help assess and recommend to the Board, the candidature of directors, the appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

Currently, the sources to identify suitably qualified candidates for appointment of directors are on recommendations from existing Board members, senior management or major shareholders. However, the Board and NC would not hesitate to utilise independent sources to identify suitably qualified candidates, where necessary.

In assessing the suitability of candidates, consideration will be given to the core competence, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the business, the market and industry in which the Group operates and the accounting, finance and legal matters.

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity. The Group practices the selection of suitable candidates as new Board members based on the candidates' competency, knowledge, skills, experience, character, time commitment and other qualities in meeting the needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates could bring to the Board, regardless of gender. Equal opportunity is given and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

Currently, the Board comprises one (1) woman director. In line with the MCCG of at least 30% representation of women on Board, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of woman director onto the Board in future to bring a more diverse perspective.

The Board also acknowledges the merits of gender diversity at management level for better decision making and competitive advantages. Currently, 71% of the executive and managerial positions of the Group are held by female employees.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II - Board Composition (Cont'd)

Nomination Committee

The Nomination Committee ("NC") comprises three (3) Independent Non-Executive Directors, with its present composition as follows:

Chairman	Dato' Zainuddin Bin Yahya
Members	Dato' Sri Mohd Mokhtar Bin Mohd Shariff Puan Latifah Binti Abdul Latiff

The NC which comprises exclusively Independent Directors has been empowered by the Board and through its Terms of Reference, to bring to the Board as well as Board Committees for the Board's consideration, recommendation on the selection and appointment of new Directors.

Pursuant to Article 86 of the Constitution of the Company, one-third (1/3) of the Directors for the time being shall retire from office every year and all directors shall retire at least once in every three (3) years. In addition, the retiring Directors shall be eligible for re-election at the AGM.

During the financial period from 1 January 2022 to 30 June 2023, key activities undertaken by the NC are summarised as follows:

(i) assessed the effectiveness of the Board, the Board Committees and the contribution of each individual Director;

(ii) reviewed the mix of skills and experience and other qualities, including core competence of the members of the Board;

(iii) reviewed the level of independence of Independent Directors as well as its tenure;

(iv) recommended to the Board the Directors to fill the seats on any committees of the Board;

(v) reviewed and recommended to the Board for approval, the Directors' Fit and Proper Policy;

(vi) recommended the retiring directors for re-election at the forthcoming AGM as below:

- ➢ Dato' Dr Abdullah Bin Sepien and Mr. Leow Thang Fong – pursuant to Article 86 of the Company's Constitution

The aforesaid directors had expressed their intention to seek for re-election at the forthcoming AGM. The NC had also conducted the fit and proper assessment on the Directors who are subject to re-election at the forthcoming AGM and was satisfied with the outcome of the assessments.

Self-evaluation had been conducted by each individual Director of the Company including the Independent Directors and a summary of evaluation was furnished to the NC prior to the NC Meeting. The same would be shared with the Board to allow enhancement to be undertaken.

Based on the assessment of the Board for the financial period from 1 January 2022 to 30 June 2023, the Board is satisfied with its composition, performance and effectiveness in discharging it roles and responsibilities for the benefit of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II - Board Composition (Cont'd)

Meetings and Time Commitment

The Board is mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. Thus, each Director is expected to commit sufficient time as and when required to carry out their responsibilities, besides attending meetings of the Board and Board Committees.

The Directors are required to update on their other directorships and shareholdings in public listed companies to the Company Secretaries so as to monitor the number of directorships held by the Directors as regulated by Bursa Securities' Listing Requirements where a director must not hold more than five (5) directorships in public listed companies. This is to ensure the directors' commitments in devoting sufficient time to the Company and they are able to focus and discharge their duties effectively.

Currently, all the Directors of the Company do not hold more than five (5) directorships in public listed companies including the Company.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. All the Directors had attended more than 50% of the attendance as required by Bursa Securities Listing Requirements.

The details of meetings attendance for each Director for the financial period from 1 January 2022 to 30 June 2023 are contained in the table below:

Name of Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee
Mr Leow Thang Fong	9/9	–	–	–
Dato' Dr Abdullah Bin Sepien	9/9	–	–	–
Dato' Zainuddin Bin Yahya	8/9	7/7	3/3	3/3
Puan Latifah Binti Abdul Latiff	9/9	7/7	3/3	3/3
Dato' Sri Mohd Mokhtar Bin Mohd Shariff (1)	8/9	6/7	2/3	2/3

Note:

(1) Dato' Sri Mohd Mokhtar Bin Mohd Shariff was appointed on 1 April 2022.

In between Board Meetings, approval on matters requiring the sanction of the Board is sought by way of circular resolutions where sufficient information is attached to the resolution to facilitate the Board in making informed decisions. All circular resolutions approved by the Board were tabled for affirmation at the subsequent Board meeting.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II - Board Composition (Cont'd)

Directors' Training

The NC oversees the training needs of its Directors and acknowledges the importance of continuous education and training in order to broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skills and knowledge in discharging their duties.

During the financial period under review, besides the seminars attended by the Directors, they have continuously kept themselves abreast of the relevant developments in the marketplace through the updates by the Company Secretary. In addition, the External Auditors also briefed the Board on latest regulatory updates and new standard to the Malaysian Financial Reporting Standards. Below are the programmes attended by the Directors:

Director	Seminars/Workshops
Dato' Dr Abdullah Bin Sepien	- Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers
Mr. Leow Thang Fong	- Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers
Dato' Zainuddin Bin Yahya	- Securities Commission's Audit Oversight Board Conversation with Audit Committee
Puan Latifah Binti Abdul Latiff	- The Cooler Earth Sustainability Summit 2022 - Distinguished Board Leadership Series for 2023 - Why are the big investors looking into your board? - Securities Commission's Audit Oversight Board Conversation with Audit Committee
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	- Assessing Your Organizational Culture - Gaps, Requirements and Latest ESG Trends and Developments - Malaysian Economic Outlook and Challenges - Board Risk Committee Dialogue & Networking - Securities Commission's Audit Oversight Board Conversation with Audit Committee

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part III – Remuneration

Remuneration Committee ("RC")

Composition of RC

The Remuneration Committee ("RC") comprises three (3) Independent Non-Executive Directors, with its present composition as follows:

Chairman Puan Latifah Binti Abdul Latiff

Members Dato' Zainuddin Bin Yahya
Dato' Sri Mohd Mokhtar Bin Mohd Shariff

Policy and Procedures

The Board has formalised and adopted a Remuneration Policy in year 2022 to provide clear and guiding principles for determining the remuneration of the Board and Senior Management such that the remuneration packages offered by the Company can be competitive, adequate and in line with the market practices to attract, retain, motivate and reward talented individuals to drive and pursue the key strategies of the Group. The Remuneration Policy is available on the Company's website @ www.smib.com.my.

The remuneration package of ED is structured to reflect his experience, performance and scope of responsibilities. Only the ED is bound by a contract of service, which will be subject to review by the NC every two (2) years. The remuneration of Non-Executive Directors consists of fixed fees and meeting allowance which are subject to the approval of the shareholders at the AGM. The Chairman of the Board receives higher fees taking into account the nature of his responsibilities.

Directors' Remuneration

The aggregate Directors' Remuneration paid or payable by the Company and the Group for the financial period from 1 January 2022 to 30 June 2023 are categorised into the following components:

Company

	Fees (2) RM	Salaries RM	Statutory Contribution (1) RM	Total RM
Executive Directors				
Mr Leow Thang Fong	4,000	2,179,000	261,000	2,444,000
Non-Executive Directors				
Dato' Dr Abdullah Bin Sepien	148,000	–	–	148,000
Tan Sri Datuk Seri Ismail Bin Yusof *(Resigned on 15 March 2022)*	13,419	–	–	13,419
Dato' Zainuddin Bin Yahya	137,000	–	–	137,000
Puan Latifah Binti Abdul Latiff	97,500	–	–	97,500
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	81,500	–	–	81,500
Total	**481,419**	**2,179,000**	**261,000**	**2,921,419**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part III – Remuneration (Cont'd)

Directors' Remuneration (Cont'd)

Group

	Fees [(2)] RM	Salaries RM	Statutory Contribution [(1)] RM	Total RM
Executive Directors				
Mr Leow Thang Fong	4,000	2,179,000	261,000	2,444,000
Non-Executive Directors				
Dato' Dr Abdullah Bin Sepien	220,000	–	–	220,000
Tan Sri Datuk Seri Ismail Bin Yusof *(Resigned on 15 March 2022)*	13,419	–	–	13,419
Dato' Zainuddin Bin Yahya	137,000	–	–	137,000
Puan Latifah Binti Abdul Latiff	97,500	–	–	97,500
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	81,500	–	–	81,500
Total	**553,419**	**2,179,000**	**261,000**	**2,993,419**

Notes:
(1) Statutory Contribution comprised contribution to Employees' Provident Fund.
(2) Fees comprised directors' fees and meeting allowance.

The number of Directors' Remuneration falls into the following band:

Range of Remuneration	Executive Director	Non-Executive Directors
Below RM50,000	–	1
RM50,001 - RM100,000	–	2
RM100,001 - RM150,000	–	1
RM200,001 – RM250,000	–	1
RM2,000,000 – RM2,500,000	1	–

Top 5 Senior Management's Remuneration

The remuneration of the top 5 Senior Management (including salary, bonus and allowances) in each successive band of RM50,000 during the financial period ended 30 June 2023, are as follows:

Range of Remuneration	Top 5 Senior Management
RM850,001 – RM900,000	1
RM650,001 – RM700,000	1
RM600,001 – RM650,000	1
RM500,001 – RM550,000	1
RM300,001 – RM350,000	1

The Board has chosen to disclose the remuneration of the top 5 Key Senior Management in bands instead of named basis as the Board considered the information of the remuneration of these staff to be sensitive and proprietary. The transparency and accountability aspects of corporate governance applicable to the remuneration of these staff are deemed appropriately served by the above disclosures.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I - Audit Committee ('AC")

The current AC comprises Independent Non-Executive Directors as follows and at least one member fulfills qualifications prescribed by Bursa via paragraph 15.09(1)(c) and paragraph 7.1 of Practice Note 13 of the Bursa Securities Listing Requirements.

i. Dato' Zainuddin Bin Yahya (Chairman)

ii. Puan Latifah Binti Abdul Latiff

iii. Dato' Sri Mohd Mokhtar Bin Mohd Shariff

The AC oversees the integrity of the financial statements, compliance with relevant accounting standards and the Group's risk management and internal controls. The AC had seven (7) meetings during the financial period from 1 January 2022 to 30 June 2023.

The Board strives to provide true and fair financial reporting of the Group's performance in the audited financial statements and quarterly financial reports, in accordance with the applicable approved accounting standards in Malaysia and the requirements of the Companies Act 2016.

The AC exercises professional oversight of the integrity of the financial reports before presenting the financial statements to the Board for approval. The AC also represented to the Board with support and clarifications from the external auditors that the financial statements and reports presented are in compliance with applicable approved accounting standards in Malaysia and the requirements of the Companies Act 2016, to give a true and fair view of the Group's financial performance and financial position.

The AC's Terms of Reference sets out its rights, duties, responsibilities and criteria on the composition of AC which includes a former key audit partner of the Group to observe cooling-off period of at least 2 years before being able to be appointed as member of AC.

The AC has established formal and transparent arrangements to maintain an appropriate relationship with the Company's External Auditors. These include policies and procedures to review the suitability and independence of the External Auditors. During the financial period under review, the AC has received written assurance from External Auditors confirming that it is and has been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

During the financial period under review, a separate meeting was held with the External Auditors in the absence of the executive board member and management representatives during which the External Auditors informed that they had received full co-operation from the Management as well as unrestricted access to all information required for purpose of their audit and there were no special audit concerns to be highlighted to the AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Part II -Risk Management and Internal Control Framework

Sound Risk Management Framework

The Board is responsible for establishing and maintaining a sound system and framework of risk management and internal control.

The Board is assisted by the Risk Management Committee ("RMC") in identifying and reviewing the framework and process for managing risk within the Group. The Group's risk management and internal control framework covers not only financial controls but also operational, environmental and compliance controls as well as corporate liability as set out under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The role and responsibilities of the RMC are guided by its Terms of Reference.

The Board through the AC, continued to provide independent assessment of the adequacy of risk management process and internal control system. With the support of the AC, RMC and Internal Audit Department, the Board is of the view that the system of internal control and risk management are in place during financial period 2023, is sound and sufficient to safeguard the Group's assets and shareholders' interest.

During the financial period under review, there were six (6) RMC Meetings held. A summary of material risks that could affect the Group (including any material exposure to economic, environmental and social sustainability risks) are monitored for changes and are reported to the AC and the Board during the course of the period, along with related controls and action plans.

Internal Audit Function

The Group's internal audit function is carried out by the Internal Audit Department, which the Head of Internal Audit reports directly to the AC on its activities based on the approved internal audit plan. The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

All internal audits carried out are guided by the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors, a globally recognised professional body for internal auditors.

The Board is of the view that the system of internal control and risk management in place during the financial period, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments and the interests of customers, regulators, employees and other stakeholders. The details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control on pages 39 to 41 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I – Engagement with Stakeholders

Investor Relations and Shareholders Communication

The Company recognises the value of transparent and effective communication with the investment community and aims to build long-term relationship with shareholders and investors through appropriate channels for the disclosure of information.

The Board is committed to ensure that the shareholders and other stakeholders are well informed of major developments within the Group. Clear, relevant, comprehensive business, operational and financial information is disseminated to them on a timely basis and is readily accessible by all stakeholders.

The Company communicates with shareholders, other stakeholders and the public through various channels including annual report, press releases, timely announcements and disclosures made to Bursa Securities and on the Company's website at www.smib.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Part II - Conduct of General Meetings

AGM

The Company's AGM is an important means of communication with shareholders. The Company fully recognises the rights of the shareholders and encourage them to exercise their rights at the AGM. Shareholders will be accorded ample opportunity and time to raise questions and concerns, and the Board and Senior Management will provide appropriate answers and clarifications. The principal forum for dialogue with shareholders which provides opportunity for the shareholders to enquire and seek clarification on the operational and financial performance as well as the latest development of the Company.

In providing a more efficient and wide-spread shareholders' participation, the Company had conducted its 51st AGM virtually through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities provided by the appointed Poll Administrator of the AGM. A shareholder who was not able to participate in the AGM was given the option of appointing a proxy to participate remotely and vote online on his/her behalf.

In 2022, the Company had served more than 28 days' notice for its 51st AGM scheduled on 28 June 2022. The notice period given to the shareholders had allowed them to have sufficient time to scrutinize the Annual Report to Shareholders and to make necessary arrangements to participate in the meeting. The Notice of AGM was published in one national newspaper to provide for wider dissemination of such notice to encourage shareholders participation. In addition, the 2021 Annual Report together with the Notice of 51st AGM, Proxy Form and Administrative Guide were also posted on the Company's website and Bursa Securities.

The Administrative Guide of the AGM including the procedures for RPV facilities, appointment of proxy, voting at meeting and pre-meeting submission of question to the Board of Directors were published in the Company's website and shared with shareholders along with the Notice of AGM. Hence, the eligible shareholders were able to participate, speak and vote either by themselves, or appoint their proxy(ies) to participate, speak and vote on behalf via RPV facilities.

To ensure effective participation and engagement with shareholders, the Company encourages the shareholders and proxies to submit their questions electronically to the Company before and during the AGM. Members of the Board, Senior Management and External Auditors were present at the 51st AGM to respond to questions raised by the shareholders or proxies.

All resolutions set out in the notice of the 51st AGM were voted remotely by poll. Asia Securities Sdn Berhad (12716-H), the independent scrutineer validated the votes for each resolution. The Company had appointed Tricor Investor & Issuing House Services Sdn Bhd as its Poll Administrator for the conduct of the online polling.

The poll results were announced to Bursa Securities via Bursa Link on the same day for benefit of all the shareholders. The key matters discussed/ minutes of the AGM was also published on the Company's website, www.smib.com.my as soon as practicable after the conclusion of the AGM.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Part II - Conduct of General Meetings (Cont'd)

Directors' Responsibility Statement in respect of the preparation of annual audited financial statements

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of the operations, changes in equity and cash flows of the Group and of the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements accordingly.

The Directors are also responsible for ensuring that proper accounting records are kept and disclosed with reasonable accuracy at any time on the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have also taken necessary steps to ensure appropriate systems are in place to safeguard the assets of the Group, to prevent and detect fraud as well as other irregularities.

In respect of the financial statements for the financial period ended 30 June 2023, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- ensure that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

This statement has been reviewed and approved by the Board on 16 October 2023.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate proposals during the financial period from 1 January 2022 to 30 June 2023.

MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Group involving Directors and substantial shareholders' interest which were still subsisting as at 30 June 2023 or which were entered into since the end of the previous financial period.

AUDIT AND NON-AUDIT FEES

Details of audit and non-audit fees incurred for services rendered by the External Auditors during the 18-month financial period ended 30 June 2023 are as follows:

	Group RM	Company RM
Audit Fees	179,500	95,000
Non-Audit Fees	5,500	5,000

This non-audit fees charged was for the reviews of Statement on Risk Management and Internal Control and a subsidiary's Housing Development Account.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is cognisant of the responsibility to ensure the adequacy and effectiveness of the Group's System of Risk Management and Internal Control. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal controls and risk management. The Board is pleased to provide the following Statement on Risk Management and Internal Control, which outlines the nature and scope of risk management and internal controls of the Group during the financial period under review pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

RESPONSIBILITY

The Group's corporate objectives are to sustain existing operations and turnaround to profitability by optimal utilisation of its available resources whilst meeting the needs of customers, employees and business partners, to identify and secure assets for long-term growth.

The Board affirms its overall responsibility for the Group to maintain adequate risk management and system of internal control for the business of the Group in achieving the Group's corporate objective. To achieve this, the Board has in place a sound framework of the ongoing risk management process for identifying, evaluating, managing and monitoring significant risks affecting the achievement of its business objectives throughout the period. The process is regularly reviewed by the Board.

The Board recognises that there are inherent limitations in all systems of risk management and internal control as they are designed to manage the Company's risk within the acceptable risk appetite, rather than to eliminate completely the risks of failure to achieve Group's business objectives. Accordingly, it can only provide a reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board has embedded risk management as an on-going exercise to effectively manage and mitigate significant risks faced or likely to be faced by the Group. The Board delegated its role on risk management to a Risk Management Committee ("RMC") comprising 1 Executive Director, 1 Independent Director and senior management from all functions. The RMC is chaired and led by the Executive Director to achieve such objective. The Group's risk management objectives are:

- Promote risk awareness culture in the management of all levels of operations;
- Safeguard assets and interests of all stakeholders;
- Ensure sustainability of operations and continuity of supply of products and services; and
- Ensure compliance with relevant guidelines and all applicable laws.

The RMC conducts quarterly review of the Group's business risks and identifies all potential areas that could impinge on the achievement of business objectives and failure to take advantage of opportunities when they arise. The Group's risk appetite is a trade-off between the cost of managing the risks and the benefits or rewards as a result of taking such risks. The Group seeks to manage its risk to an acceptable level aimed at ensuring minimum interruption to the operations of the Group.

The senior managers from all departments are responsible for implementing measures to manage and mitigate risks identified. The Group is currently using a 3 x 3 risk matrix (likelihood of risk occurring versus the consequences of the risk happening) to analyse risks. The information gathered during the risk management process is documented in the Risk Register, which shall be used for managing the personnel and project risks to ensure consistency of assessment and reporting in the Group. The RMC monitors risks on an ongoing basis to ensure proper actions have been taken and assess whether there are changes in the conditions associated with the risks identified.

KEY ELEMENTS OF INTERNAL CONTROL

Fundamental internal controls entrenched in the Group's operations are as follows:

- The Group has an organisational structure which clearly defines the lines of responsibility and delegation of authority. Accordingly, management at various administrative and operational levels will function in accordance with the policies and procedures established by the Board for the Group as a whole;
- The objectives, authorities and responsibilities defined under the above structure are clearly documented in the Group's policies and procedures manual;
- The code of business conduct and ethics set out the standards of conduct and behavior expected from all employees in its business dealings;
- The whistle-blowing Policy and Anti-Bribery and Corruption Policies published in the Group's www.smib.com.my are the Board's commitment to integrity and ethical behavior. The policies sets out the procedures for employees and the general public to disclose improper conduct within the Group without fear and favor;
- Regular internal audits are carried out to review the adequacy and effectiveness of the internal control system based on a detailed annual audit plan approved by the Audit Committee. The Internal Audit Department recommends on areas for improvement and conducts follow-up reviews to determine the extent to which its recommendation has been implemented;
- A comprehensive business plan which sets out the Group's medium-term strategy is updated annually and forms the basis from which detailed budgets are built upon. Budgets prepared by the operating units are approved both at operating unit level and by the Board. Actual performance is monitored against budget monthly to identify significant variances and corrective measures are taken, where necessary to address issues and improve performance; and
- Meetings are held at management and operational levels to disseminate information, monitor the progress of various business units, and to deliberate and decide upon operational matters. These include regular management meetings and heads of department meetings which are recorded into minutes and held based on needs. The Board is represented by the Executive Director who chairs the management meetings, whose members are the senior management and heads of department. The meetings help to remove barriers of bureaucracy and assist in ensuring more direct and effective implementation of all major and important decision.

REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2023 Annual Report. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the External Auditors to consider whether this Statement on Risk Management and Internal Control cover all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared in all material aspects, in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

CONCLUSION

The Board is satisfied that, during the financial period under review and up to the date of this Statement on Risk Management and Internal Control, the systems of risk management and internal control being instituted throughout the Group are in all material aspects, adequate and effective and have received the same assurance from the Executive Director and Group Accountant. Notwithstanding this, reviews of all risk management and control procedures will be an ongoing exercise carried out to ensure the continuing effectiveness of the policies and procedures under changing economic and regulatory environment in order to achieve the Group's corporate objectives.

This Statement on Risk Management and Internal Control has been reviewed and approved by the Board on 16 October 2023.

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of property and investment holding, trading, property development and provision of management services.

The principal activities of the subsidiaries are disclosed in Note 8.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Company was changed from 31 December to 30 June. Accordingly, the current financial statements are prepared for eighteen months from 1 January 2022 to 30 June 2023. Consequently, the comparative amount for the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows and related notes to the financial statements are not comparable.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial period	9,393,213	25,568,265

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than as disclosed in the financial statements.

DIVIDENDS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors in office since the beginning of the current financial period until the date of this report are:

Dato' Dr Abdullah Bin Sepien *	
Leow Thang Fong *	
Latifah Binti Abdul Latiff	
Dato' Zainuddin Bin Yahya	
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	(appointed on 1 April 2022)
Tan Sri Datuk Seri Ismail Bin Yusof	(resigned on 15 March 2022)

* *Director of the Company and its subsidiaries*

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the current financial period until the date of this report are:

Mah Sau Cheong	
Chong Heng Kiong	
Ham Sai Kit	
Yau Sek Fun	
Datin Paduka Hajjah Rakibah Binti Hj. Abd. Manap	(resigned on 1 January 2023)

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

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial period end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2022	**Bought**	**Sold**	**At 30.6.2023**
Interests in South Malaysia Industries Berhad				
Direct interests				
Leow Thang Fong	1,791,250	–	–	1,791,250
Indirect interests				
Leow Thang Fong [1]	622,000	–	–	622,000

Note:
1 Deemed interest through the shareholding of his sister, Leow Pek Fong.

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

DIRECTORS' REPORT (CONT'D)

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 receivable by Directors as disclosed in the "Directors' Remuneration" of this report) 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 period, 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.

DIRECTORS' REMUNERATION

The details of the Directors' remuneration paid/payable to the Directors of the Group and of the Company during the financial period are as follows:

	Group RM	Company RM
Directors of the Company		
- Salaries and bonus	2,179,000	2,179,000
- Defined contribution plans	261,000	261,000
- Fees	553,419	481,419
	2,993,419	2,921,419
Directors of subsidiaries		
- Salaries and bonus	1,722,092	–
- Defined contribution plans	198,498	–
- Fees	120,000	–
	2,040,590	–
	5,034,009	2,921,419

INDEMNITY AND INSURANCE COSTS

During the financial period, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM1,000,000 and RM6,746 respectively. No indemnity was given to or insurance effected for auditors of the Group and of the Company in accordance with Section 289 of the Companies Act 2016.

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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; 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 have 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 the amounts written off for 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 period 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 period.

(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 period which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

   (ii) the results of the operations of the Group and of the Company during the financial period 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 period 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 period in which this report is made.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 8 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD

The significant events during the financial period and subsequent events after the end of the reporting period are disclosed in Note 29 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration of the Group and of the Company for the financial period are as follows:

	Group RM	Company RM
Auditors' remuneration		
- Statutory audit	179,500	95,000
- Non-statutory audit	5,500	5,000
	185,000	100,000

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 October 2023.

DATO' DR ABDULLAH BIN SEPIEN **LEOW THANG FONG**

KUALA LUMPUR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements 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 30 June 2023 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 October 2023.

DATO' DR ABDULLAH BIN SEPIEN **LEOW THANG FONG**

KUALA LUMPUR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Yau Sek Fun (MIA Membership No: 7802), being the officer primarily responsible for the financial management of South Malaysia Industries Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements 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 16 October 2023)

YAU SEK FUN

Before me,

GUNASUNDARY A/P SUPPAIAH
NO.W923
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SOUTH MALAYSIA INDUSTRIES BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of South Malaysia Industries Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit and 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 130.

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 30 June 2023, and of their financial performance and their cash flows for the financial period 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.

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 period. 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 we addressed the key audit matters
(a) Fair value of investment properties	
As at 30 June 2023, the Group's and the Company's investment properties amounting to RM90,579,296 and RM33,190,139 respectively, representing approximately 72% and 28% of the Group's and the Company's total non-current assets as at 30 June 2023. The Group's and the Company's investment properties comprise various categories of properties, which include office premises and commercial building. The Group and the Company engaged independent external valuer to determine the fair value of the investment properties at the reporting date. We have identified the valuation of investment properties as at 30 June 2023 as a key audit matter because of the significance of the amount and the valuation models used by the valuer included significant assumptions which are judgmental.	We reviewed the valuation reports for the investment properties and assessed the appropriateness of the valuation model, property related data, including estimates used by the professional valuer. We assessed and challenged the reasonableness of the assumptions used in the valuation and judgements made. We considered the qualification and competence of the independent external valuer and assessed the scope of work of the external valuer to determine whether the valuation was appropriate to be applied for financial reporting purposes. We reviewed and assessed the appropriateness and adequacy of the disclosures in the financial statements.

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.

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.

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)

- 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.

- 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 and 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 period 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.

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

LIM BEE PENG
Approved Number: 03307/06/2025 J
Chartered Accountant

KUALA LUMPUR
16 October 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Group		Company	
	Note	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	6,088,890	7,207,675	571,687	907,667
Right-of-use assets	5	3,715,596	4,331,736	–	–
Investment properties	6	90,579,296	90,794,936	33,190,139	33,405,779
Inventories	7	5,392,222	6,745,487	–	–
Investment in subsidiaries	8	–	–	38,104,004	58,104,004
Other investments	9	19,977,637	24,425,811	45,667,637	50,115,811
		125,753,641	133,505,645	117,533,467	142,533,261
Current Assets					
Inventories	7	12,084,052	13,461,164	–	–
Trade and other receivables	10	5,951,781	16,382,797	146,696	3,325,745
Tax recoverable		286,661	192,017	–	–
Other investments	9	3,586,384	3,401,384	–	–
Deposits, bank and cash balances	11	12,414,762	6,551,030	286,455	380,802
		34,323,640	39,988,392	433,151	3,706,547
Asset held for sale	12	–	4,007,750	–	4,007,750
		34,323,640	43,996,142	433,151	7,714,297
Total Assets		160,077,281	177,501,787	117,966,618	150,247,558
EQUITY AND LIABILITIES					
Equity					
Share capital	13	244,239,167	244,239,167	244,239,167	244,239,167
Reserves	14	207,147	2,154,781	(961,159)	986,475
Accumulated losses		(110,800,066)	(100,754,873)	(135,851,981)	(109,631,736)
Total Equity		133,646,248	145,639,075	107,426,027	135,593,906
Non-Current Liabilities					
Loans and borrowings	15	8,078,324	7,486,277	3,331,100	6,600,900
Deferred tax liabilities	16	1,619,182	1,335,021	97,362	97,362
		9,697,506	8,821,298	3,428,462	6,698,262
Current Liabilities					
Trade and other payables	17	9,828,002	10,258,119	1,274,533	2,166,190
Loans and borrowings	15	6,905,402	12,783,197	5,837,596	5,789,200
Tax payable		123	98	–	–
		16,733,527	23,041,414	7,112,129	7,955,390
Total Liabilities		26,431,033	31,862,712	10,540,591	14,653,652
Total Equity and Liabilities		160,077,281	177,501,787	117,966,618	150,247,558

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	Group 1.1.2022 to 30.6.2023 RM	Group 1.1.2021 to 31.12.2021 RM	Company 1.1.2022 to 30.6.2023 RM	Company 1.1.2021 to 31.12.2021 RM
Revenue	18	67,053,240	49,814,481	5,094,373	12,100,680
Cost of sales					
- property development costs		(7,593,696)	(5,670,253)	–	–
- others		(50,249,328)	(37,051,008)	(1,669,285)	(1,362,190)
Gross profit		9,210,216	7,093,220	3,425,088	10,738,490
Other income		2,457,382	7,610,960	448,823	2,782,727
Administrative expenses		(16,864,370)	(11,018,423)	(6,691,406)	(3,715,335)
Selling and distribution costs		(1,401,667)	(881,456)	(9,909)	(60,650)
Other operating expenses		(416,954)	(3,712,305)	(20,004,863)	(3,645,461)
Net (loss)/gain on impairment of financial instruments		(46,054)	684,511	(1,896,805)	(1,864,364)
(Loss)/Profit from operations		(7,061,447)	(223,493)	(24,729,072)	4,235,407
Finance costs	19	(1,608,391)	(903,320)	(839,193)	(632,893)
(Loss)/Profit before tax	20	(8,669,838)	(1,126,813)	(25,568,265)	3,602,514
Taxation	21	(723,375)	(588,812)	–	–
(Loss)/Profit for the financial period/year		(9,393,213)	(1,715,625)	(25,568,265)	3,602,514
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss					
- Exchange translation differences on foreign operations		–	(3,170,276)	–	–
Items that will not be reclassified subsequently to profit or loss					
- Net change in fair value of equity investments designated at fair value through other comprehensive income		(2,599,614)	(780,326)	(2,599,614)	(780,326)
Other comprehensive loss for the financial period/year		(2,599,614)	(3,950,602)	(2,599,614)	(780,326)
Total comprehensive (loss)/income for the financial period/year		(11,992,827)	(5,666,227)	(28,167,879)	2,822,188
(Loss)/Profit for the financial period/year attributable to:					
Owners of the parent		(9,393,213)	(1,715,625)	(25,568,265)	3,602,514
Total comprehensive (loss)/income for the financial period/year attributable to:					
Owners of the parent		(11,992,827)	(5,666,227)	(28,167,879)	2,822,188
Loss per share					
Basic loss per share (sen)	22	(4.47)	(0.82)		
Diluted loss per share (sen)		(4.47)	(0.82)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Attributable to Owners of the Parent				
	Share Capital RM	**Revaluation Reserves RM**	**Fair Value Reserves RM**	**Accumulated Losses RM**	**Total Equity RM**
Group					
At 1 January 2022	244,239,167	1,168,306	986,475	(100,754,873)	145,639,075
Loss for the financial period	–	–	–	(9,393,213)	(9,393,213)
Net change in fair value of equity investments designated at fair value through other comprehensive income	–	–	(2,599,614)	–	(2,599,614)
Total comprehensive loss for the financial period	–	–	(2,599,614)	(9,393,213)	(11,992,827)
Transfer of loss on disposal of equity instruments at fair value through other comprehensive income to accumulated losses	–	–	651,980	(651,980)	–
At 30 June 2023	244,239,167	1,168,306	(961,159)	(110,800,066)	133,646,248

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Attributable to Owners of the Parent					
	Share Capital RM	**Foreign Currency Translation Reserves RM**	**Revaluation Reserves RM**	**Fair Value Reserves RM**	**Accumulated Losses RM**	**Total Equity RM**
Group						
At 1 January 2021, as previously reported	244,239,167	3,170,276	1,168,306	1,766,801	(98,402,518)	151,942,032
Effect on adoption of the Agenda Decision	–	–	–	–	(636,730)	(636,730)
At 1 January 2021, as restated	244,239,167	3,170,276	1,168,306	1,766,801	(99,039,248)	151,305,302
Loss for the financial year	–	–	–	–	(1,715,625)	(1,715,625)
Exchange translation differences on foreign operations	–	(3,170,276)	–	–	–	(3,170,276)
Net change in fair value of equity investments designated at fair value through other comprehensive income	–	–	–	(780,326)	–	(780,326)
Total comprehensive loss for the financial year	–	(3,170,276)	–	(780,326)	(1,715,625)	(5,666,227)
At 31 December 2021	244,239,167	–	1,168,306	986,475	(100,754,873)	145,639,075

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Share Capital RM	Fair Value Reserves RM	Accumulated Losses RM	Total Equity RM
Company				
At 1 January 2022	244,239,167	986,475	(109,631,736)	135,593,906
Loss for the financial period	–	–	(25,568,265)	(25,568,265)
Net change in fair value of equity investments designated at fair value through other comprehensive income	–	(2,599,614)	–	(2,599,614)
Total comprehensive loss for the financial period	–	(2,599,614)	(25,568,265)	(28,167,879)
Transfer of loss on disposal of equity instruments at fair value through other comprehensive income to accumulated losses	–	651,980	(651,980)	–
At 30 June 2023	244,239,167	(961,159)	(135,851,981)	107,426,027
At 1 January 2021	244,239,167	1,766,801	(113,234,250)	132,771,718
Profit for the financial year	–	–	3,602,514	3,602,514
Net change in fair value of equity investments designated at fair value through other comprehensive income	–	(780,326)	–	(780,326)
Total comprehensive (loss)/income for the financial year	–	(780,326)	3,602,514	2,822,188
At 31 December 2021	244,239,167	986,475	(109,631,736)	135,593,906

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
Operating Activities				
(Loss)/Profit before tax	(8,669,838)	(1,126,813)	(25,568,265)	3,602,514
Adjustments for:				
Bad debt written off	3,332	–	3,332	–
Depreciation of:				
- Property, plant and equipment	2,609,005	2,079,773	319,628	204,324
- Right-of-use assets	921,270	529,811	–	27,157
Finance costs	1,608,391	903,320	839,193	632,893
Inventories written down to net realisable value	441,421	144,170	–	–
Inventories written off	755,023	–	–	–
Net impairment losses recognised/(reversed) on:				
- Amount due from subsidiaries	–	–	1,846,805	2,611,614
- Investment in subsidiaries	–	–	20,000,000	–
- Receivables	46,054	(684,511)	50,000	(747,250)
Property, plant and equipment written off	192,159	14,944	64	6,022
Right-of-use assets written off	–	107,874	–	–
Waiver of debt on amount due from subsidiaries	–	–	–	13,954
Dividend income from:				
- Subsidiaries	–	–	(642,250)	(9,356,050)
- Others	(187,676)	(2,684,205)	(15,000)	(2,636,943)
(Gain)/Loss on disposal of subsidiaries	–	(3,168,856)	–	3,281
(Gain)/Loss on disposal of:				
- Financial assets	(26,562)	139,758	–	141,508
- Investment properties	(25,360)	–	(25,360)	–
- Property, plant and equipment	1,467	(50)	1,467	(10)
Loss/(Gain) on fair value of:				
- Financial assets	4,245	(29,633)	–	–
- Investment properties	102,326	2,570,533	–	3,480,217
Interest income	(563,952)	(166,411)	(398,200)	(138,955)
Net unrealised loss on foreign exchange	3,275	–	–	–
Reversal of over-accrued expenses	–	(12,187)	–	–
	5,884,418	(255,670)	21,979,679	(5,758,238)
Operating loss before working capital changes	(2,785,420)	(1,382,483)	(3,588,586)	(2,155,724)
Changes in working capital:				
Inventories	1,533,933	4,815,458	–	–
Trade and other receivables	8,127,030	4,934,254	1,278,912	2,265,251
Trade and other payables	(520,700)	(986,150)	(891,657)	(8,621,503)
	9,140,263	8,763,562	387,255	(6,356,252)
Cash generated from/(used in) operations	6,354,843	7,381,079	(3,201,331)	(8,511,976)
Interest paid	(1,521,083)	(912,714)	(839,193)	(632,893)
Tax refunded	3,691	–	–	–
Tax paid	(537,524)	(286,140)	–	–
Net cash from/(used in) operating activities	4,299,927	6,182,225	(4,040,524)	(9,144,869)

STATEMENTS OF CASH FLOWS (CONT'D)

	Group		Company	
	1.1.2022 to 30.6.2023 RM	**1.1.2021 to 31.12.2021 RM**	**1.1.2022 to 30.6.2023 RM**	**1.1.2021 to 31.12.2021 RM**
Investing Activities				
Addition of investment properties	(102,326)	(496,853)	–	–
Increase in deposits with licensed bank with maturity more than 3 months	(245)	(295)	–	–
Interest received	2,818,552	168,465	398,200	138,955
Net dividend received	187,676	2,684,205	657,250	11,992,993
Proceeds from disposal of:				
- Asset held for sale	4,007,750	–	4,007,750	–
- Financial assets	12,183,561	8,244,242	1,848,560	628,492
- Investment properties	241,000	–	241,000	–
- Property, plant and equipment	15,000	50	15,000	10
- Subsidiaries [Note 8(c)]	–	1	–	1
Purchase of financial assets	(10,497,684)	(8,111,177)	–	(100,000)
Purchase of property, plant and equipment	(1,698,846)	(579,568)	(179)	(19,538)
Purchase of right-of-use assets [Note 5(c)]	(59,110)	(459,835)	–	–
Net cash from investing activities	7,095,328	1,449,235	7,167,581	12,640,913
Financing Activities				
(Increase)/Decrease in deposits and bank balances pledged with licensed banks	(27,956)	1,065,171	(5,006)	(4,906)
Drawdown of loans and borrowings	5,380,725	1,874,789	–	–
Payment of lease liabilities	(175,867)	(110,924)	–	(50,933)
Repayment of loans and borrowings	(11,043,613)	(6,841,566)	(3,873,800)	(1,544,600)
Net cash used in financing activities	(5,866,711)	(4,012,530)	(3,878,806)	(1,600,439)
Net increase/(decrease) in cash and cash equivalents	5,528,544	3,618,930	(751,749)	1,895,605
Cash and cash equivalents at the beginning of the financial period/year	4,674,464	1,055,534	106,645	(1,788,960)
Cash and cash equivalents at the end of the financial period/year (Note 11)	10,203,008	4,674,464	(645,104)	106,645

Note to statements of cash flows:

Cash flows for leases as a lessee

	Group		Company	
	1.1.2022 to 30.6.2023 RM	**1.1.2021 to 31.12.2021 RM**	**1.1.2022 to 30.6.2023 RM**	**1.1.2021 to 31.12.2021 RM**
Included in operating activities:				
Interest paid in relation to lease liabilities (Note 19)	24,083	11,097	–	547
Payment relating to short-term leases (Note 20)	21,700	16,800	–	–
Included in financing activities:				
Payment of lease liabilities	175,867	110,924	–	50,933
Total cash outflows for leases	221,650	138,821	–	51,480

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2023

1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at 15th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur.

The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim.

The principal activities of the Company are those of property and investment holding, trading, property development and provision of management services. The principal activities of the subsidiaries are disclosed in Note 8.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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.

Adoption of new and amended standards

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

Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020:
- Amendments to MFRS 1
- Amendments to MFRS 9
- Amendments to MFRS 16
- Amendments to MFRS 141

The adoption of the above amendments to standards has no significant impact on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

2.1 Statement of compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
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
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 112	International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
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 new standards and amendments to standards, if applicable, when they become effective.

The initial application of the abovementioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

2.2 Functional and presentation currency

The 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)

2.3 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:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(b) 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
(c) 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 in 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 options - the Group as lessee</u>

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. 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.

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for those leases with renewal option.

2. BASIS OF PREPARATION (CONT'D)

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

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 reporting period are set out below:

(i) Useful lives 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 amounts at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

(ii) Fair value of investment properties

The Group and the Company carry its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group and the Company engaged independent valuation specialist to assess fair value for investment properties. Valuation was based on the investment approach and comparison approach. Investment approach entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. Comparison approach entails critical analysis of recent evidence of value of comparable properties in the neighbourhood and making adjustments for differences. The key assumptions used to determine the fair value of the investment properties are disclosed in Note 6.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unutilised 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, unutilised 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 16.

(iv) Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices less estimated costs to sell. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7.

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

(v) Revenue from property development activities

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the stage of completion of the development activity at the end of the reporting period. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development. Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development phase, the expected loss on the development phase is recognised as an expense immediately.

Significant judgement is required in determining the completeness and accuracy of the total property development costs as estimates of future property development costs are inherently uncertain, which involve management's estimation of future cost to completion of the development. Substantial changes in cost estimates in future periods may affect the profitability of the respective property development projects. In making the estimation, the Group evaluates based on past experiences and by relying on the work of specialists. Where the actual total property development costs are different from the estimated total property development costs, such difference will impact the property development profits/(losses) recognised.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 10(c).

(vi) Provision for expected credit loss of financial assets at amortised cost

The Group uses a provision matrix to calculate expected credit loss for trade receivables. 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.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss is disclosed in Note 10.

(vii) 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.

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

(viii) 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 tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 30 June 2023, the Group has tax recoverable of RM286,661 (31.12.2021: RM192,017) and tax payable of RM123 (31.12.2021: RM98).

(ix) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business.

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.

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 *Financial Instruments* either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not remeasured, 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 subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less accumulated impairment losses. On disposal of such investment, 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. Refer accounting policy Note 3.13(i) on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions i.e., 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 is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(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 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. Refer accounting policy Note 3.13(i) on impairment of non-financial assets.

3.2 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.

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 2018 (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, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed-off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

When the Group disposes of only part of its interest in a subsidiary 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 that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.3 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 3.13(i) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost 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 building	2%
Office furniture and equipment	8% - 20%
Renovations	15% - 50%
Plant and machinery	6% - 50%
Computer hardware and software	10% - 25%
Tools and implements	10% - 15%
Motor vehicles	10% - 20%

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

3.4 Leases

As lessee

The Group and the Company recognise 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 asset is 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 3.13(i) on impairment of non-financial assets.

The ROU asset under cost model is 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 land and building	Over the remaining lease period
Motor vehicles	10% - 20% or over the lease term, if shorter
Building	Over the lease period
Plant and machinery	Over the lease period

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 and the Company are reasonably certain to exercise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (Cont'd)

As lessee (Cont'd)

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 or the Company 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.

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.5 Investment properties

Investment properties, including ROU assets held by lessee, are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment properties (Cont'd)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professional qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.6 Financial assets

Recognition and initial measurement

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.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequently to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial assets (Cont'd)

Financial asset categories and subsequent measurement (Cont'd)

The Group and the Company classify their financial assets as follows:

(i) Financial assets at amortised cost

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 method. The amortised cost is reduced by impairment losses. Interest income foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition are recognised in profit or loss.

The Group's and the Company's financial assets at amortised cost comprise trade and other receivables and deposits, bank and cash balances.

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

(a) Debt investments

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt investment is not designated as at FVTPL. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(b) Equity investments

This category comprises investment in equity investment that is not held for trading. The Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Group's and the Company's financial assets at FVTOCI comprise other investments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial assets (Cont'd)

Financial asset categories and subsequent measurement (Cont'd)

The Group and the Company classify their financial assets as follows: (Cont'd)

(iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in the profit or loss.

The Group's and the Company's financial assets at FVTPL comprise other investments.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 3.13(ii) on impairment of financial assets.

Regular way purchase or sale of financial assets

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

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3.7 Financial liabilities

Recognition and initial measurement

Financial liabilities 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.

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial liabilities (Cont'd)

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

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

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

The Group and the Company have not designated any financial liabilities as FVTPL.

(ii) Financial liabilities at amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains or losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables and loans and borrowings.

Derecognition

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

3.8 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 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, when appropriate, the cumulative amount of the income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers.*

3.9 Offsetting of financial instruments

Financial asset and financial liability 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)

3.10 Inventories

(i) Land held for property development

Land held for property development consists of land held for future development where no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs are determined based on a specific identification basis. Property development costs comprising cost of land, direct materials, direct labour, other direct costs and related overheads incurred that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. The property development costs are subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Property development costs for which work has been undertaken and development activities are expected to be completed within the normal operating cycle, are classified as current asset.

(iii) Completed properties

Completed properties are stated at the lower of cost and net realisable value. The cost comprises proportionate cost of land and related development and construction expenditure.

(iv) Other inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw materials comprises cost of purchase and other costs incurred in bringing it to their present location and conditions are determined on a first-in-first-out basis. Cost of work-in-progress and finished goods consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out basis.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 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.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term highly liquid investments that are readily convertible to known amount 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 bank overdrafts and pledged deposits.

3.13 Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, investment property measured at fair value and assets held for sale) 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 goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash- generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment of assets (Cont'd)

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience to the debtors and the economic environment.

3.14 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 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 and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

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 Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3.16 Revenue and other income

(i) Revenue from contracts with customers

Revenue is recognised when the Group and the Company 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.

The Group and the Company recognises revenue from the following major sources:

(a) Revenue from property development

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the level the proportion that the property development costs incurred to date bear to the estimated total costs for the property development.

The Group recognises revenue at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group and the Company recognises revenue from the following major sources: (Cont'd)

(b) Sales of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(c) Rendering of services

Revenue from rendering of services and management fee are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group and the Company, and the Group and the Company has a present right to payment for the services.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Dividend income

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

(iv) Interest Income

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

3.17 Borrowing costs

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

3.18 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 period, 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. For 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.

Unutilised reinvestment allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.19 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-maker, who is responsible for allocating resources and assessing performance of the operating segment makes strategic decisions based on operating segments' results. 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.

3.20 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3.22 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.

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 Group and 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

	Freehold land RM	Freehold building RM	Office furniture and equipment RM	Renovations RM	Plant and machinery RM	Computer hardware and software RM	Tools and implements RM	Motor vehicles RM	Total RM
Group									
30.6.2023									
Cost									
At 1 January 2022	790,000	130,000	1,483,668	3,088,174	33,410,160	759,685	597,404	3,045,153	43,304,244
Additions	–	–	25,647	–	1,627,366	45,833	–	–	1,698,846
Written off	–	–	(79,037)	–	(2,417,683)	(52,313)	–	–	(2,549,033)
Disposals	–	–	–	–	–	–	–	(267,033)	(267,033)
At 30 June 2023	790,000	130,000	1,430,278	3,088,174	32,619,843	753,205	597,404	2,778,120	42,187,024
Accumulated depreciation									
At 1 January 2022	–	13,000	1,258,920	2,470,718	28,429,402	713,531	545,375	2,665,623	36,096,569
Charge for the financial period	–	3,900	90,884	216,003	2,075,945	40,803	17,343	164,127	2,609,005
Written off	–	–	(78,186)	–	(2,226,390)	(52,298)	–	–	(2,356,874)
Disposals	–	–	–	–	–	–	–	(250,566)	(250,566)
At 30 June 2023	–	16,900	1,271,618	2,686,721	28,278,957	702,036	562,718	2,579,184	36,098,134
Carrying amount									
At 30 June 2023	790,000	113,100	158,660	401,453	4,340,886	51,169	34,686	198,936	6,088,890

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Freehold building RM	Office furniture and equipment RM	Renovations RM	Plant and machinery RM	Computer hardware and software RM	Tools and implements RM	Motor vehicles RM	Work-in-Progress RM	Total RM
Group										
31.12.2021										
Cost										
At 1 January 2021	790,000	130,000	1,544,932	3,094,424	34,077,894	735,391	597,404	2,190,127	267,745	43,427,917
Additions	–	–	21,618	–	519,053	38,897	–	–	–	579,568
Written off	–	–	(82,882)	(6,250)	(1,454,532)	(10,348)	–	–	–	(1,554,012)
Disposals	–	–	–	–	–	(4,255)	–	–	–	(4,255)
Transfer from right-of-use assets (Note 5)	–	–	–	–	–	–	–	855,026	–	855,026
Reclassification	–	–	–	–	267,745	–	–	–	(267,745)	–
At 31 December 2021	790,000	130,000	1,483,668	3,088,174	33,410,160	759,685	597,404	3,045,153	–	43,304,244
Accumulated depreciation										
At 1 January 2021	–	10,400	1,273,122	2,326,271	28,172,669	699,018	533,813	2,049,170	–	35,064,463
Charge for the financial year	–	2,600	62,273	150,697	1,702,727	29,117	11,562	120,797	–	2,079,773
Written off	–	–	(76,475)	(6,250)	(1,445,994)	(10,349)	–	–	–	(1,539,068)
Disposals	–	–	–	–	–	(4,255)	–	–	–	(4,255)
Transfer from right-of-use assets (Note 5)	–	–	–	–	–	–	–	495,656	–	495,656
At 31 December 2021	–	13,000	1,258,920	2,470,718	28,429,402	713,531	545,375	2,665,623	–	36,096,569
Carrying amount										
At 31 December 2021	790,000	117,000	224,748	617,456	4,980,758	46,154	52,029	379,530	–	7,207,675

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office and furniture equipment RM	Renovations RM	Plant and machinery RM	Computer hardware and software RM	Motor vehicles RM	Total RM
Company						
30.6.2023						
Cost						
At 1 January 2022	681,935	2,254,839	10,500	151,645	870,513	3,969,432
Additions	179	–	–	–	–	179
Written off	(34,786)	–	–	–	–	(34,786)
Disposal	–	–	–	–	(267,033)	(267,033)
At 30 June 2023	647,328	2,254,839	10,500	151,645	603,480	3,667,792
Accumulated depreciation						
At 1 January 2022	543,868	1,722,565	9,480	141,885	643,967	3,061,765
Charge for the financial period	46,370	181,156	270	5,466	86,366	319,628
Written off	(34,722)	–	–	–	–	(34,722)
Disposal	–	–	–	–	(250,566)	(250,566)
At 30 June 2023	555,516	1,903,721	9,750	147,351	479,767	3,096,105
Carrying amount						
At 30 June 2023	91,812	351,118	750	4,294	123,713	571,687
31.12.2021						
Cost						
At 1 January 2021	741,488	2,261,089	9,300	145,332	267,033	3,424,242
Additions	8,451	–	1,200	9,887	–	19,538
Written off	(68,004)	(6,250)	–	(3,059)	–	(77,313)
Disposal	–	–	–	(515)	–	(515)
Transfer from right-of-use assets (Note 5)	–	–	–	–	603,480	603,480
At 31 December 2021	681,935	2,254,839	10,500	151,645	870,513	3,969,432
Accumulated depreciation						
At 1 January 2021	573,770	1,602,114	9,300	132,593	240,330	2,558,107
Charge for the financial year	32,080	126,701	180	12,866	32,497	204,324
Written off	(61,982)	(6,250)	–	(3,059)	–	(71,291)
Disposal	–	–	–	(515)	–	(515)
Transfer from right-of-use assets (Note 5)	–	–	–	–	371,140	371,140
At 31 December 2021	543,868	1,722,565	9,480	141,885	643,967	3,061,765
Carrying amount						
At 31 December 2021	138,067	532,274	1,020	9,760	226,546	907,667

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 15(a)(i) are as follows:

	Group	
	30.6.2023 RM	**31.12.2021 RM**
Freehold land and building	903,100	907,000
Plant and machinery	4,200,679	4,448,443
Office furniture and equipment, computer hardware and software	60,219	51,090
Tools and implements	34,686	52,029
Motor vehicles	75,223	148,383
	5,273,907	5,606,945

5. RIGHT-OF-USE ASSETS

	Leasehold land and building RM	**Building RM**	**Plant and machinery RM**	**Total RM**
Group				
30.6.2023				
Cost				
At 1 January 2022	8,764,864	322,208	–	9,087,072
Additions	59,110	51,470	194,550	305,130
At 30 June 2023	8,823,974	373,678	194,550	9,392,202
Accumulated depreciation				
At 1 January 2022	4,700,100	55,236	–	4,755,336
Charge for the financial period	741,164	167,136	12,970	921,270
At 30 June 2023	5,441,264	222,372	12,970	5,676,606
Carrying amount				
At 30 June 2023	3,382,710	151,306	181,580	3,715,596

5. RIGHT-OF-USE ASSETS (CONT'D)

	Leasehold land and building RM	Motor vehicles RM	Building RM	Total RM
Group				
31.12.2021				
Cost				
At 1 January 2021	8,553,761	855,026	–	9,408,787
Additions	459,835	–	322,208	782,043
Written off	(248,732)	–	–	(248,732)
Transfer to property, plant and equipment (Note 4)	–	(855,026)	–	(855,026)
At 31 December 2021	8,764,864	–	322,208	9,087,072
Accumulated depreciation				
At 1 January 2021	4,395,427	466,612	–	4,862,039
Charge for the financial year	445,531	29,044	55,236	529,811
Written off	(140,858)	–	–	(140,858)
Transfer to property, plant and equipment (Note 4)	–	(495,656)	–	(495,656)
At 31 December 2021	4,700,100	–	55,236	4,755,336
Carrying amount				
At 31 December 2021	4,064,764	–	266,972	4,331,736

	Company	
	30.6.2023 RM	31.12.2021 RM
Motor vehicles		
Cost		
At beginning of financial period/year	–	603,480
Transfer to property, plant and equipment (Note 4)	–	(603,480)
At end of financial period/year	–	–
Accumulated depreciation		
At beginning of financial period/year	–	343,983
Charge for the financial period/year	–	27,157
Transfer to property, plant and equipment (Note 4)	–	(371,140)
At end of financial period/year	–	–
Carrying amount		
At end of financial period/year	–	–

5. RIGHT-OF-USE ASSETS (CONT'D)

(a) Leasehold land and building of a subsidiary were revalued by the Directors based on an independent professional valuation revised by the government valuer in year 1983 on an open market value basis.

As allowed by the transitional provisions of the MASB Approved Accounting Standard IAS 16 (Revised): *Property, Plant and Equipment*, this asset continue to be stated at its 1983 valuation less accumulated depreciation and impairment loss. Following the adoption of MFRS 16 on 1 January 2019, the Group has reclassified the carrying amount of leasehold land and building to right-of-use assets.

Had the leasehold land and building been carried at historical cost less accumulated depreciation, the carrying amounts of the revalued asset that would have been included in the financial statements at the end of the reporting period was RM517 (31.12.2021: RM623).

The remaining lease term of the leasehold land and building of the Group is 7 years (31.12.2021: 9 years).

(b) Asset pledged as securities to licensed banks

The carrying amount of the leasehold land and building of the Group amounted to RM3,382,710 (31.12.2021: RM4,064,764) are pledged as securities for bank borrowings as disclosed in Note 15(a)(ii).

(c) Purchase of right-of-use assets

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

	Group	
	30.6.2023 RM	**31.12.2021 RM**
Aggregate costs	305,130	782,043
Less: Lease financing	(246,020)	(322,208)
Cash payments	59,110	459,835

6. INVESTMENT PROPERTIES

	Group		Company	
	30.6.2023 RM	**31.12.2021 RM**	**30.6.2023 RM**	**31.12.2021 RM**
At fair value				
Freehold property				
At beginning of financial period/year	30,000,000	30,000,000	30,000,000	30,000,000
Leasehold properties				
At beginning of financial period/year	60,794,936	66,876,366	3,405,779	10,893,746
Additions	102,326	496,853	–	–
Disposal	(215,640)	–	(215,640)	–
Transfer to asset held for sale (Note 12)	–	(4,007,750)	–	(4,007,750)
Changes in fair value recognised in profit or loss	(102,326)	(2,570,533)	–	(3,480,217)
At end of financial period/year	60,579,296	60,794,936	3,190,139	3,405,779
Carrying amount				
At end of financial period/year	90,579,296	90,794,936	33,190,139	33,405,779

6. INVESTMENT PROPERTIES (CONT'D)

(a) The freehold investment property of the Group and of the Company with carrying amount of RM30,000,000 (31.12.2021: RM30,000,000) was revalued by an independent firm of professional valuers on 30 June 2023. The independent professional qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and category of the investment properties being valued. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use. The fair value is within level 3 of the fair value hierarchy. Valuation was based on the investment approach that entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income.

The following table shows the valuation techniques used in the determination of fair value within level 3, as well as the significant unobservable inputs used in the valuation model.

Property category	**Valuation technique**	**Significant unobservable inputs**	**Range 30.6.2023**	**Inter-relationship**
Office building	Investment method	Estimated rental (RM/psf/month)	3.50 - 5.50	Higher the estimated rental, higher the fair value
		Capitalisation rate (%)	5.75 - 6.00	Higher the range of inputs, lower the fair value
		Void rate (%)	5.00	Higher the range of inputs, lower the fair value

There were no transfers between levels during the current financial period and previous financial years.

The freehold investment property is pledged to a licensed bank for credit facility granted to the Company as disclosed in Note 15(a)(iii).

(b) The fair value of certain leasehold investment properties of the Group and of the Company with carrying amount of RM4,388,296 and RM3,190,139 (31.12.2021: RM4,603,936 and RM3,405,779) respectively was estimated by the Directors based on internal appraisal of market values of comparable properties. The remaining lease term range from 58 to 72 years (31.12.2021: 60 to 74 years). The fair value are within level 3 of the fair value hierarchy.

The leasehold investment properties of the Group with carrying amount of RM56,191,000 (31.12.2021: RM56,191,000) was revalued by an independent firm of professional valuers on 30 June 2023. The independent professional qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and category of the investment properties being valued. The fair value is within level 2 of the fair value hierarchy. The fair value was determined based on the comparison approach that entails critical analysis of recent evidence of value of comparable properties in the neighbourhood and making adjustments for differences.

There were no transfers between levels during current financial period and previous financial years.

In the previous financial year, the increase in fair value of the investment properties of the Group and of the Company amounting to RM779,147 and RMNil has been recognised in the profit or loss as part of "Other income".

The decrease in fair value of the Group and of the Company of RM102,326 and RMNil (31.12.2021: RM3,349,680 and RM3,480,217) has been recognised in the profit or loss as part of "Other operating expenses" during the financial period/year.

Leasehold properties of the Group with carrying amount of RM34,717,000 (31.12.2021: RM34,717,000) is pledged to a licensed bank for credit facility granted to the Company as disclosed in Note 15(a)(iii).

6. INVESTMENT PROPERTIES (CONT'D)

(c) The following income and expenses are recognised in profit or loss in respect of investment properties:

	Group		Company	
	1.1.2022 to 30.6.2023 RM	**1.1.2021 to 31.12.2021 RM**	**1.1.2022 to 30.6.2023 RM**	**1.1.2021 to 31.12.2021 RM**
Rental and car park income	10,719,652	6,250,980	2,565,723	1,486,288
Direct operating expenses	(5,749,253)	(4,128,326)	(1,669,287)	(1,176,382)
	4,970,399	2,122,654	896,436	309,906

7. INVENTORIES

		Group	
	Note	**30.6.2023 RM**	**31.12.2021 RM**
Non-current			
Land held for property development	(a)	5,392,222	6,745,487
Current			
Property development costs	(b)	3,658,925	3,394,038
Completed properties	(c)	1,202,513	2,572,499
Other inventories	(d)	7,222,614	7,494,627
		12,084,052	13,461,164

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. INVENTORIES

(a) Land held for property development

		Group	
	Note	30.6.2023 RM	31.12.2021 RM
Non-current			
Leasehold land, at cost			
At beginning of financial period/year		4,416,197	6,167,750
Transfer to property development costs	7(b)	(1,332,492)	(1,751,553)
At end of financial period/year		3,083,705	4,416,197
Property development costs			
At beginning of financial period/year, as previously reported		2,329,290	2,673,182
Effect on adoption of the Agenda Decision		–	(444,942)
At beginning of financial period/year, as restated		2,329,290	2,228,240
Additions		826,805	215,447
Transfer to property development costs	7(b)	(847,578)	(114,397)
At end of financial period/year		2,308,517	2,329,290
Total land held for property development			
At end of financial period/year		5,392,222	6,745,487

Included in land held for property development of the Group with carrying amount of RMNil (31.12.2021: RM1,402,681) are pledged to licensed banks for banking facilities granted to a subsidiary as disclosed in Note 15(a)(iv).

7. INVENTORIES (CONT'D)

(b) Property development costs

	Note	Group 30.6.2023 RM	31.12.2021 RM
Current			
Leasehold land, at cost			
At beginning of financial period/year		4,082,168	2,330,615
Transfer from land held for property development	7(a)	1,332,492	1,751,553
Reversal of completed projects		(2,261,484)	–
At end of financial period/year		3,153,176	4,082,168
Property development costs			
At beginning of financial period/year, as previously reported		6,293,846	4,499,393
Effect on adoption of the Agenda Decision		–	(302,419)
At beginning of financial period/year, as restated		6,293,846	4,196,974
Additions		5,678,513	1,982,475
Transfer from land held for property development	7(a)	847,578	114,397
Reversal of completed projects		(7,324,996)	–
At end of financial period/year		5,494,941	6,293,846
Less: Cumulative costs recognised in profit or loss			
At beginning of financial period/year, as previously reported		6,981,976	1,362,653
Effect on adoption of the Agenda Decision		–	(50,930)
At beginning of financial period/year, as restated		6,981,976	1,311,723
Recognised during the financial period/year		7,593,696	5,670,253
		14,575,672	6,981,976
Reversal of completed projects		(9,586,480)	–
At end of financial period/year		4,989,192	6,981,976
Total property development costs			
At end of financial period/year		3,658,925	3,394,038

Included in property development costs of the Group with carrying amount of RMNil (31.12.2021: RM3,017,907) are pledged to licensed banks for banking facilities granted to a subsidiary as disclosed in Note 15(a)(v).

(c) Completed properties

	Group 30.6.2023 RM	31.12.2021 RM
At beginning of financial period/year	2,572,499	3,565,134
Recognised during the financial period/year	(1,369,986)	(992,635)
At end of financial period/year	1,202,513	2,572,499

7. INVENTORIES (CONT'D)

(d) Other inventories

	Note	Group 30.6.2023 RM	Group 31.12.2021 RM
At cost			
Raw materials		946,091	1,371,435
Work-in-progress		705,471	3,192,770
Finished goods		193,078	1,357,659
		1,844,640	5,921,864
At net realisable value			
Raw materials		1,931,177	–
Work-in-progress		661,640	–
Finished goods		2,785,157	1,572,763
		7,222,614	7,494,627
Carrying amount of inventories pledged as security for banking facilities	15(a)(viii)	7,222,614	7,494,627
Recognised in profit or loss			
Inventories recognised as cost of sales		33,396,262	25,317,569
Inventories written down to net realisable value		441,421	144,170
Inventories written off		755,023	–

8. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries

	Company 30.6.2023 RM	Company 31.12.2021 RM
In Malaysia		
Unquoted shares, at cost	134,633,405	134,633,405
Less: Accumulated impairment losses	(96,529,401)	(76,529,401)
	38,104,004	58,104,004

Movements in the allowance for impairment losses of investment in subsidiaries are as follows:

	Company 30.6.2023 RM	Company 31.12.2021 RM
At beginning of financial period/year	76,529,401	76,529,401
Impairment losses recognised	20,000,000	–
At end of financial period/year	96,529,401	76,529,401

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Investment in subsidiaries (Cont'd)

The impairment losses amounting to RM20,000,000 was recognised in respect of the excess in the carrying amount of the investment in a subsidiary over its estimated recoverable amount. The impairment losses were recognised in other operating expenses in the statements of profit or loss and other comprehensive income.

Details of the subsidiaries, all of which are incorporated in Malaysia are as follows:

Name of company	Effective interest 30.6.2023	Effective interest 31.12.2021	Principal activities
	%	%	
Direct holding:			
Anastoria Sdn. Bhd.	100	100	Property development
Kam Kok Development Sdn. Bhd.	100	100	Property development
Perantara Properties Sdn. Bhd.	100	100	Property development
SMI Cityhome Sdn. Bhd.	100	100	Property development
SMI Wire Sdn. Bhd.	100	100	Manufacturing and trading of assorted wires
SMI Multi Zone Sdn. Bhd.	100	100	Car park management and operations
SMI Project Management Sdn. Bhd.	100	100	Dormant
Indirect holding:			
Held by Anastoria Sdn. Bhd.			
Limpah Murni Sdn. Bhd.	100	100	Dormant

(b) There were no changes in the composition of the Group during the current financial period and previous financial year except for:

<u>**31 December 2021**</u>

The Group disposed its dormant subsidiary incorporated in Hong Kong, South Malaysia Industries (Hong Kong) Ltd ("SMIHK") for total cash consideration of RM1. Thus, the investment in SMI Leisure and Entertainment Ltd and Golden Fame Enterprises Ltd has been disposed following the disposal of its immediate holding company, SMIHK.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Disposal of subsidiaries

The effect of disposal of subsidiaries on the financial position of the Group are as follows:

	Group	
	30.6.2023 RM	**31.12.2021 RM**
Foreign exchange reserve reclassified to profit or loss	–	(3,168,855)
Total net liabilities	–	(3,168,855)
Gain on disposal of subsidiaries	–	3,168,856
Proceed from disposal of subsidiaries, represent net cash inflows from disposal	–	1

9. OTHER INVESTMENTS

	Group		Company	
	30.6.2023 RM	**31.12.2021 RM**	**30.6.2023 RM**	**31.12.2021 RM**
Non-current				
At FVTOCI				
Quoted in Malaysia				
- Shares	4,447,440	6,043,000	4,447,440	6,043,000
- Loan stocks	–	2,852,614	–	2,852,614
Unquoted outside Malaysia				
- Shares	15,530,197	15,530,197	15,530,197	15,530,197
	19,977,637	24,425,811	19,977,637	24,425,811
At FVTPL				
Unquoted in Malaysia				
- Instruments	–	–	25,690,000	25,690,000
	19,977,637	24,425,811	45,667,637	50,115,811
Current				
At FVTPL				
Quoted in Malaysia				
- Unit trust	3,586,384	3,401,384	–	–
Carrying amount of other investments pledged as security for banking facilities [Note 15(a)(viii)]	1,301,407	1,233,953	–	–

The Company has an investment in unquoted securities outside Malaysia, representing 14.7% equity interest in a company, whose activities among others include a mixed development project in Queenstown, New Zealand.

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
Current					
Trade receivables	(a)	5,431,494	12,603,354	–	37,169
Less: Accumulated impairment losses		(205,839)	(265,497)	–	–
		5,225,655	12,337,857	–	37,169
Other receivables	(b)	1,886,247	4,331,019	1,834,841	4,976,891
Less: Accumulated impairment losses		(1,831,439)	(1,781,439)	(1,831,439)	(1,781,439)
		54,808	2,549,580	3,402	3,195,452
Deposits		310,835	323,726	69,272	77,933
Prepayments		360,483	508,908	47,089	15,191
Contract assets	(c)	–	662,726	–	–
		726,126	4,044,940	119,763	3,288,576
Amount due from subsidiaries	(d)	–	–	4,597,676	2,723,938
Less: Accumulated impairment losses		–	–	(4,570,743)	(2,723,938)
		–	–	26,933	–
Total trade and other receivables		5,951,781	16,382,797	146,696	3,325,745
Carrying amount of trade and other receivables pledged as security for banking facilities	15(a)(viii)	4,557,733	9,525,636	–	–

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

Trade receivables are unsecured, non-interest bearing and are on 7 to 90 days (31.12.2021: 7 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in the trade receivables of the Group are amount of RM780,310 (31.12.2021: RM55,410) retained by stakeholders which are due upon the expiry of retention period as stipulated in the sale and purchase agreements signed with property purchasers.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Lifetime allowance RM	Credit impaired RM	Loss allowance RM
Group			
At 1 January 2022	233,360	32,137	265,497
Impairment losses (reversed)/recognised	(147,740)	143,794	(3,946)
Amount written off	–	(55,712)	(55,712)
At 30 June 2023	85,620	120,219	205,839
At 1 January 2021	170,621	32,137	202,758
Impairment losses recognised	62,739	–	62,739
At 31 December 2021	233,360	32,137	265,497

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The ageing analysis of trade receivables at the end of the reporting period are as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
30.6.2023			
Not past due	2,826,818	(13,654)	2,813,164
Past due			
Less than 30 days	865,314	(13,171)	852,143
31 to 60 days	542,782	(12,393)	530,389
61 to 90 days	517,248	(15,746)	501,502
More than 90 days	559,113	(30,656)	528,457
	2,484,457	(71,966)	2,412,491
Credit impaired			
Individually impaired	120,219	(120,219)	–
	5,431,494	(205,839)	5,225,655

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

The ageing analysis of trade receivables at the end of the reporting period are as follows: (Cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
31.12.2021			
Not past due	5,878,947	(55,380)	5,823,567
Past due			
Less than 30 days	2,973,028	(70,515)	2,902,513
31 to 60 days	1,081,388	(40,495)	1,040,893
61 to 90 days	917,500	(21,351)	896,149
More than 90 days	1,720,354	(45,619)	1,674,735
	6,692,270	(177,980)	6,514,290
Credit impaired			
Individually impaired	32,137	(32,137)	–
	12,603,354	(265,497)	12,337,857

	30.6.2023 RM	31.12.2021 RM
Company		
Neither past due nor impaired	–	18,740
Past due but not impaired		
31 to 60 days	–	18,429
	–	37,169

Trade receivables that are neither past due nor individually impaired are creditworthy receivables with good payment records with the Group and the Company.

As at 30 June 2023, gross trade receivables of the Group and of the Company amounting to RM2,484,457 (31.12.2021: RM6,692,270) and RMNil (31.12.2021: RM18,429) respectively were past due but not individually impaired. These relate to a number of customers for whom there is no recent history of default but slower repayment records.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM120,219 (31.12.2021: RM32,137) related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt's recovery process.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables

Movements in the allowance for impairment losses of other receivables are as follows:

	Group		Company	
	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
At beginning of financial period/year	1,781,439	2,528,689	1,781,439	2,528,689
Impairment losses recognised/ (reversed)	50,000	(747,250)	50,000	(747,250)
At end of financial period/year	1,831,439	1,781,439	1,831,439	1,781,439

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

(c) Contract assets

	Note	Group 30.6.2023 RM	Group 31.12.2021 RM
At beginning of financial period/year		650,590	(393,381)
Property development revenue recognised during the financial period/year		11,113,865	8,040,458
Less: Billings during the financial period/year		(12,352,258)	(6,996,487)
At end of financial period/year		(587,803)	650,590
Presented as:			
Contract assets		–	662,726
Contract liabilities	17	(587,803)	(12,136)
		(587,803)	650,590

The contract assets and liabilities balances represent the timing differences in revenue recognition and milestone billings. The milestone billings for property development contract are governed by the relevant regulations.

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional. Contract liabilities consist of billings in excess of revenue recognised, this amount is expected to be recognised as revenue over a period of 30 to 60 days.

<u>Contract value yet to be recognised as revenue</u>

The revenue of the Group expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) at the reporting date is RM3,963,721 (31.12.2021: RM3,957,628). The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 12 to 24 months.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Amount due from subsidiaries

This represents unsecured, non-interest bearing advances and repayable on demand.

Movements in the allowance for impairment losses of amount due from subsidiaries are as follows:

	Company	
	30.6.2023 RM	31.12.2021 RM
At beginning of financial period/year	2,723,938	107,017,285
Impairment losses recognised	1,846,805	2,611,614
Disposal of subsidiaries	–	(106,904,961)
At end of financial period/year	4,570,743	2,723,938

11. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
Fixed deposits with licensed banks	1,701,395	1,669,946	276,203	271,187
Cash and bank balances	10,713,367	4,881,084	10,252	109,615
Total cash and bank balances	12,414,762	6,551,030	286,455	380,802
Bank overdrafts	(652,396)	(345,409)	(652,396)	–
	11,762,366	6,205,621	(365,941)	380,802
Less: Fixed deposits pledged to licensed banks	(1,542,137)	(1,514,171)	(276,203)	(271,187)
Less: Cash and bank balances pledged	(2,960)	(2,970)	(2,960)	(2,970)
Less: Fixed deposits not for short-term funding requirements	(14,261)	(14,016)	–	–
Cash and cash equivalents	10,203,008	4,674,464	(645,104)	106,645

Included in the cash and bank balances of the Group are cash held under Housing Development Accounts amounting to RM9,099,549 (31.12.2021: RM2,812,884) pursuant to Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

The fixed deposits with licensed banks of the Group and of the Company have an average maturity period of 337 and 365 days (31.12.2021: 337 and 365 days) respectively.

The fixed deposits with licensed banks and bank balances of the Group and of the Company amounting to RM1,545,097 (31.12.2021: RM1,517,141) and RM279,163 (31.12.2021: RM274,157) respectively are placed as collateral for bank borrowings granted to the Company and its subsidiaries as disclosed in Note 15(a)(vi).

The weighted average effective interest rates per annum are as follows:

	Group		Company	
	30.6.2023 %	31.12.2021 %	30.6.2023 %	31.12.2021 %
Fixed deposits with licensed banks	2.79	1.79	2.80	1.85

12. ASSET HELD FOR SALE

	Group/Company	
	30.6.2023	**31.12.2021**
	RM	**RM**
Leasehold properties	–	4,007,750

In the previous financial year, the Group and the Company entered into a sale and purchase agreement with a third party for the disposal of its 11 units of leasehold properties for a total consideration of RM4,007,750. The disposal has been completed during the financial period.

13. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	30.6.2023	**31.12.2021**	**30.6.2023**	**31.12.2021**
	Units	**Units**	**RM**	**RM**
Issued and fully paid ordinary shares				
At beginnning and end of financial period/year	209,940,112	209,940,112	244,239,167	244,239,167

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

14. RESERVES

		Group		Company	
		30.6.2023	**31.12.2021**	**30.6.2023**	**31.12.2021**
	Note	**RM**	**RM**	**RM**	**RM**
Revaluation reserves	(a)	1,168,306	1,168,306	–	–
Fair value reserves	(b)	(961,159)	986,475	(961,159)	986,475
		207,147	2,154,781	(961,159)	986,475

The nature of reserves of the Group and of the Company are as follows:

(a) Revaluation reserves

The revaluation reserves represent increases in the fair value of land and buildings, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(b) Fair value reserves

Fair value reserves represent the cumulative net change in the fair value of investment in securities measured at FVTOCI until they are derecognised or impaired.

15. LOANS AND BORROWINGS

	Note	Group 30.6.2023 RM	Group 31.12.2021 RM	Company 30.6.2023 RM	Company 31.12.2021 RM
Secured					
Term loans	(a)	10,989,671	9,646,720	5,516,300	8,690,100
Bankers' acceptance	(a)	–	5,401,050	–	–
Bank overdrafts	(a)	652,396	345,409	652,396	–
Revolving credit	(a)	3,000,000	3,700,000	3,000,000	3,700,000
Trust receipt	(a)	–	904,789	–	–
Lease liabilities	(b)	341,659	271,506	–	–
		14,983,726	20,269,474	9,168,696	12,390,100

	Note	Group 30.6.2023 RM	Group 31.12.2021 RM	Company 30.6.2023 RM	Company 31.12.2021 RM
Non-current					
Secured:					
- Term loans	(a)	7,896,893	7,321,617	3,331,100	6,600,900
- Lease liabilities	(b)	181,431	164,660	–	–
		8,078,324	7,486,277	3,331,100	6,600,900
Current					
Secured:					
- Term loans	(a)	3,092,778	2,325,103	2,185,200	2,089,200
- Bankers' acceptance	(a)	–	5,401,050	–	–
- Bank overdrafts	(a)	652,396	345,409	652,396	–
- Revolving credit	(a)	3,000,000	3,700,000	3,000,000	3,700,000
- Trust receipt	(a)	–	904,789	–	–
- Lease liabilities	(b)	160,228	106,846	–	–
		6,905,402	12,783,197	5,837,596	5,789,200
		14,983,726	20,269,474	9,168,696	12,390,100

(a) Loans and borrowings

Loans and borrowings of the Group and of the Company are secured by the followings:

(i) legal charges over certain property, plant and equipment as disclosed in Note 4;
(ii) legal charges over certain right-of-use assets as disclosed in Note 5(b);
(iii) legal charges over certain investment properties as disclosed in Notes 6(a) and 6(b);
(iv) legal charges over certain land held for property development as disclosed in Note 7(a);
(v) legal charges over certain property development costs as disclosed in Note 7(b);
(vi) certain deposits and bank balances as disclosed in Note 11;
(vii) certain rental proceeds;
(viii) a debenture over the entire assets of a subsidiary; and
(ix) corporate guarantee by the Company.

15. LOANS AND BORROWINGS (CONT'D)

(a) Loans and borrowings (Cont'd)

Maturity profile of the term loans are as follows:

	Group		Company	
	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
Within one year	3,092,778	2,325,103	2,185,200	2,089,200
Later than one year but not later than two years	3,169,675	2,412,987	2,185,200	2,177,200
Later than two years but not later than five years	3,779,190	4,854,530	1,145,900	4,369,600
Later than five years	948,028	54,100	–	54,100
	10,989,671	9,646,720	5,516,300	8,690,100

The weighted average effective interest rates per annum are as follows:

	Group		Company	
	30.6.2023 %	31.12.2021 %	30.6.2023 %	31.12.2021 %
Term loans	6.75	4.56	5.53	4.30
Bankers' acceptance	–	4.80	–	–
Bank overdrafts	8.05	6.80	7.70	6.45
Revolving credit	5.78	4.44	5.78	4.44
Trust receipt	–	6.70	–	–

(b) Lease liabilities

	Group		Company	
	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
At beginning of financial period/year	271,506	60,222	–	50,933
Addition	246,020	322,208	–	–
Accretion of interest	24,083	11,097	–	547
Payments	(199,950)	(122,021)	–	(51,480)
At end of financial period/year	341,659	271,506	–	–
Presented as:				
Non-current	181,431	164,660	–	–
Current	160,228	106,846	–	–
	341,659	271,506	–	–

15. LOANS AND BORROWINGS (CONT'D)

(b) Lease liabilities (Cont'd)

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period are as follows:

	Group		Company	
	30.6.2023 RM	**31.12.2021 RM**	**30.6.2023 RM**	**31.12.2021 RM**
Minimum lease payments				
Within one year	175,200	122,400	–	–
Later than one year but not later than two years	63,000	122,400	–	–
Later than two years but not later than five years	135,450	51,000	–	–
	373,650	295,800	–	–
Less: Future finance charges	(31,991)	(24,294)	–	–
Present value of lease liabilities	341,659	271,506	–	–

The Group leases land and building, motor vehicles, building and plant and machinery. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average effective interest rate per annum of the Group and of the Company is 5.84% (31.12.2021: 6.97%) and Nil (31.12.2021: 3.46%) respectively.

16. DEFERRED TAX LIABILITIES

		Group		Company	
	Note	**30.6.2023 RM**	**31.12.2021 RM**	**30.6.2023 RM**	**31.12.2021 RM**
At beginning of financial period/year, as previously reported		1,335,021	995,283	97,362	97,362
Effect on adoption of the Agenda Decision		–	(35,281)	–	–
At beginning of financial period/year, as restated		1,335,021	960,002	97,362	97,362
Recognised in profit or loss	21	284,161	375,019	–	–
At end of financial period/year		1,619,182	1,335,021	97,362	97,362

16. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets of the Group and of the Company are as follows:

Deferred tax liabilities of the Group

	Accelerated capital allowances RM	Property development costs RM	Fair value adjustment on investment properties RM	Total RM
Group				
At 1 January 2022	10,318,526	3,383	502,426	10,824,335
Recognised in profit or loss	2,409,882	–	(24,559)	2,385,323
Under provision in prior year	30,866	–	–	30,866
At 30 June 2023 (before offsetting)	12,759,274	3,383	477,867	13,240,524
Less: Offsetting				(11,621,342)
At 30 June 2023 (after offsetting)				1,619,182
At 1 January 2021	9,116,409	38,045	327,671	9,482,125
Recognised in profit or loss	1,102,564	–	174,755	1,277,319
Under/(Over) provision in prior year	99,553	(34,662)	–	64,891
At 31 December 2021 (before offsetting)	10,318,526	3,383	502,426	10,824,335
Less: Offsetting				(9,489,314)
At 31 December 2021 (after offsetting)				1,335,021

Deferred tax assets of the Group

	Unutilised capital allowances RM	Others RM	Total RM
Group			
At 1 January 2022	(9,357,036)	(132,278)	(9,489,314)
Recognised in profit or loss	(2,133,412)	33,355	(2,100,057)
Under provision in prior year	(31,971)	–	(31,971)
At 30 June 2023 (before offsetting)	(11,522,419)	(98,923)	(11,621,342)
Less: Offsetting			11,621,342
At 30 June 2023 (after offsetting)			–

16. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets of the Group and of the Company are as follows: (Cont'd)

Deferred tax assets of the Group (Cont'd)

	Unutilised capital allowances RM	Others RM	Total RM
Group			
At 1 January 2021, as previously reported	(8,380,034)	(106,808)	(8,486,842)
Effect on adoption of the Agenda Decision	–	(35,281)	(35,281)
At 1 January 2021, as restated	(8,380,034)	(142,089)	(8,522,123)
Recognised in profit or loss	(918,771)	3,954	(914,817)
(Under)/Over provision in prior year	(58,231)	5,857	(52,374)
At 31 December 2021 (before offsetting)	(9,357,036)	(132,278)	(9,489,314)
Less: Offsetting			9,489,314
At 31 December 2021 (after offsetting)			–

Deferred tax liabilities of the Company

	Accelerated capital allowances RM	Fair value adjustment on investment properties RM	Total RM
Company			
At 1 January 2022	76,586	97,362	173,948
Recognised in profit or loss	(24,322)	–	(24,322)
Over provision in prior year	(1,084)	–	(1,084)
At 30 June 2023 (before offsetting)	51,180	97,362	148,542
Less: Offsetting			(51,180)
At 30 June 2023 (after offsetting)			97,362
At 1 January 2021	20,421	97,362	117,783
Recognised in profit or loss	7,929	–	7,929
Under provision in prior year	48,236	–	48,236
At 31 December 2021 (before offsetting)	76,586	97,362	173,948
Less: Offsetting			(76,586)
At 31 December 2021 (after offsetting)			97,362

16. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets of the Group and of the Company are as follows: (Cont'd)

Deferred tax assets of the Company (Cont'd)

	Unutilised capital allowances RM	Others RM	Total RM
Company			
At 1 January 2022	(65,970)	(10,616)	(76,586)
Recognised in profit or loss	30,209	(5,887)	24,322
Over provision in prior year	1,084	–	1,084
At 30 June 2023 (before offsetting)	(34,677)	(16,503)	(51,180)
Less: Offsetting			51,180
At 30 June 2023 (after offsetting)			–
At 1 January 2021	(9,864)	(10,557)	(20,421)
Recognised in profit or loss	(7,870)	(59)	(7,929)
Under provision in prior year	(48,236)	–	(48,236)
At 31 December 2021 (before offsetting)	(65,970)	(10,616)	(76,586)
Less: Offsetting			76,586
At 31 December 2021 (after offsetting)			–

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

	Group		Company	
	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
Unutilised capital allowances	4,229,947	2,014,050	1,427,030	1,263,472
Unutilised reinvestment allowances	3,997,900	3,997,900	–	–
Unused tax losses	43,114,128	36,399,667	27,981,483	25,641,133
	51,341,975	42,411,617	29,408,513	26,904,605

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 subsidiaries that have a recent history of losses.

Pursuant to Section 8 of the Finance Act 2021 (Act 833) and the amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the time limit on the carried forward unused tax losses has been extended to maximum of ten (10) consecutive years of assessment. Any unused tax losses accumulated up to the year of assessment 2018 can be carried forward for another ten (10) consecutive years of assessment (ie: from year of assessment 2019 to 2028) under the current tax legislation.

16. DEFERRED TAX LIABILITIES (CONT'D)

The unrecognised unused tax losses shall be disregarded after the end of the year of assessment as follows:

	Group		Company	
	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
2028	26,306,413	26,306,413	19,899,048	19,899,048
2029	2,678,393	2,678,393	2,124,312	2,124,312
2030	2,979,213	2,979,213	1,884,238	1,884,238
2031	4,435,648	4,435,648	1,733,535	1,733,535
2033	6,714,461	–	2,340,350	–
	43,114,128	36,399,667	27,981,483	25,641,133

17. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
Trade and bill payables	(a)	1,829,087	1,967,387	42,683	87,919
Trade accruals		3,921,899	4,026,227	53,398	72,634
		5,750,986	5,993,614	96,081	160,553
Other payables	(b)	980,493	1,334,636	32,380	32,443
Accruals		1,653,545	1,496,960	174,907	171,140
Contract liabilities	10(c)	587,803	12,136	–	–
Deposits received	(c)	855,175	1,420,773	361,600	745,036
		4,077,016	4,264,505	568,887	948,619
Amount due to subsidiaries	(d)	–	–	609,565	1,057,018
		9,828,002	10,258,119	1,274,533	2,166,190

(a) Trade and bill payables

The normal trade credit term granted to the Group and to the Company range from 14 to 90 days (31.12.2021: 14 to 90 days) and 14 to 60 days (31.12.2021: 14 to 60 days) respectively, depending on the terms of the contracts.

17. TRADE AND OTHER PAYABLES (CONT'D)

(b) Other payables

Included in the Group's other payables are provision for liquidated ascertained damages in respect of property development projects undertaken by the Group. The provision is recognised for expected liquidated damages claims based on the terms of the applicable sale and purchase agreements.

The movements of the provision for liquidated ascertained damages of the Group are as follows:

	Group	
	30.6.2023 RM	31.12.2021 RM
At beginning of financial period/year	210,044	252,652
Payment made	(64,513)	(42,608)
At end of financial period/year	145,531	210,044

(c) Deposits received

In the previous financial year, the deposits received of the Group and of the Company included the deposit of RM400,775 and RM400,775 received from a purchaser in relation to the disposal of 11 units of leasehold properties as disclosed in Note 12.

(d) Amount due to subsidiaries

The amount due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

18. REVENUE

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
Revenue from contracts with customers				
Sale of development properties	14,120,185	10,107,378	–	–
Car park income	8,632,518	5,046,385	–	–
Sale of goods	42,251,654	33,484,848	–	186,742
Management fee	–	–	1,886,400	1,071,600
	65,004,357	48,638,611	1,886,400	1,258,342
Revenue from other sources				
Dividend income from subsidiaries	–	–	642,250	9,356,050
Rental income from investment properties	2,048,883	1,175,870	2,565,723	1,486,288
	2,048,883	1,175,870	3,207,973	10,842,338
	67,053,240	49,814,481	5,094,373	12,100,680
Timing of revenue recognition				
At a point in time	53,890,492	40,598,153	1,886,400	1,258,342
Over time	11,113,865	8,040,458	–	–
Total revenue from contracts with customers	65,004,357	48,638,611	1,886,400	1,258,342

18. REVENUE (CONT'D)

Disaggregation of the Group's revenue from contracts with customers:

	Property development RM	Property & investment holding RM	Manufacturing and trading RM	Total RM
Group				
1.1.2022 to 30.6.2023				
Revenue from contracts with customers				
Sale of development properties	14,120,185	–	–	14,120,185
Car park income	–	8,632,518	–	8,632,518
Sale of goods	–	–	42,251,654	42,251,654
	14,120,185	8,632,518	42,251,654	65,004,357
Timing of revenue recognition				
At a point in time	3,006,320	8,632,518	42,251,654	53,890,492
Over time	11,113,865	–	–	11,113,865
Total revenue from contracts with customers	14,120,185	8,632,518	42,251,654	65,004,357
Geographical market				
Malaysia	14,120,185	8,632,518	42,251,654	65,004,357
1.1.2021 to 31.12.2021				
Revenue from contracts with customers				
Sale of development properties	10,107,378	–	–	10,107,378
Car park income	–	5,046,385	–	5,046,385
Sale of goods	–	–	33,484,848	33,484,848
	10,107,378	5,046,385	33,484,848	48,638,611
Timing of revenue recognition				
At a point in time	2,066,920	5,046,385	33,484,848	40,598,153
Over time	8,040,458	–	–	8,040,458
Total revenue from contracts with customers	10,107,378	5,046,385	33,484,848	48,638,611
Geographical market				
Malaysia	10,107,378	5,046,385	33,484,848	48,638,611

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. FINANCE COSTS

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
Interest expenses on:				
Term loans	1,146,235	473,444	514,858	386,596
Bankers' acceptance	61,047	138,970	–	–
Bank overdrafts	96,455	70,724	71,022	58,834
Revolving credit	252,856	186,459	252,856	186,459
Lease liabilities	24,083	11,097	–	547
Trust receipt	9,450	19,092	–	–
Others	18,265	3,534	457	457
	1,608,391	903,320	839,193	632,893

20. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
Auditors' remuneration:				
- Statutory audit	179,500	157,000	95,000	80,000
- Non-statutory audit	5,500	5,500	5,000	5,000
Bad debt written off	3,332	–	3,332	–
Depreciation of:				
- Property, plant and equipment	2,609,005	2,079,773	319,628	204,324
- Right-of-use assets	921,270	529,811	–	27,157
Inventories written down to net realisable value	441,421	144,170	–	–
Inventories written off	755,023	–	–	–
Lease expenses relating to short-term leases	21,700	16,800	–	–
Loss/(Gain) on fair value of:				
- Financial assets	4,245	(29,633)	–	–
- Investment properties	102,326	2,570,533	–	3,480,217
Net (gain)/loss on foreign exchange				
- Realised	(14,253)	12,107	–	(2,019)
- Unrealised	3,275	–	–	–
Net impairment losses recognised/(reversed) on:				
- Amount due from subsidiaries	–	–	1,846,805	2,611,614
- Investment in subsidiaries	–	–	20,000,000	–
- Receivables	46,054	(684,511)	50,000	(747,250)
Non-executive Directors' remuneration				
- Fees	549,419	401,984	477,419	353,984
Property, plant and equipment written off	192,159	14,944	64	6,022
Right-of-use assets written off	–	107,874	–	–
Waiver of debt on amount due from subsidiaries	–	–	–	13,954
Deposit forfeited income	(10,177)	–	(5,464)	–
Dividend income	(187,676)	(2,684,205)	(15,000)	(2,636,943)
(Gain)/Loss on disposal of subsidiaries	–	(3,168,856)	–	3,281

20. (LOSS)/PROFIT BEFORE TAX (CONT'D)

(Loss)/Profit before tax is arrived at after charging/(crediting): (Cont'd)

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
(Gain)/Loss on disposal of:				
- Financial assets	(26,562)	139,758	–	141,508
- Investment property	(25,360)	–	(25,360)	–
- Property, plant and equipment	1,467	(50)	1,467	(10)
Interest income	(563,952)	(166,411)	(398,200)	(138,955)
Rental income	(345,700)	(225,475)	–	–
Reversal of over-accrued expenses	–	(12,187)	–	–
Staff costs				
- Fees	124,000	122,000	4,000	2,000
- Wages, salaries and bonus	13,728,788	9,252,137	4,109,827	2,342,645
- Defined contribution plans	1,375,114	924,285	485,988	274,355
- Other employee benefits	642,566	459,795	138,723	89,061

Included in staff costs of the Group and of the Company is the aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiaries during the financial year as below:

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
Executive Directors of the Company				
- Fees	4,000	2,000	4,000	2,000
- Salaries and bonus	2,179,000	1,127,000	2,179,000	1,127,000
- Defined contribution plans	261,000	135,000	261,000	135,000
	2,444,000	1,264,000	2,444,000	1,264,000
Executive Directors of the subsidiaries				
- Fees	120,000	120,000	–	–
- Salaries and bonus	1,722,092	1,132,980	–	–
- Defined contribution plans	198,498	141,402	–	–
	2,040,590	1,394,382	–	–
	4,484,590	2,658,382	2,444,000	1,264,000

21. TAXATION

	Group 1.1.2022 to 30.6.2023 RM	Group 1.1.2021 to 31.12.2021 RM	Company 1.1.2022 to 30.6.2023 RM	Company 1.1.2021 to 31.12.2021 RM
Tax expenses recognised in profit or loss:				
Malaysian income tax:				
- Current tax provision	371,660	185,629	–	–
- Under provision in prior years	67,554	28,164	–	–
	439,214	213,793	–	–
Deferred tax (Note 16):				
- Relating to origination and reversal of temporary differences	285,266	362,502	–	–
- (Over)/Under provision in prior years	(1,105)	12,517	–	–
	284,161	375,019	–	–
	723,375	588,812	–	–

Malaysian income tax is calculated at the statutory tax rate of 24% (31.12.2021: 24%) of the estimated assessable profits for the financial period/year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

	Group 1.1.2022 to 30.6.2023 RM	Group 1.1.2021 to 31.12.2021 RM	Company 1.1.2022 to 30.6.2023 RM	Company 1.1.2021 to 31.12.2021 RM
(Loss)/Profit before tax	(8,669,838)	(1,126,813)	(25,568,265)	3,602,514
At Malaysian statutory tax rate of 24% (31.12.2021: 24%)	(2,080,761)	(270,435)	(6,136,384)	864,603
Income not subject to tax	(323,626)	(1,652,190)	(187,131)	(3,097,062)
Expenses not deductible for tax purposes	918,027	1,084,679	5,722,577	1,777,820
Effect of different tax rate in other countries	–	252,770	–	–
Deferred tax assets not recognised	2,143,286	1,133,307	600,938	454,639
Under provision of income tax in prior years	67,554	28,164	–	–
(Over)/Under provision of deferred tax in prior years	(1,105)	12,517	–	–
Tax expenses for the financial period/year	723,375	588,812	–	–
Tax saving				
Tax saving arising from utilisation of capital allowances not recognised in prior year	–	560,800	–	–

21. TAXATION (CONT'D)

The Group and the Company have the following estimated unutilised capital allowances, unutilised reinvestment allowances and unused tax losses available for carry forward to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	30.6.2023 RM	**31.12.2021 RM**	**30.6.2023 RM**	**31.12.2021 RM**
Unutilised capital allowances	52,240,026	41,134,913	1,571,518	1,533,830
Unutilised reinvestment allowances	3,997,900	3,997,900	–	–
Unused tax losses	43,114,128	36,399,667	27,981,483	25,641,133
	99,352,054	81,532,480	29,553,001	27,174,963

22. LOSS PER SHARE

(a) Basic loss per share

The basic loss per share is calculated based on the consolidated loss for the financial period/year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial period/year as follows:

	Group	
	1.1.2022 to 30.6.2023	**1.1.2021 to 31.12.2021**
Loss for the financial period/year attributable to owners of the parent (RM)	(9,393,213)	(1,715,625)
Weighted average number of ordinary shares in issue (Unit)	209,940,112	209,940,112
Basic loss per share (sen)	(4.47)	(0.82)

(b) Diluted loss per share

The Group has no dilution in their loss 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 period/year and before the authorisation of these financial statements.

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Term loans [Note 15(a)] RM	Bankers' acceptance [Note 15(a)] RM	Revolving credit [Note 15(a)] RM	Trust receipt [Note 15(a)] RM	Lease liabilities [Note 15(b)] RM	Total RM
Group						
At 1 January 2022	9,646,720	5,401,050	3,700,000	904,789	271,506	19,924,065
Financing cash flows*	1,342,951	(5,401,050)	(700,000)	(904,789)	(175,867)	(5,838,755)
New lease [Note 5(c)]	–	–	–	–	246,020	246,020
At 30 June 2023	10,989,671	–	3,000,000	–	341,659	14,331,330
At 1 January 2021	13,406,492	7,012,844	4,200,000	–	60,222	24,679,558
Financing cash flows*	(3,759,772)	(1,611,794)	(500,000)	904,789	(110,924)	(5,077,701)
New lease [Note 5(c)]	–	–	–	–	322,208	322,208
At 31 December 2021	9,646,720	5,401,050	3,700,000	904,789	271,506	19,924,065
Company						
At 1 January 2022	8,690,100	–	3,700,000	–	–	12,390,100
Financing cash flows*	(3,173,800)	–	(700,000)	–	–	(3,873,800)
At 30 June 2023	5,516,300	–	3,000,000	–	–	8,516,300
At 1 January 2021	9,734,700	–	4,200,000	–	50,933	13,985,633
Financing cash flows*	(1,044,600)	–	(500,000)	–	(50,933)	(1,595,533)
At 31 December 2021	8,690,100	–	3,700,000	–	–	12,390,100

* The financing cash flows from term loans, bankers' acceptance, revolving credit and trust receipt make up the net amount of proceeds from/repayments of borrowings and payment of lease liabilities in the statements of cash flows.

24. SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different expertise and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following describes the operations in each of the Group's reportable segments:

Property development	Develop and sale of residential and commercial properties
Property & investment holding	Investment in properties, carpark operation and holding company
Manufacturing and trading	Manufacture of assorted wires and trading

Other operations of the Group mainly comprise dormant companies which are not of sufficient size to be reported separately.

24. SEGMENT INFORMATION (CONT'D)

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

All the inter-segment transactions were carried out on normal commercial basis and in the ordinary course of business.

Segment assets

Segments assets measured based on all assets of a segment, are included in the internal managements reports that are reviewed by the Group's Chief Executive Officer for the measurement of the return of assets and financial position of each segment.

Segment liabilities

Segments liabilities measured based on all liabilities of a segment, are included in the internal managements reports that are reviewed by the Group's Chief Executive Officer for the measurement of the return of financial position of each segment.

Geographical information

No geographical segment is prepared as the Group operates only in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. SEGMENT INFORMATION (CONT'D)

	Property development RM	Property & investment holding RM	Manufacturing and trading RM	Others RM	Elimination RM	Total RM
1.1.2022 to 30.6.2023						
Revenue						
External revenue	14,120,185	10,681,401	42,251,654	–	–	67,053,240
Inter-segment revenue	–	3,045,490	–	–	(3,045,490)	–
	14,120,185	13,726,891	42,251,654	–	(3,045,490)	67,053,240
Results						
Loss from operations	(1,338,937)	(2,159,779)	(589,798)	(6,610)	–	(4,095,124)
Interest income	111,228	398,712	54,012	–	–	563,952
Finance costs	(7,577)	(842,795)	(758,019)	–	–	(1,608,391)
Depreciation and amortisation	(33,310)	(790,256)	(2,706,709)	–	–	(3,530,275)
Loss before tax	(1,268,596)	(3,394,118)	(4,000,514)	(6,610)	–	(8,669,838)
Taxation	(464,328)	(278,079)	19,032	–	–	(723,375)
Loss attributable to owners of the Parent	(1,732,924)	(3,672,197)	(3,981,482)	(6,610)	–	(9,393,213)
Assets and liabilities						
Segment assets	25,270,071	111,154,149	22,765,271	887,790	–	160,077,281
Segment liabilities	6,780,063	12,234,471	7,412,299	4,200	–	26,431,033
Capital expenditure*	1,120	281,036	1,721,820	–	–	2,003,976
Other material non-cash items						
Inventories written down to net realisable value	–	–	441,421	–	–	441,421
Inventories written off	–	–	755,023	–	–	755,023
Property, plant and equipment written off	14	135	192,010	–	–	192,159
Net impairment recognised/(reversed) on receivables	–	50,000	(3,946)	–	–	46,054
Loss on fair value of investment properties	–	102,326	–	–	–	102,326

24. SEGMENT INFORMATION (CONT'D)

	Property development RM	Property & investment holding RM	Manufacturing and trading RM	Others RM	Elimination RM	Total RM
1.1.2021 to 31.12.2021						
Revenue						
External revenue	10,107,378	6,222,255	33,484,848	–	–	49,814,481
Inter-segment revenue	–	10,738,068	–	–	(10,738,068)	–
	10,107,378	16,960,323	33,484,848	–	(10,738,068)	49,814,481
Results						
(Loss)/Profit from operations	(1,981,202)	3,019,171	1,186,933	(5,222)	–	2,219,680
Interest income	22,648	139,362	4,401	–	–	166,411
Finance costs	(84,431)	(632,893)	(185,996)	–	–	(903,320)
Depreciation and amortisation	(64,635)	(788,371)	(1,756,578)	–	–	(2,609,584)
(Loss)/Profit before tax	(2,107,620)	1,737,269	(751,240)	(5,222)	–	(1,126,813)
Taxation	(224,912)	(375,581)	11,681	–	–	(588,812)
(Loss)/Profit attributable to owners of the Parent	(2,332,532)	1,361,688	(739,559)	(5,222)	–	(1,715,625)
Assets and liabilities						
Segment assets	23,706,689	123,517,887	29,399,811	877,400	–	177,501,787
Segment liabilities	6,241,303	15,567,898	10,050,311	3,200	–	31,862,712
Capital expenditure*	10,779	365,380	985,452	–	–	1,361,611
Other material non-cash items						
Inventories written down to net realisable value	–	–	144,170	–	–	144,170
Property, plant and equipment written off	–	6,022	8,922	–	–	14,944
Net impairment (reversed)/recognised on receivables	–	(747,250)	62,739	–	–	(684,511)
Loss on fair value of investment properties	–	2,570,533	–	–	–	2,570,533
Right-of-use assets written off	–	–	107,874	–	–	107,874
Gain on disposal of subsidiaries	–	(3,168,856)	–	–	–	(3,168,856)

* Capital expenditure consist of addition of property, plant and equipment and right-of-use assets.

25. RELATED PARTY DISCLOSURES

(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. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	1.1.2022 to 30.6.2023 RM	**1.1.2021 to 31.12.2021 RM**
Group		
Transactions with a substantial shareholder of the Company		
- Rental income received/receivable	1,553,420	800,024
- Lease expense paid/payable	1,550	–
- Rental expense paid/payable	1,300	–
- Advisory fee paid/payable	180,000	312,000
- Management fee paid/payable	1,879,310	1,146,835
Company		
Transactions with subsidiaries		
- Dividend income received/receivable	642,250	9,356,050
- Rental income received/receivable	516,840	310,418
- Management fee received/receivable	1,886,400	1,071,600
- Purchase of goods	–	185,808
Transaction with a substantial shareholder of the Company		
- Rental income received/receivable	1,553,420	800,024

25. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Remuneration of Directors are as follows:

	Group		Company	
	1.1.2022 to 30.6.2023 RM	**1.1.2021 to 31.12.2021 RM**	**1.1.2022 to 30.6.2023 RM**	**1.1.2021 to 31.12.2021 RM**
Fees	673,419	523,984	481,419	355,984
Salaries and bonus	3,901,092	2,259,980	2,179,000	1,127,000
Defined contribution plans	459,498	276,402	261,000	135,000
	5,034,009	3,060,366	2,921,419	1,617,984

Compensation of key management personnel comprised all the Directors of the Group and of the Company.

26. FINANCIAL GUARANTEES

	Group		Company	
	30.6.2023 RM	**31.12.2021 RM**	**30.6.2023 RM**	**31.12.2021 RM**
Unsecured				
Bankers' guarantee given to third parties	512,482	25,000	25,000	25,000
Corporate guarantee for banking facilities granted to subsidiaries	–	–	5,773,371	7,875,400
Secured				
Bankers' guarantee given to third parties	313,871	667,558	–	–
	826,353	692,558	5,798,371	7,900,400

The Group and the Company provide financial guarantees to banks for banking facilities and supply of goods and services granted to certain subsidiaries and monitors on an on-going basis of their financial performance.

Financial guarantees have not been recognised since the fair value on initial recognition was deemed not material.

27. 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:

	Financial assets at FVTOCI RM	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Group					
30.6.2023					
Financial Assets					
Other investments	19,977,637	3,586,384	–	–	23,564,021
Trade and other receivables	–	–	5,591,298	–	5,591,298
Deposits, bank and cash balances	–	–	12,414,762	–	12,414,762
	19,977,637	3,586,384	18,006,060	–	41,570,081
Financial Liabilities					
Trade and other payables	–	–	–	9,240,199	9,240,199
Loans and borrowings	–	–	–	14,983,726	14,983,726
	–	–	–	24,223,925	24,223,925
31.12.2021					
Financial Assets					
Other investments	24,425,811	3,401,384	–	–	27,827,195
Trade and other receivables	–	–	15,211,163	–	15,211,163
Deposits, bank and cash balances	–	–	6,551,030	–	6,551,030
	24,425,811	3,401,384	21,762,193	–	49,589,388
Financial Liabilities					
Trade and other payables	–	–	–	10,245,983	10,245,983
Loans and borrowings	–	–	–	20,269,474	20,269,474
	–	–	–	30,515,457	30,515,457

27. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

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: (Cont'd)

	Financial assets at FVTOCI RM	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Company					
30.6.2023					
Financial Assets					
Other investments	19,977,637	25,690,000	–	–	45,667,637
Trade and other receivables	–	–	99,607	–	99,607
Deposits, bank and cash balances	–	–	286,455	–	286,455
	19,977,637	25,690,000	386,062	–	46,053,699
Financial Liabilities					
Trade and other payables	–	–	–	1,274,533	1,274,533
Loans and borrowings	–	–	–	9,168,696	9,168,696
	–	–	–	10,443,229	10,443,229
31.12.2021					
Financial Assets					
Other investments	24,425,811	25,690,000	–	–	50,115,811
Trade and other receivables	–	–	3,310,554	–	3,310,554
Deposits, bank and cash balances	–	–	380,802	–	380,802
	24,425,811	25,690,000	3,691,356	–	53,807,167
Financial Liabilities					
Trade and other payables	–	–	–	2,166,190	2,166,190
Loans and borrowings	–	–	–	12,390,100	12,390,100
	–	–	–	14,556,290	14,556,290

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

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

The following sections provide details regarding the Group's and the Company'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 to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from amount due from subsidiaries, deposits with banks and financial guarantees given to licensed banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to its subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company 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.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk.

Credit risk concentration profile

At 30 June 2023, the Group had approximately 13 (31.12.2021: 26) customers that owed to the Group more than RM100,000 each and accounted for approximately 59% (31.12.2021: 67%) of the Group's trade receivables.

The Company has no other significant concentration of credit risk except for amount due from subsidiaries where risks of default have been assessed to be low.

Financial guarantees

The Company provides unsecured financial guarantees to licensed banks for credit facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The Company's maximum exposure to credit risk is RM5,773,371 (31.12.2021: RM7,875,400), representing the outstanding credit facilities of the subsidiaries at the end of the reporting period. There was no indication that any subsidiary would default on repayment at the end of the reporting period.

27. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

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

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
30.6.2023						
Non-derivative financial liabilities						
Trade and other payables	9,240,199	–	–	–	9,240,199	9,240,199
Loans and borrowings	7,571,022	3,684,762	4,484,110	982,837	16,722,731	14,983,726
Financial guarantees*	826,353	–	–	–	826,353	–
	17,637,574	3,684,762	4,484,110	982,837	26,789,283	24,223,925
31.12.2021						
Non-derivative financial liabilities						
Trade and other payables	10,245,983	–	–	–	10,245,983	10,245,983
Loans and borrowings	13,188,587	2,817,885	5,146,128	54,396	21,206,996	20,269,474
Financial guarantees*	692,558	–	–	–	692,558	–
	24,127,128	2,817,885	5,146,128	54,396	32,145,537	30,515,457

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up using the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
30.6.2023						
Non-derivative financial liabilities						
Trade and other payables	1,274,533	–	–	–	1,274,533	1,274,533
Loans and borrowings	6,087,812	2,314,040	1,177,684	–	9,579,536	9,168,696
Financial guarantees*	5,798,371	–	–	–	5,798,371	–
	13,160,716	2,314,040	1,177,684	–	16,652,440	10,443,229
31.12.2021						
Non-derivative financial liabilities						
Trade and other payables	2,166,190	–	–	–	2,166,190	2,166,190
Loans and borrowings	6,121,505	2,418,083	4,579,056	54,396	13,173,040	12,390,100
Financial guarantees*	7,900,400	–	–	–	7,900,400	–
	16,188,095	2,418,083	4,579,056	54,396	23,239,630	14,556,290

* *Based on the maximum amount that can be called for under the financial guarantee contracts.*

27. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks

Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the United States Dollar (USD) and Singapore Dollar (SGD).

The Group and the Company have not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by the management.

The carrying amounts and the exposure profiles of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group's currency exposure profile		
The Group's functional currency	**USD**	**SGD**	**Total**
30.6.2023			
Monetary assets			
Trade receivables			
RM	–	137,741	137,741
Deposits, bank and cash balances			
RM	999	–	999
Total	999	137,741	138,740
Monetary liability			
Trade payables			
RM	486,867	–	486,867
31.12.2021			
Monetary assets			
Trade receivables			
RM	–	100,202	100,202
Deposits, bank and cash balances			
RM	2,093	–	2,093
Total	2,093	100,202	102,295
Monetary liability			
Other payables			
RM	2,102	–	2,102

27. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (Cont'd)

Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

A 10% strengthening of Ringgit Malaysia against the following foreign currencies at the end of the reporting period would increase/(decrease) the (loss)/profit before tax and other comprehensive income by the amount shown below. This analysis assumes that all other variables remain unchanged.

	Increase/(Decrease) in (loss)/profit before tax	
	USD	**SGD**
Group		
Functional currency		
1.1.2022 to 31.6.2023		
RM	(48,587)	13,774
1.1.2021 to 31.12.2021		
RM	(1)	10,020

A 10% weakening of Ringgit Malaysia against the above foreign currencies at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

Interest rate risk

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

27. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (Cont'd)

Interest rate risk (Cont'd)

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

	Group		Company	
	30.6.2023 RM	**31.12.2021 RM**	**30.6.2023 RM**	**31.12.2021 RM**
Fixed rate intruments				
Financial assets	1,701,395	1,669,946	276,203	271,187
Financial liabilities	(341,659)	(271,506)	–	–
Floating rate instruments				
Financial liabilities	(14,642,067)	(19,997,968)	(9,168,696)	(12,390,100)

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's loss before tax by RM146,000 and RM92,000 (1.1.2021 to 31.12.2021: increased/(decreased) the Group's loss before tax by RM200,000 and (decreased)/increased the Company's profit before tax by RM124,000) respectively, arising mainly as a results of higher/lower interest expenses on floating rate loans and borrowing. 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.

Equity price risk

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

The Group is exposed to equity price risk arising from its investment in quoted instruments. These quoted instruments are listed on Bursa Malaysia Securities Berhad and are classified as financial assets at FVTOCI and financial assets at FVTPL.

Management of the Group monitors investments in quoted instruments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group.

At the end of the reporting period, if the FTSE Bursa Malaysia Securities Berhad KLCI had been 5% higher/lower, with all other variables held constant, the Group's and the Company's reserve would have been RM222,000 (31.12.2021: RM445,000) higher/lower, as a result of an increase/decrease in the fair value of these investments.

The Group is also exposed to commodity price risk arising from transaction on the world commodity markets of iron ore and iron scrap. The raw materials of the Group's product are mainly derived from iron ore and iron scrap.

At the end of reporting period, if the commodity price of iron ore and iron scrap had been 5% higher/lower, with all other variable held constant, the Group's loss net of tax would have been RM41,000 (31.12.2021: RM40,000) higher/lower, as a result of an increase/decrease in the cost of sales.

27. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial assets and financial liabilities

Policy on transfer between levels

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

There were no transfers between levels during current financial period and previous financial year.

Methodologies of fair values

The methodologies used in arriving at the fair value of the financial assets and financial liabilities of the Group and of the Company are as follows:

- Receivables and payables, cash and cash equivalents and short-term loans and borrowings

  The carrying amounts are considered to approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

- Other financial assets

  Marketable securities quoted in an active market are carried at market value. Securities that are not quoted in an active market, for which there is no observable market data and fair value cannot be reliably measured, are carried at acquisition cost.

Categories of financial instruments that are carried at fair value

The table below analyses financial instruments carried at fair value for which fair value is disclosed, together with their fair value and carrying amount shown in the statements of financial position.

	Fair value of financial instrument carried at fair value			Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	RM
Financial assets				
Group				
30.6.2023				
Other investments				
- Quoted shares	4,447,440	–	–	4,447,440
- Quoted unit trusts	3,586,384	–	–	3,586,384
	8,033,824	–	–	8,033,824
31.12.2021				
Other investments				
- Quoted shares	6,043,000	–	–	6,043,000
- Quoted loan stocks	2,852,614	–	–	2,852,614
- Quoted unit trusts	3,401,384	–	–	3,401,384
	12,296,998	–	–	12,296,998

27. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial assets and financial liabilities (Cont'd)

<u>Categories of financial instruments that are carried at fair value</u> (Cont'd)

The table below analyses financial instruments carried at fair value for which fair value is disclosed, together with their fair value and carrying amount shown in the statements of financial position. (Cont'd)

	Fair value of financial instrument carried at fair value			Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	RM
Company				
30.6.2023				
Other investments				
- Quoted shares	4,447,440	–	–	4,447,440
	4,447,440	–	–	4,447,440
31.12.2021				
Other investments				
- Quoted shares	6,043,000	–	–	6,043,000
- Quoted loan stocks	2,852,614	–	–	2,852,614
	8,895,614	–	–	8,895,614

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group'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 may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. The Group's and the Company's gearing ratio are measured using total external borrowings over shareholders' equity.

28. CAPITAL MANAGEMENT (CONT'D)

The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
Term loans	10,989,671	9,646,720	5,516,300	8,690,100
Bankers' acceptance	–	5,401,050	–	–
Revolving credit	3,000,000	3,700,000	3,000,000	3,700,000
Trust receipt	–	904,789	–	–
Lease liabilities	341,659	271,506	–	–
	14,331,330	19,924,065	8,516,300	12,390,100
Less: Cash and cash equivalents	(10,203,008)	(4,674,464)	645,104	(106,645)
Net debts	4,128,322	15,249,601	9,161,404	12,283,455
Total equity	133,646,248	145,639,075	107,426,027	135,593,906
Gearing ratio (times)	0.03	0.10	0.09	0.09

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

29. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD

On 19 May 2023, the Company announced that:

(1) a notice of intention dated 18 April 2023 received from Honsin Apparel Sdn Bhd ("Honsin") and HIQ Media (Malaysia) Sdn Bhd ("HIQ Media") (collectively refer as "Plaintiffs") to move resolutions requiring special notice pursuant to Sections 206(3) and 322 of the Companies Act 2016;

(2) a request for record of depositors dated 26 April 2023 and 17 May 2023; and

(3) the Originating Summons No. WA-24NCC-269-05/2023 ("OS").

During the case management held on 18 May 2023, the Counsel for the Company, Messrs Gideon Tan Razali Zaini informed the Court that the 3rd to 7th defendants named in the OS (which are all the Directors of the Company) should not be named as parties to the OS and as such, the 3rd to 7th defendants reserve their rights and will apply to strike out the claim against them. Upon hearing the submissions from both parties, the Court gave the following directions:

(a) all the defendants to file affidavit in reply to OS by 30 May 2023;

(b) the parties to file any interlocutory applications by 30 May 2023;

(c) the parties to file and exchange written submissions for the OS by 20 June 2023; and

(d) the hearing for the OS is fixed on 17 August 2023.

The Company had on 30 May 2023 filed a striking out application to the OS filed against the 3rd to 7th defendants, however, such application was dismissed by the Court on 17 August 2023. The Court had also in the same hearing allowed Honsin and HIQ Media to amend the OS. As at 17 August 2023, the Court has yet to make any finding of facts in relation to the OS and the main hearing to determine the rights of Honsin and HIQ Media to the record of depositors of the Company has been fixed on 11 September 2023.

29. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD (CONT'D)

The Court had during the hearing on 11 September 2023 reserved its decision and stated that its decision will only be delivered on 2 October 2023.

The Court during its decision which was given on 2 October 2023, allowed the Plaintiffs' Amended Originating Summons (Enclosure 39), and ordered the following:

(i) a declaration that the Plaintiffs are entitled to the Record of Depositors of the Company ("ROD") as at 26 April 2023 and the ROD as at 17 May 2023 for the purposes of convening the proposed Extraordinary General Meeting ("EGM");

(ii) an EGM of the Company may be convened pursuant to Section 314 of the Companies Act 2016 ("the Court Convened Meeting") within 50 days from the date of such order for the purpose of considering and if thought fit passing the resolutions set forth in the plaintiff's notice dated 18 April 2023;

(iii) the Company and the share registrar do, jointly and severally, provide the Plaintiffs with the ROD as at the next market day after the date of such order, within 3 market days immediately thereafter, in hardcopy only as furnished by Bursa Malaysia Depository Sdn Bhd ("BMDSB");

(iv) the notice of the Court Convened Meeting may be issued by the Plaintiffs within 3 working days from the receipt of the ROD as required under (iii) above;

(v) the Company and the Registrar do, jointly and severally, provide the Plaintiffs with the ROD as at a date not less than 3 market days before the Court Convened Meeting or any adjournment thereof at a time not less than 48 hours before the Court Convened Meeting or any adjournment in hardcopy only as furnished by BMDSB.

The Court also ordered that RM30,000 to be paid by the Company to the Plaintiffs as costs.

The counsels for the Defendants have orally applied to Court for a stay of the order and the Court has granted an interim stay of the order until 16 October 2023 and the Court has fixed for the hearing of the stay of the order on 16 October 2023.

No orders were made by the Court against the Directors of the Company.

The Court had during the hearing on 16 October 2023 reserved its decision regarding the stay of execution of High Court order application and stated that its decision will only be delivered on 17 October 2023.

The Company had on 11 October 2023 written to Securities Commission of Malaysia ("SC") to follow up on the complaint lodged on 23 March 2023 by the Company with SC and the Takeover and Mergers Panel of SC ("Takeover Panel") in respect of a breach of Section 218(2) of the Capital Market Services Act 2007 ("CMSA") and Rule 15 of Rules on Take-Overs, Mergers and Compulsory Acquisitions ("Take-Over Rules") against Honsin and HIQ Media as well as the persons who are acting in concert with them because the Company has cogent evidence that Honsin and HIQ Media and the persons acting in concert with them had failed to make a mandatory general offer to the Company's shareholders pursuant to Section 218(2) of the CMSA, when it is the obligations of Honsin, HIQ Media and the persons acting in concert with them to do so. Further, Rule 15 of the Take-Over Rules also provides that a party required to make a mandatory general offer shall not be appointed to the board of the company until the offer document is dispatched save and unless consent is granted by the SC. Such complaint was publicly announced via a press release dated 4 April 2023 and published by The Edge Markets. It was also reported by The Edge Markets on 10 April 2023 that the SC has received a complaint from the Company and the SC is currently looking into the matter. The decision from the SC and Takeover Panel is still pending as at the date of this report.

30. COMPARATIVE INFORMATION

(a) The previous reporting period covered a period of 12 months from 1 January 2021 to 31 December 2021. The current reporting period covers a period of 18 months from 1 January 2022 to 30 June 2023. Consequently, the comparative amount for the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows and related notes to the financial statements are not comparable.

(b) Certain comparatives were reclassified to conform with current financial period's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2021.

	As previously stated RM	Reclassification RM	As restated RM
Statements of profit or loss and other comprehensive income			
Group			
Other income	7,581,116	29,844	7,610,960
Other operating expenses	(3,712,094)	(211)	(3,712,305)
Net (loss)/gain on impairment of financial instruments	714,144	(29,633)	684,511

31. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 October 2023.

ANALYSIS OF EQUITY SHAREHOLDINGS
AS AT 12 OCTOBER 2023

Issued Share Capital	:	RM244,239,167.00 comprising 209,940,112 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share (on a poll)

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 – 99	387	6.641	16,272	0.008
100 – 1,000	1,929	33.105	1,609,465	0.767
1,001 – 10,000	2,943	50.506	11,475,354	5.466
10,001 – 100,000	474	8.135	12,823,022	6.108
100,001 to less than 5% of issued shares	92	1.579	148,754,049	70.855
5% and above of issued shares	2	0.034	35,261,950	16.796
Total	**5,827**	**100.000**	**209,940,112**	**100.000**

SUBSTANTIAL SHAREHOLDERS
AS PER REGISTER OF SUBSTANTIAL SHAREHOLDER

	No. of Shares Held			
	Direct	%	Indirect	%
BH Builders Sdn Bhd	19,548,750	9.311	–	–
Honsin Apparel Sdn Bhd	15,713,200	7.484	–	–
Mah Sau Cheong	16,056,024	7.648	–	–
Asian Pac Holdings Berhad	4,730,900	2.253	19,548,750 [1]	9.311

Note:

1. *Deemed interest by virtue of its major shareholding in BH Builders Sdn Bhd.*

DIRECTORS' INTEREST

	No. of Shares Held			
	Direct	%	Indirect	%
Leow Thang Fong	1,791,250	0.853	622,000 [1]	0.296
Dato' Dr Abdullah Bin Sepien	–	–	–	–
Dato' Zainuddin Bin Yahya	–	–	–	–
Latifah Binti Abdul Latiff	–	–	–	–
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	–	–	–	–

Note:

1. *Deemed interest through the shareholding of his spouse, Choon Siew Wah and his sister, Leow Pek Fong.*

ANALYSIS OF EQUITY SHAREHOLDINGS (CONT'D)

LIST OF THIRTY LARGEST SHAREHOLDERS/DEPOSITORS

	Name	No. of Shares Held	% of Issued Capital
1	BH BUILDERS SDN BHD	19,548,750	9.31
2	HONSIN APPAREL SDN BHD	15,713,200	7.48
3	MAH SAU CHEONG	10,055,974	4.79
4	CONTINENTAL PREMIUM SDN BHD	10,035,000	4.78
5	KENANGA NOMINEES (TEMPATAN) SDN BHD Rakuten Trade Sdn Bhd for Khor Chong Yak	9,996,900	4.76
6	TECHBASE SYSTEM SDN BHD	9,695,200	4.62
7	KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Lim Jee Gin	7,996,000	3.81
8	PUNCAK DARUL NAIM SDN BHD	7,186,900	3.42
9	BANK PERTANIAN MALAYSIA BERHAD	6,834,375	3.26
10	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD Exempt An For UOB Kay Hian Pte Ltd	6,322,600	3.01
11	AMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Dato' Sri Gan Chow Tee	5,926,700	2.82
12	HIQ MEDIA (MALAYSIA) SDN BHD	5,303,000	2.53
13	KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Mah Sau Cheong	5,000,000	2.38
14	ASIAN PAC HOLDINGS BERHAD	4,730,900	2.25
15	PHAN WONG KWAI	3,956,300	1.88
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Yi-Lai Industry Berhad	3,300,800	1.57
17	TA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Yi-Lai Marketing Sdn Bhd	3,148,100	1.50
18	PHAN FON CHOON	3,106,400	1.48
19	SEBERANG DISTRIBUTORS SDN BHD	2,928,716	1.40
20	LIM KIM TEK	2,476,600	1.18
21	APEX NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Gan Chow Tee	2,217,000	1.06
22	WI KIM SWEE	2,131,800	1.02
23	KENANGA NOMINEES (TEMPATAN) SDN BHD Exempt An For Phillip Securities Pte Ltd	2,052,400	0.98
24	AMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Yong Bee Bee	2,000,000	0.95
25	CHOY WUI KONG	1,904,100	0.91
26	LEOW THANG FONG	1,791,250	0.85
27	SERAYA KOTA SDN BHD	1,518,200	0.72
28	APEX NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Chong Li Ping	1,469,800	0.70
29	TA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Chong Fu Shen	1,441,300	0.69
30	CHIEW HUI YIM	1,275,100	0.61
		161,063,365	**76.72**

LIST OF PROPERTIES HELD
AS AT 30 JUNE 2023

	Location	Description	Existing use	Area	Tenure	Age of Building	Book Value (RM'000)	Date of Purchase/ Completed
1	Lot 1214, Section 57 City of Kuala Lumpur Wilayah Persekutuan	Office Premises	Office	1,434 sq. meter	Freehold	38	30,000	1996
2	Lot 72771 PN 122147 Mukim Damansara Daerah Petaling Selangor	Ground & Basement Carpark	Car park operations	Approx 55,000 sq. meter	Leasehlod Expiring 2089	23	34,717	2000
3	Lot 72702 PN 100252 Mukim Damansara Daerah Petaling Selangor	Ground & Basement Carpark	Car park operation	Approx. 37,069 sq. meter	Leasehlod Expiring 2089	13	21,474	2010
4	Lot 6004 H.S. (D) 6010 District of Johor Bahru Johor Darul Takzim	Factory & Office	Factory & office	1.93 hectares	Leasehold Expiring 2030	52	3,383	1971
5	Lot 358523 - 358525 Lot 358555 - 358590 Lot 358592 Lot 358598 - 358605 HSD 229440 PT265176 Mukim Hulu Kinta Daerah Kinta	Commercial / Residential Land	Land held for development	3,076 sq. meter 6,390 sq. meter	Leasehold Expiring 2103 Leasehold Expiring 2115	N/A	3,746	2017 2019
6	Lot 300380 - 300405 PN 230979 - 231004 Lot 300406 PN 231007 Lot 300407 - 300518 PN 231009 - 231121 Lot 300519 - 300523 PN 231156 - 231160 Lot 300524 - 300656 PN 231162 - 231294 Lot 300661 - 300718 PN 231299 - 231356 Mukim Tanjung Tualang Daerah Kinta	Commercial / Residential Land	Land held for development	15.1 acres	Leasehold Expiring 2098	N/A	2,891	2011
7	H.S. (D) 85453 PT No. 13944 Mukim Sungai Terap Perak	Residential Land	Land held for development	10 acres	Leasehold Expiring 2099	N/A	670	2000

NOTE TO SHAREHOLDERS

Notice of Annual General Meeting, Statement Accompanying Notice of Annual General Meeting and Proxy Form will be circulated separately to the shareholders.

SOUTH MALAYSIA INDUSTRIES BERHAD
[Co. No. 196901000152 (8482-D)]

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