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CHIN HIN™
Property Development

CHIN HIN GROUP PROPERTY BERHAD
(200101017677 (553434-U))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

PART A

(I) PROPOSED ACQUISITION OF 100.0% EQUITY INTEREST IN QUAVER SDN BHD FOR A PURCHASE CONSIDERATION OF RM1.25 MILLION, TO BE SATISFIED BY CASH ("PROPOSED ACQUISITION OF QUAVER");

(II) PROPOSED ACQUISITION OF 30.0% EQUITY INTEREST IN KAYANGAN KEMAS SDN BHD FOR A PURCHASE CONSIDERATION OF RM16.70 MILLION, TO BE SATISFIED BY CASH; AND

(III) PROPOSED ACCEPTANCE OF LETTER OF AWARD FROM ACE LOGISTIC SDN BHD FOR THE DESIGN, CONSTRUCTION AND COMPLETION OF A PROPOSED SINGLE-STOREY FACTORY WITH 3-STOREY OFFICE AND HOSTEL AT MUKIM LABU, BANDAR BARU ENSTEK, NEGERI SEMBILAN FOR A CONTRACT SUM OF RM57.09 MILLION ("PROPOSED RELATED PARTY PROJECT")

(COLLECTIVELY REFERRED AS THE "PROPOSALS")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF CHIN HIN GROUP PROPERTY BERHAD IN RELATION TO THE PROPOSED ACQUISITION OF QUAVER AND PROPOSED RELATED PARTY PROJECT

PART C

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

M&A

M&A SECURITIES SDN BHD
(Registration No.197301001503 (15017-H))
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Proposed Acquisition of Quaver and Proposed Related Party Project

Strategic Capital

STRATEGIC CAPITAL ADVISORY SDN BHD
(Registration No.199901003253 (478153-U))
(Investment Adviser- Corporate Finance CMSL/A0124/2007)
(Licensed by Securities Commission Malaysia)

The Extraordinary General Meeting ("**EGM**") of Chin Hin Group Property Berhad will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue at Chin Hin Culture Centre, No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur. The notice of EGM together with the Form of Proxy, are enclosed. The completed and signed Form of Proxy should be lodged at our registered office at 48, Jalan Chow Thye, 10050 George Town, Penang on or before the date and time indicated below in order for it to be valid. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you wish to do so.

Last date and time for lodging the Form of Proxy	: Wednesday, 28 December 2022 at 11.00 a.m.
Date and time for the EGM	: Friday, 30 December 2022 at 11.00 a.m. or at any adjournment thereof

This Circular is dated 15 December 2022

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

"ABC"	:	Asia Baru Construction Sdn Bhd (198501013417 (145873-V))
"Ace Logistic"	:	Ace Logistic Sdn Bhd (200401004299 (642802-M))
"Act"	:	Companies Act 2016 as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force
"Aera Property"	:	Aera Property Group Sdn Bhd (201201044095 (1028572-T))
"Aera Property Group"	:	Aera Property and its subsidiaries, collectively
"AGM"	:	Annual General Meeting
"Annual Report"	:	Annual Report of CHGP issued for the financial period from 1 April 2021 to 31 December 2021
"Audit Committee"	:	The Audit Committee of CHGP
"BKC"	:	Boon Koon Commercial Sdn Bhd (200601024080 (743834-V))
"BKG Development"	:	BKG Development Sdn Bhd (201301040447 (1070270-M)), a wholly-owned subsidiary of CHGP
"Board"	:	Board of Directors of CHGP
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"CCC"	:	Certificate of completion and compliance
"CHGP" or the "Company"	:	Chin Hin Group Property Berhad (200101017677 (553434-U))
"CHGP Group" or "Group"	:	CHGP and its subsidiaries, collectively
"CHGP Share(s)" or "Share(s)"	:	Ordinary share(s) in CHGP
"CHGP Warrant(s)" or "Warrant(s)"	:	33,823,200 outstanding warrant(s) 2013/2023 in CHGP as at LPD
"Chin Hin"	:	Chin Hin Group Berhad (201401021421 (1097507-W))
"Chin Hin Group"	:	Chin Hin and its subsidiaries, collectively
"Circular"	:	This circular to the shareholders of CHGP in relation to the Proposals and the Proposed New Shareholders' Mandate
"CIDB"	:	Construction Industry Development Board of Malaysia
"Code"	:	The Malaysian Code on Take-overs and Mergers 2016 (as amended from time to time and includes any re-enactment thereof)
"Constitution"	:	Constitution of CHGP

"Director(s)"	:	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 Director includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of CHGP or any other company which is a subsidiary of CHGP or a holding company of CHGP
"Divine Inventions"	:	Divine Inventions Sdn Bhd (201401043770 (1119952-P))
"EGM"	:	Extraordinary General Meeting
"EPS"	:	Earnings per share
"Existing Mandate"	:	The shareholders' mandate for the RRPTs which was obtained by the Company on 3 June 2022 and will expire at the conclusion of the next AGM
"FYE"	:	Financial year ended/ending, as the case may be
"FPE"	:	Financial period ended/ending, as the case may be
"GDC"	:	Gross development cost
"GDV"	:	Gross development value
"GP"	:	Gross profit
"IAL"	:	Independent Advice Letter
"Interested Directors"	:	Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Shelly Chiau Yee Wern, collectively
"Kayangan"	:	Kayangan Kemas Sdn Bhd (199901001146 (476046-U)), a 65%-owned subsidiary of CHGP
"Kayangan Group"	:	Kayangan and its subsidiary, collectively
"Land"	:	A piece of leasehold land identified as PN 117571, Lot 77762, Pekan Serdang, District of Petaling, State of Selangor
"LAT"	:	Loss after tax
"LBT"	:	Loss before tax
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time
"LPD"	:	30 November 2022, being the latest practicable date prior to the printing of this Circular
"LPS"	:	Loss per share
"M&A Securities" or "Adviser"	:	M & A Securities Sdn Bhd (197301001503 (15017-H))

"Major Shareholder(s)"	:	Means a person who has an interest or interests in one or more voting shares in a company and the number or the aggregate number of those shares, is: (a) 10% or more of the total number of all the voting shares in the Company; or (b) 5% or more of the total number of all the voting shares in the Company where such person is the largest shareholder of the Company, For the purpose of this definition, "interest in shares" has the meaning given in Section 8 of the Act Major Shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, such major shareholder of the company or any other company which is its subsidiary or holding company
"Makna Setia"	:	Makna Setia Sdn Bhd (201301018549 (1048379-M))
"NA"	:	Net assets
"NL"	:	Net liabilities
"NTA"	:	Net tangible assets
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Placement Shares"	:	Issuance of up to 75,952,650 new CHGP Shares from the Proposed Private Placement
"PP CH Realty"	:	PP Chin Hin Realty Sdn Bhd (201101034966 (963099-V))
"PP CH Realty Group"	:	PP CH Realty and its subsidiaries, collectively
"Project"	:	Being the design, construction and completion of a proposed single-storey factory with 3-storey office and hostel at Mukim Labu, Bandar Baru Enstek, Negeri Sembilan
"Proposals"	:	Proposed Acquisition of Quaver, Proposed Acquisition of Kayangan and Proposed Related Party Project, collectively
"Proposed Acquisition of Kayangan"	:	Proposed acquisition of 3,000,000 ordinary shares in Kayangan, representing 30% equity interest in Kayangan for the Purchase Consideration 2
"Proposed Acquisition of Quaver"	:	Proposed acquisition of 11,500,000 ordinary shares in Quaver, representing 100% equity interest in Quaver for the Purchase Consideration 1
"Proposed New Shareholders' Mandate"	:	Proposed new shareholders' mandate for CHGP Group to enter into RRPTs of a revenue or trading nature

"Proposed Private Placement"	:	Proposed private placement of up to 75,952,650 new CHGP Shares to independent third party investor(s) to be identified. As at LPD, the Private Placement is approved by Bursa Securities.
"Proposed Related Party Project"	:	Proposed acceptance of letter of award from Ace Logistic for the Project for a contract sum of RM57,094,658
"Proposed Renewal of Shareholders' Mandate"	:	Proposed renewal of existing shareholders' mandate for CHGP Group to enter into RRPTs of a revenue or trading nature
"Purchase Consideration 1"	:	Cash consideration of RM1,250,000 for the Proposed Acquisition of Quaver
"Purchase Consideration 2"	:	Cash consideration of RM16,700,000 for the Proposed Acquisition of Kayangan
"Quaver"	:	Quaver Sdn Bhd (200301033512 (635933-H))
"Related Party(ies)"	:	Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) of CHGP
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RRPT(s)"	:	A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day to day operations of the Company or its subsidiaries
"Sale Shares 1"	:	11,500,000 ordinary shares in Quaver to be acquired by BKG Development from Vendor 1 pursuant to the Proposed Acquisition of Quaver
"Sale Shares 2"	:	3,000,000 ordinary shares in Kayangan to be acquired by CHGP from Vendor 2 pursuant to the Proposed Acquisition of Kayangan
"SCA"	:	Strategic Capital Advisory Sdn Bhd (199901003253 (478153-U)), the independent adviser to the non-interested shareholders of CHGP in relation to the Proposed Acquisition of Quaver and Proposed Related Party Project
"Shareholders"	:	Shareholders of CHGP
"s.m."	:	Square metre
"SMD"	:	SMD Real Estate Sdn Bhd (201401020475 (1096561-P))
"SPKK Certificate"	:	Certificate of Governmental Procurement Works
"SSA 1"	:	Share sale agreement dated 25 August 2022 entered into between BKG Development and Vendor 1 for the Proposed Acquisition of Quaver
"SSA 2"	:	Share sale agreement dated 25 August 2022 entered into between CHGP and Vendor 2 for the Proposed Acquisition of Kayangan

"Stellar"	:	Stellar Trinity Sdn Bhd (201901018932 (1328261-W))
"Substantial Shareholder(s)"	:	A person who has interest or interests in one or more voting Shares in the Company and the number of that Share, or aggregate number of those Shares, is not less than 5% of the total number of all the voting Shares in the Company
"US"	:	United States of America
"USD"	:	United States Dollar, the lawful currency of the United States of America
"Warrants"	:	Warrants of CHGP (2013/2023)
"Vendor 1"	:	Aera Property
"Vendor 2"	:	Chan Kin Keong
"5D-VWAMP"	:	5-days volume weighted average market price

Any reference in this Circular to any statues, rules, regulations or rules of the stock exchange is a reference to such statues, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSALS. SHAREHOLDERS OF CHGP ARE ADVISED TO READ THE CIRCULAR AND ITS APPENDICES FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSALS BEFORE VOTING AT THE FORTHCOMING EGM.

The Board (save for the Interested Directors, in respect of the Proposed Acquisition of Quaver and Proposed Related Party Project) is recommending shareholders of CHGP to vote **IN FAVOUR** of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

Key information		Description	Reference to Circular
Summary	:	**Proposed Acquisition of Quaver**	Section 2.1

Proposed Acquisition of Sale Shares 1, representing 100.0% equity interest in Quaver for cash consideration of RM1.25 million.

Quaver is principally a housing development company which is the owner of the Land. Key financial information of Quaver are as follows:

	Audited			Unaudited
	FYE 31 December 2019	**FYE 31 December 2020**	**FYE 31 December 2021**	**FPE 30 May 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	-	-	-	-
LBT	169	19	4,188	967
LAT	169	19	4,188	967

Proposed Acquisition of Kayangan — Section 2.2

Proposed acquisition of Sale Shares 2, representing 30.0% equity interest in Kayangan for a cash consideration of RM16.70 million.

Kayangan Group is mainly involved in the construction industry. Key financial information of Kayangan Group:

	Audited			Unaudited
	FYE 31 December 2019	**FYE 31 December 2020**	**FYE 31 December 2021**	**FPE 30 June 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	110,196	94,320	70,846	36,729
PBT	9,942	7,680	9,959	5,689
PAT	7,633	5,475	7,021	5,296

Key information		Description	Reference to Circular
		Proposed Related Party Project	Section 2.3
		Proposed acceptance of letter of award from Ace Logistic for the Project for a contract sum of RM57.09 million.	
Rationale	:	The Proposals are in line with the Group's objective to expand its property development and construction business where the Proposed Acquisition of Quaver is in line with the overall strategy of CHGP Group to expand its property development; while the Proposed Acquisition of Kayangan will enable CHGP to further consolidate its interest in Kayangan from 65.0% to 95.0%. The Proposed Settlement is a repayment by CHGP on behalf of its wholly-owned subsidiary (Quaver) following the completion of the Proposed Acquisition of Quaver. The Proposed Settlement will enable Quaver to repay the amount owing to a related party thus relieving the financial pressure of an amount owing to a related party. The Proposed Settlement will also improve Quaver's financial standing when seeking new external financing for its property development project. The Proposed Related Party Project is in the ordinary course of business of Kayangan as a construction company.	Section 3
Approvals required	:	The Proposals are subject to approvals being obtained from the following: (a) Shareholders of CHGP for the Proposals at an EGM to be convened; and (b) any other relevant authorities and/or parties, if required.	Section 7
Interests of Directors, Major Shareholders and/or persons connected with them		**Proposed Acquisition of Kayangan** None of the Directors and/or Major Shareholders and/or chief executive of the Company and/or persons connected with them have any interest, direct and/or indirect, in the Proposed Acquisition of Kayangan. The Proposed Acquisition of Kayangan is not regarded as a related party transaction pursuant to Paragraph 10.08 (11)(n) of the Listing Requirements as there is no other interested relationships except for a related party (i.e. Vendor 2) who is a major shareholder of a subsidiary of the listed issuer or person connected with such director or major shareholder having an interest in the transaction. In this regard, Vendor 2 is a 30.0% shareholder in Kayangan and was also a director of Kayangan in the 6 months preceding the signing of the SSA 2. He is not a director nor major shareholder of CHGP.	Section 8

Key information	Description	Reference to Circular
	Proposed Acquisition of Quaver and Proposed Related Party Project Save for the Interested Parties (as defined below), none of the other Directors and Major Shareholders of CHGP and person connected with them have any interests, direct or indirect in the Proposed Acquisition of Quaver and Proposed Related Party Project: (i) Datuk Seri Chiau Beng Teik and Chiau Haw Choon have deemed interests in Quaver, Aera Property and Ace Logistic through their shareholdings in PP CH Realty; (ii) Datuk Seri Chiau Beng Teik and Chiau Haw Choon have deemed interests in CHGP through their direct shareholdings in Chin Hin and their shareholdings in PP CH Realty; (iii) Datuk Seri Chiau Beng Teik and Chiau Haw Choon are both Directors of CHGP, Quaver, Aera Property and Ace Logistic; (iv) Datin Seri Wong Mee Leng is the spouse of Datuk Seri Chiau Beng Teik and mother of Chiau Haw Choon, Chiau Haw Loon, Shelly Chiau Yee Wern and Chiau Haw Yew and she also has substantial indirect shareholdings in CHGP, PP CH Realty and Aera Property; (v) Shelly Chiau Yee Wern is a Director of CHGP; and (vi) Chiau Haw Loon, Shelly Chiau Yee Wern and Chiau Haw Yew are family members of Datuk Seri Chiau Beng Teik and Chiau Haw Choon. They are also shareholders of PP CH Realty. All the above persons are collectively known as "**Interested Parties**". Based on the foregoing, the Interested Parties are deemed interested in the Proposed Acquisition of Quaver and Proposed Related Party Project.	

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PART A

LETTER TO THE SHAREHOLDERS OF CHGP IN RELATION TO THE PROPOSALS

CHIN HIN GROUP PROPERTY BERHAD
[200101017677 (553434-U)]

Registered Office:
48, Jalan Chow Thye
10050 George Town
Penang

15 December 2022

Board of Directors:

Datuk Seri Chiau Beng Teik (*Non-Independent Non-Executive Chairman*)
Chiau Haw Choon (*Executive Director*)
Datuk Yeo Chun Sing (*Executive Director*)
Shelly Chiau Yee Wern *(Executive Director)*
Kwan Sook Peng (*Independent Non-Executive Director*)
Datuk Cheng Lai Hock (*Independent Non-Executive Director*)
Datuk Hj Mohd Yusri Bin Md Yusof (*Independent Non-Executive Director*)

Dear Shareholders,

(I) PROPOSED ACQUISITION OF QUAVER;

(II) PROPOSED ACQUISITION OF KAYANGAN; AND

(III) PROPOSED RELATED PARTY PROJECT

(COLLECTIVELY REFERRED AS THE "PROPOSALS")

1. INTRODUCTION

On 25 August 2022, on behalf of the Board, M&A Securities announced that the Company proposed to undertake the Proposals.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING BY WAY OF POLL ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Acquisition of Quaver

The Sale Shares 1 will be purchased by BKG Development from the Vendor 1, free from encumbrances as follows:

Vendor	No. of shares	% held in Quaver	Purchase consideration (RM)
Aera Property	11,500,000	100.0	1,250,000

As part of the terms of the Proposed Acquisition of Quaver, Quaver shall fully settle or cause to be settled the advances owing by Quaver to Aera Property amounting to RM23.08 million ("**Advances**") ("**Proposed Settlement**"), being the development costs incurred for the development of "Quaver Residence" such as:

	RM'000
Part payment for land cost	13,000
Survey fees	4,000
Sales and marketing expenses	1,300
Consultant fees	1,485
Leasehold extension premium	3,300
	23,085

In the event that the Proposed Acquisition of Quaver is not completed or pending the completion of SSA 1, Quaver shall settle the Advances wholly by cash from the sale proceeds of the development units in "Quaver Residence".

2.1.1 Information of Quaver

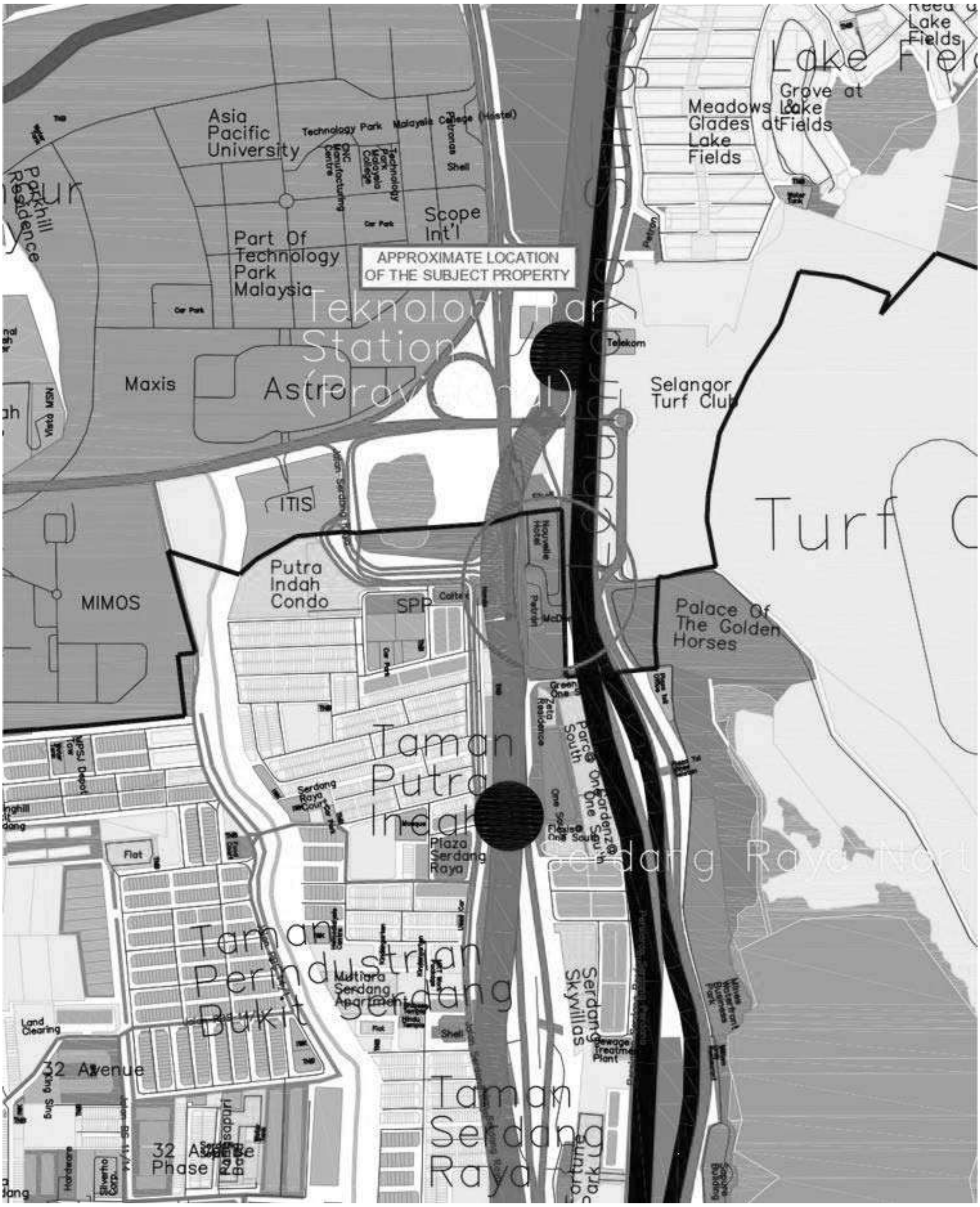
Quaver is a private limited company incorporated in Malaysia on 4 December 2003 under the name Asthetik KL South Sdn Bhd and adopted its current name on 21 July 2019.

Quaver is principally a housing development company and owns the Land.

Quaver had on 29 April 2022 obtained the building approval from Majlis Bandaraya Subang Jaya to undertake mixed commercial development on the Land for a proposed development of 2 blocks of service apartments (684 units) and 15 units of retail lot known as "Quaver Residence".

The Land is situated along Persiaran Serdang Perdana and adjacent to McDonald's/Petron Sungai Besi Toll Southbound, within Taman Serdang Perdana Seksyen 6, in the locality of Seri Kembangan, Selangor. The latter is located approximately 15 kilometres to the south-east of Kuala Lumpur city centre. The Land is also bounded by Lebuhraya Kuala Lumpur Seremban to the west.

The location of the Land is set out as below:



Further details of Quaver and the Land are set out in Section 6 of **Appendix A-I**.

2.1.2 Information of Aera Property

Aera Property is a private limited company incorporated in Malaysia on 18 December 2012 under the name Asthetik Property Group Sdn Bhd and adopted to its current name on 8 March 2017. Aera Property is principally an investment holding company, whilst its subsidiaries are principally involved in property development.

As at LPD, the issued share capital of Aera Property is RM250,000 comprising 250,000 ordinary shares.

The directors of Aera Property are Datuk Seri Chiau Beng Teik and Chiau Haw Choon.

The shareholders of Aera Property and their respective shareholdings are as follows:

	Direct		Indirect	
Shareholders	**No. of shares**	**%**	**No. of shares**	**%**
PP CH Realty	250,000	100.0	-	-
Datuk Seri Chiau Beng Teik	-	-	[(1)]250,000	100.0
Chiau Haw Choon	-	-	[(1)]250,000	100.0

Note:

(1) Deemed interested by virtue of his shareholdings in PP CH Realty pursuant to Section 8 of the Act.

2.1.3 Information of PP CH Realty

PP CH Realty was incorporated in Malaysia on 6 November 2011 as a private limited company and is principally involved in investment holding.

As at LPD, PP CH Realty's issued share capital is RM88,000,000 comprising 88,000,000 ordinary shares.

The Directors of PP CH Realty are Datuk Seri Chiau Being Teik and Chiau Haw Choon. The shareholders of PP CH Realty and their respective shareholdings are set out below:

Name	No. of shares	%
Datuk Seri Chiau Beng Teik	48,399,999	55.0
Chiau Haw Choon	26,400,000	30.0
Datin Seri Wong Mee Leng	6,600,000	7.5
Chiau Haw Loon	2,200,000	2.5
Shelly Chiau Yee Wern	2,200,000	2.5
Chiau Haw Yew	2,200,000	2.5
Low Kum Moon	1	<0.1
	88,000,000	**100.0**

2.1.4 Basis and justification in arriving at the Purchase Consideration 1

The purchase consideration for the Proposed Acquisition of Quaver of RM1.25 million was arrived at based on a "willing buyer-willing seller" basis after taking into consideration the following:

(i) Quaver's unaudited NTA of RM1.25 million as at 31 May 2022;

(ii) the total market value of the Land of RM62.00 million, as appraised by PA International Property Consultants (KL) Sdn Bhd, based on its valuation letter dated 10 June 2022 using the income capitalisation approach via residual method and comparison approach via comparison method compared to the net book value of RM61.42 million as at 31 May 2022, representing a revaluation surplus of RM0.58 million;

(iii) the rationale of the Proposed Acquisition of Quaver as set out in Section 3; and

(iv) the outlook of the property development and prospects of Quaver as set out in Section 5.

The Purchase Consideration 1 shall be satisfied wholly by cash.

The Purchase Consideration 1 was arrived based on the Quaver's unaudited NTA of RM1.25 million as at 31 May 2022. The Proposed Acquisition of Quaver encompass all assets and liabilities of Quaver including the Advances of RM23.08 million which has been accounted for as part of Quaver's liabilities as at 31 May 2022. Pursuant to the Settlement Agreement, the Advances remains the obligation of Quaver notwithstanding the Proposed Acquisition of Quaver.

For the past 3 financial years up to FYE 31 December 2021, Quaver had been incurring losses and arising therefrom has accumulated a negative shareholders' fund of RM8.28 million. The losses were due to the preliminary expenses and property development cost of "Quaver Residence" (including the Land cost) which were financed partly by shareholder's advances from Aera Property (which are interest-free) and bank borrowings.

The increase in the share capital of Quaver during FPE 31 May 2022 arose from the capitalisation of shareholder's advances by Aera Property to Quaver to strengthen its financial position prior to the Proposed Acquisition of Quaver. If the capitalisation had not been carried out, the amount capitalised would have remained as liabilities of Quaver which will be consolidated by CHGP post completion of the Proposed Acquisition of Quaver. As such, the arrangement to increase Quaver's share capital prior to the Proposed Acquisition of Quaver is intended to reduce the liabilities of Quaver, which is not detrimental to the non-interested shareholders of the Company.

The movement in the share capital of Quaver are set out as below:

Nature	**Date of investment**	**No. of ordinary shares**	**Cumulative no. of ordinary shares**
Incorporation	4 December 2003	1,000,000	1,000,000
Capitalisation of shareholder's advances	22 February 2022	5,500,000	6,500,000
Capitalisation of shareholder's advances	30 April 2022	5,000,000	11,500,000

2.1.5 Source of funding

The Company has allocated RM1.25 million and RM23.08 million from the proceeds of the Proposed Private Placement for the payment of Purchase Consideration 1 and Advances. However, for the avoidance of doubt, the Proposed Acquisition of Quaver and Proposed Settlement are not conditional on the Proposed Private Placement. As such, in the event that the Proposed Private Placement does not materialise, the Company will fund the Purchase Consideration 1 via internally generated funds; while the repayment of the Advances will be funded via bank borrowings (approximately 70% of the Advances amounting to RM16.16 million) and internally generated funds (for the remaining 30% amounting to RM6.92 million).

CHGP had on 25 August 2022 announced that the Company proposed to undertake a private placement of up to 75,952,650 new CHGP Shares, representing not more than 15% of CHGP Shares ("**Announcement**"). The Proposed Private Placement will be undertaken in accordance with the general mandate obtained from shareholders of the Company at its 20th AGM convened on 3 June 2022 pursuant to Sections 75 and 76 of the Act, whereby the Board had been authorised to issue and allot new CHGP Shares not exceeding 20% of the total number of issued shares of the Company ("**20% General Mandate**"). The 20% General Mandate shall continue to be in force until 31 December 2022. Thereafter, the 10% limit under Paragraph 6.03(1) of the Listing Requirements will be reinstated until the conclusion of the next AGM of the Company.

For illustration purpose, the issue price of the Placement Shares is assumed to be RM0.80 each, represents a discount of approximately 6.6% to the 5D-VWAMP of CHGP Shares for the 5 market days up to a day prior to the Announcement of RM0.8569, allows CHGP to raise RM60.76 million.

The proceeds raised from the Proposed Private Placement will be utilised in the following manner:

	RM'000	**(1)Expected time frame for utilisation of proceeds**
Proposed Acquisition of Quaver	1,250	Within 6 months
Proposed Settlement	23,085	Within 18 months
Proposed Acquisition of Kayangan	16,700	Within 6 months
Working capital	18,927	Within 6 months
Estimated expenses for the Proposed Private Placement	800	Within 1 month
Total estimated proceeds	**60,762**	

Note:

(1) From the date of listing of the Placement Shares.

Pursuant to Section 85 of the Act read together with Article 57 of the Constitution of the Company, the Shareholders have a statutory pre-emptive right to be offered any new Shares which rank equally to the existing Shares ("**Statutory Pre-Emptive Rights**"). In this regard, the Company will seek for CHGP shareholders' approval at the forthcoming EGM for the 20% General Mandate to waive the Statutory Pre-Emptive Rights.

2.1.6 Liabilities to be assumed

Save for the obligations and liabilities arising from the SSA 1 and the Settlement Agreement (as defined in Appendix A-V, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by CHGP from the Proposed Acquisition of Quaver.

2.1.7 Additional financial commitments required

Save for the development costs to be incurred for the development of "Quaver Residence" on the Land, there is no additional financial commitment expected to be incurred by the Group in relation to the Proposed Acquisition of Quaver. Moving forward, the Board expects to finance the development costs through a combination of the sales proceeds of the development units, bank borrowings and/or internally-generated funds.

The details of the estimated GDV and GDC based on the feasibility studies undertaken by CHGP's management on the Land dated 2 September 2021 are as follows:

No of units	699 units
Average selling price per unit	RM0.67 million
Estimated GDV	**RM467.77 million**

Items	**RM'000**
Land cost	58,881
Construction cost	244,072
Miscellaneous, contribution cost, fees, sales and marketing and finance charges	63,605
Estimated GDC	**366,559**

2.2 Proposed Acquisition of Kayangan

The Sale Shares 2 will be purchased by CHGP from the Vendor 2, free from encumbrances as follows:

Vendor	**No. of Sale Shares**	**% held in Kayangan**	**Purchase consideration (RM)**
Chan Kin Keong	3,000,000	30.0	16,700,000

The shareholdings of Vendor 2 in Kayangan before and after the Proposed Acquisition of Kayangan are as follows:

	As at LPD		**After Proposed Acquisition of Kayangan**	
Vendor	**No. of Kayangan Shares**	**% held in Kayangan**	**No. of Kayangan Shares**	**% held in Kayangan**
Chan Kin Keong	3,000,000	30.0	-	-

Kayangan is currently a 65%-owned subsidiary of CHGP. Following the Proposed Acquisition of Kayangan, Kayangan will be a 95%-owned subsidiary of CHGP. Chan Kin Keong, a Malaysian aged 61 is a co-founder of Kayangan and a previous Managing Director of Kayangan. He proposes to fully exit as shareholder and the management services agreement entered between himself and Kayangan was revoked vide a deed of revocation dated 16 June 2022. As the revocation was mutually agreed by the parties, there shall be no compensation payable to any party under the management services agreement.

Chan Kin Keong's exit as shareholder and resignation as Managing Director of Kayangan will not give rise to a material adverse impact on Kayangan's operation. Kayangan had, on 24 December 2021, appointed Roger Lim Swee Kiat as Executive Director to assume Chan Kin Keong's key responsibilities in terms of sourcing for new projects. Since his appointment, Roger Lim Swee Kiat had secured a construction contract for the sum of RM333.00 million for Kayangan as particularised in Item 5, Section 6 of Appendix A-II. Roger Lim Swee Kiat, a Malaysian, aged 43, brings with him 23 years of experience in the property development and construction industry. He was previously attached to Gamuda Berhad for 10 years as Area Manager (Middle East) / Contracts Manager where he had gained experience in various construction projects in Malaysia and Middle East. Prior to joining Kayangan, he has also ventured into various property development and construction projects on his own.

As at LPD, Khor Chee Yong remains a shareholder of Kayangan holding 5.0% equity interest in Kayangan. Khor Chee Yong has no intention to dispose his shareholdings in Kayangan and there is no intention by CHGP to acquire his shareholdings in Kayangan as CHGP requires Khor Chee Yong's skill, expertise and experience to oversee the day-to-day management and operational functions of Kayangan in his capacity as chief executive officer of Kayangan.

2.2.1 Information of Kayangan Group

Kayangan is a private limited company incorporated in Malaysia on 27 January 1999. Kayangan is a Grade 7 contractor registered with CIDB and also holder of SPKK Certificate. Kayangan is principally engaged in the construction business. As a Grade 7 contractor and SPKK Certificate holder, Kayangan is allowed to tender for construction works that are of unlimited value and to undertake construction activities (including government projects) throughout Malaysia.

Further information on Kayangan Group is set out in **Appendix A-II** of this Circular.

2.2.2 Basis and justification in arriving at the Purchase Consideration

The Purchase Consideration 2 of RM16.70 million was arrived at based on a "willing buyer-willing seller" basis after taking into consideration the following:

(i) Kayangan Group's audited consolidated NA of RM58.90 million as at 31 December 2021;

(ii) the historical financial performance of Kayangan Group;

(iii) the rationale of the Proposed Acquisition of Kayangan as set out in Section 3; and

(iv) the outlook of the property development and construction industry and prospects of Kayangan Group as set out in Section 5.

The Purchase Consideration 2 represents a discount of RM0.97 million or 5.5%, calculated based on 30.0% of Kayangan Group's audited consolidated NA of RM58.90 million as at 31 December 2021. The Board is of view that the discount of 5.5% is reasonable.

2.2.3 Source of funding

The Company has allocated RM16.70 million from the proceeds of the Proposed Private Placement for the payment of Purchase Consideration 2. However, for the avoidance of doubt, the Proposed Acquisition of Kayangan is not conditional on the Proposed Private Placement. As such, in the event that the Proposed Private Placement does not materialise, the Purchase Consideration 2 will be funded via bank borrowings (approximately 70% of the Purchase Consideration 2 amounting to RM11.69 million) and internally generated funds (for the remaining 30% amounting to RM5.01 million).

2.2.4 Liabilities to be assumed

Save for the obligations and liabilities arising from the SSA 2, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by CHGP from the Proposed Acquisition of Kayangan.

2.2.5 Additional financial commitments required

There is no additional financial commitment, other than future project financing requirement for construction projects (if required), to put Kayangan Group's business on-stream as it is an on-going entity with business operations.

2.3 Proposed Related Party Project

2.3.1 Details of the Project

Detail of the project	Design, construction and completion of a proposed single storey factory with 3- storey office & hostel at Lot 61323 & 61325 at Mukim Labu, Bandar Baru Enstek, Daerah Seremban, Negeri Sembilan
Contract sum (RM)	57,094,658.00
Date of commencement	Upon obtaining approval from CHGP's shareholders for the Proposed Related Party Project
Date of completion	10 months from the date of commencement
Defects liability period	12 months from the date of issuance of the CCC by the local authority
Developer/ Owner	Ace Logistic

2.3.2 Information of Ace Logistic

Ace Logistic was incorporated on 18 February 2004 as a private limited company under the name of Ace Tiles Sdn Bhd. It adopted its present name on 9 May 2010. Its principal activity is investment holding.

As at LPD, the issued and paid-up share capital of Ace Logistic is RM20,000,000 comprising 20,000,000 ordinary shares.

The directors of Ace Logistic are Datuk Seri Chiau Beng Teik and Chiau Haw Choon.

The shareholders of Ace Logistic and their respective shareholdings are as follows:

	Direct		**Indirect**	
Shareholders	**No. of shares**	**%**	**No. of shares**	**%**
PP CH Realty	20,000,000	100.0	-	-
Datuk Seri Chiau Beng Teik	-	-	(1)20,000,000	100.0
Chiau Haw Choon	-	-	(1)20,000,000	100.0

Note:

(1) Deemed interested by virtue of his shareholdings in PP CH Realty pursuant to Section 8 of the Act.

The information of PP CH Realty is set out at Section 2.1.3.

2.3.3 Basis and justification for the contract sum

The contract sum of RM57.09 million for the Project was arrived based on negotiations between the parties, after taking into the total estimated project costs required for the Project plus margins for Kayangan to allow for risks and uncertainties in carrying out the Project. Among the common risks and uncertainties faced by the construction industries are shortages of foreign workers, floods and price fluctuations of raw materials which may result in project delay and costs overrun.

Based on the management's best estimates, the total estimated costs for the Project is approximately RM51.27 million. The Proposed Related Party Project will provide a GP margin of 10.2% to Kayangan. In determining the reasonableness of the GP margin of 10.2%, the Board (save for the Interested Directors) has also considered the assessment of the GP margin of comparable companies undertaken by SCA on the Proposed Related Party Project as set out in Section 5.3.1, Part B of the Circular. The Board (save for the Interested Directors) notes that the GP margin of 10.2% for the Proposed Related Party Project is above the average GP margin of 7.6% and is within the range of the GP margin of 2.9% and 14.1% of the comparable companies.

The table below sets out the GP margin of the comparable companies:

Company	**Period ended**	**Revenue**	**GP**	**GP margin**
		RM'000	**RM'000**	**%**
Inta Bina Group Berhad	30.09.2022	343,331	24,711	7.2
GDB Holdings Berhad	30.09.2022	445,219	26,390	5.9
TCS Group Holdings Berhad	30.09.2022	176,779	5,157	2.9
MGB Berhad	30.09.2022	467,219	65,741	14.1
Tuju Setia Berhad	30.09.2022	256,848	(25,422)	N/A
			Average	7.6
			High	14.1
			Low	2.9

(Source: Latest quarterly results announcement on Bursa Securities)

2.3.4 Source of funding

The estimated cost of the Project of RM51.27 million will be funded via internally-generated funds and/or additional bank borrowings; the proportions of which will be determined later after taking into consideration CHGP's gearing level, interest costs and cash reserves.

The breakdown of the estimated cost of the Project of RM51.27 million are as follows:

	RM'000
Construction cost	46,787
Design consultation fees	1,587
Expansion of provision sum for mechanical and engineering works	2,895
	51,269

2.3.3 Liabilities to be assumed

Save for the obligations and liabilities arising from the Project, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by CHGP from the Proposed Related Party Project.

2.3.4 Additional financial commitments required

Save for the total estimated costs for the Project of approximately RM51.27 million, there is no additional financial commitment expected to be incurred by CHGP in relation to the Proposed Related Party Project.

3. RATIONALE FOR THE PROPOSALS

CHGP Group is involved in the property development business and CHGP's acquisition of 65.0% interests in Kayangan which was completed on 23 November 2021 had enabled the Group to diversify into the construction industry, which is complementary to its existing property development business. In this respect, the expected benefits from the diversification into the construction industry are as follows:

(i) Effective cost management and higher profit margin

By having an in-house construction team which can be involved in the preliminary design stage and provide advice on detailed construction costing, method of works and technical knowledge, the Group will be able to propose a more effective and efficient design for its property development projects. This may lead to reduction in construction cost and increased profit margin for CHGP Group. In addition, with the in-house construction team, the Group will also be able to retain all construction profits generated within the Group.

(ii) Quality control and cost effectiveness in terms of materials specification and supply

With both property development and construction business under the same group, CHGP will be able to better control the procurement of construction materials for the Group's property development projects in terms of quality control, pricing, reliability and timely delivery. In addition, Kayangan will also be able to leverage on CHGP's holding company, Chin Hin, which is an integrated building materials supplier, to procure its construction materials.

(iii) Developer branding

With its in-house construction team, the Group will be able to market and build a stronger property developer reputation as a full-fledged property developer combining property development, construction and supply of building materials. The Group will be able to control the quality of its development and manage the construction progress of its projects to ensure that they are completed in accordance with the Group's expectation. The in-house construction team can also provide more efficient support after the project is completed, especially during defect liability period as compared to dealing with external main contractors in handling the defective works.

(iv) Pooling and integration of resources

Both the property development and construction team can share, integrate and optimise their resources in the contract division, quantity surveying, purchasing, site project management, quality assurance and quality control divisions. Such integration is expected to result in increased workflow efficiency, minimised miscommunication, better control on staffing and work outcomes. In addition, the pooling of resources between the property development team and in-house construction team is also expected to optimise overhead and operational cost.

The Proposed Acquisition of Quaver is in line with the overall strategy of CHGP Group to expand its property development business and facilitate the continuing growth of the Group's core business as a property developer. After the completion of the Proposed Acquisition of Quaver, Quaver will be a wholly-owned subsidiary of CHGP and CHGP will be consolidating the financial results of Quaver.

The Proposed Settlement is a repayment by CHGP on behalf of its wholly-owned subsidiary (Quaver) following the completion of the Proposed Acquisition of Quaver. Such repayment on behalf of Quaver will be recorded as an inter-company loan owing by Quaver to CHGP in the financial statements of CHGP which will be eliminated in the consolidated financial statements of CHGP at the Group level. The Proposed Settlement will enable Quaver to repay the amount owing to a related party thus relieving the financial pressure of an amount owing to a related party. The Proposed Settlement will also improve Quaver's financial standing when seeking new external financing for its property development project.

The Proposed Acquisition of Kayangan will enable CHGP to further consolidate its interest in Kayangan from 65.0% to 95.0%. The Proposed Related Party Project is in the ordinary course of business of Kayangan as a construction company.

4. RISK FACTORS

The Proposals are subject to the risks inherent in the real estate and construction industry, of which CHGP Group is presently subject to. Therefore, the enlarged CHGP Group would be exposed to similar risks after completion of the Proposals. Nonetheless, the additional potential risks that may have an impact on CHGP Group, which may not be exhaustive, pertaining to the Proposals are set out below:

4.1 Transaction risk

The completion of the Proposed Acquisition of Quaver and Proposed Acquisition of Kayangan are conditional upon the conditions precedent of the SSA 1 and SSA 2 being satisfied. There can be no assurance that such conditions will be satisfied within the timeframe stipulated in the SSA 1 and SSA 2. In the event that the condition precedents are not satisfied, the SSA 1 and SSA 2 will be terminated and the Proposed Acquisition of Quaver and Proposed Acquisition of Kayangan will not be completed. However, CHGP will take and continue to take all reasonable steps to ensure satisfaction and/or waiver, as the case maybe, to ensure completion of the Proposed Acquisition of Quaver and Proposed Acquisition of Kayangan.

4.2 Political, economic and regulatory risk

Adverse changes in political, economic and regulatory conditions in Malaysia could materially affect the financial and prospects of the property development and construction business. Amongst the political, economic and regulatory uncertainties are the changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introductions of new rules or regulations affecting the property development industry, changes in interest rates, inflation, taxation method, general employment outlook and political leadership.

CHGP will continue to review its business development strategies in response to the changes in political, monetary, fiscal and economic conditions. Nonetheless, no assurance can be given that any change to these factors would not have any material adverse impact on CHGP's business in the future.

4.3 Financing risk

The Group will be seeking external funding (in the form of the Proposed Private Placement and/or bank borrowings) to finance the Proposed Acquisition of Quaver, Proposed Settlement, Proposed Acquisition of Kayangan and Proposed Related Party Project. The Group's ability to arrange for external financing and the cost of such financing is dependent on numerous factors, including the general economic and capital market conditions, interest rates and credit availability from banks or other lenders. There can be no assurance that the necessary financing will be available and/or on terms acceptable to the Group. In addition, the success of the Proposed Private Placement is also dependent on investors' interest for the Placement Shares.

Nevertheless, the management endeavours to seek external financing with terms acceptable to the Group and will constantly monitor interest rates movement as well as manage the Group's overall capital structure. The Group will also endeavour to secure investors for its Placement Shares.

5. OUTLOOK AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a stronger growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). While there were base effects from the negative growth in the third quarter of 2021, growth was also driven by strong domestic demand, underpinned by improvements in labour market and income conditions, as well as ongoing policy support. Exports remained supported by strong demand for electrical and electronics products. The recovery of inbound tourism lent further support to economic activity. By sector, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

Headline inflation is likely to have peaked for the year at 4.5% during the quarter (2Q 2022: 2.8%) while core inflation increased further to 3.7% (2Q 2022: 2.5%). As expected, the increase in headline inflation was largely driven by the base effect from the discount on electricity bill implemented in the third quarter of 2021, as well as sustained increases in core inflation and price-volatile items. The inflationary pressures reflected the confluence of elevated cost pressures, particularly for food-related items, and strong demand conditions.

The ringgit depreciated by 4.9% against the US dollar in the third quarter of 2022 (YTD until 9 November 2022: -11.2%), in line with regional currencies which depreciated by an average of 5.5% (YTD: -9.5%). This reflected the continued strengthening of the US dollar amid further monetary policy tightening by the US Federal Reserve and higher investor risk aversion due to moderating global growth prospects. Nonetheless, strong domestic growth mitigated further downward external pressures on the ringgit. Moving forward, although domestic financial markets may face the risk of higher volatility, spillovers to domestic financial intermediation are expected to remain contained, supported by Malaysia's healthy external position and well-capitalised banking system. The Bank will continue to closely monitor market developments and ensure that adjustments remain orderly to support effective intermediation for the economy.

Net financing to the private sector grew by 5.4% (2Q 2022: 4.9%) supported mainly by higher outstanding loan growth (6.1%; 2Q 2022: 5.4%), driven by the household segment. Meanwhile, outstanding corporate bond growth remained sustained at 3.5% (2Q 2022: 3.4%). Outstanding business loan growth stood at 5.0%, as the growth in loan repayments outpaced that of loan disbursements. Loan applications remained forthcoming across segments and most loan purposes. For households, outstanding loans grew by 6.2% mostly on account of high growth in loan disbursements for the purchase of houses and cars.

The economy will continue to expand, albeit at a more moderate pace, in the fourth quarter of 2022. The expected slower pace of growth reflects the more challenging global environment as well as absence of base effects. Nevertheless, growth for the whole year of 2022 is expected to remain robust given the strong outturns in the first three quarters of the year.

Looking ahead, the Malaysian economy is expected to expand by 4.0 to 5.0% in 2023. Bank Negara Malaysia Governor Tan Sri Nor Shamsiah explained, "The Malaysian economy will continue to be supported by firm domestic demand amid continued improvements in the labour market. Growth would also benefit from the realisation of large infrastructure projects as well as higher tourist arrivals. However, Malaysia's growth remains susceptible to a weaker-than-expected global growth, higher risk aversion in global financial markets, further escalation of geopolitical conflicts and re-emergence of supply chain disruptions."

Headline inflation is expected to moderate in the fourth quarter of 2022, but remain elevated. The base effect from the discount on electricity bill which contributed to higher inflation in the third quarter will dissipate in the fourth quarter of 2022. Overall, headline inflation is expected to average at 3.3% in 2022. Underlying inflation, as measured by core inflation, is expected to stay elevated for the remainder of 2022 given improving demand amid the high-cost environment.

Moving into 2023, headline and core inflation are expected to remain elevated amid both demand and cost pressures, as well as any changes to domestic policy measures. Additional upward pressures to inflation will remain partly contained by the existing price controls, subsidies, and the remaining spare capacity in the economy. The balance of risk to the inflation outlook in 2023 is tilted to the upside and continues to be subject to domestic policy measures on subsidies, as well as global commodity price developments arising mainly from the ongoing military conflict in Ukraine and prolonged supply-related disruptions.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2022, BNM, 11 November 2022)

5.2 Overview and outlook of the construction and property sectors in Malaysia

The property market performance recorded a slight improvement in 2021 but has yet to surpass the pre-pandemic level recorded prior to 2020. A total of 300,497 transactions worth RM144.87 billion were recorded, showing an increase of 1.5% in volume and 21.7% in value compared to last year. The residential, commercial and industrial sub-sectors saw an increase in volume of transaction by 3.9%, 10.7% and 17.6% respectively, while agriculture and development land sub-sectors declined slightly by 7.5% and 7.4% respectively. Value of transactions recorded higher increase for residential, commercial, industrial and development land sub-sectors each at 16.7%, 43.1%, 32.9% and 33.2% whereas agriculture recorded decrease by 5.1%.

<u>Residential Property</u>

Residential sub-sector led the overall property market activity, with 66.2% contribution in volume. There were 198,812 transactions worth RM76.90 billion recorded in the review period, increased by 3.9% in volume and 16.7% in value year-on-year. The improvement was supported by the uptrend recorded in WP Kuala Lumpur (4.9%), Selangor (10.7%), Pulau Pinang (16.3%) and Perak (3.2%). Conversely, Johor recorded a decline in market activity by 2.4%.

Selangor contributed the highest volume and value to the national market share, with 24.5% in volume (48,755 transactions) and 34.4% in value (RM26.49 billion). WP Kuala Lumpur recorded 11,129 transactions but ranked the second highest in value at RM9.69 billion, contributing 12.6% market share.

Demand continued to focus on terraced houses, formed around 43% of the total residential transactions, followed by vacant plots and high-rise units, each with nearly 15% market share. The affordable price range of RM300,000 and below accounted for 55.9% of the total, followed by RM300,001 to RM500,000 (24.6%), RM501,000 – RM1,000,000 (14.8%) and more than RM1,000,000 (4.8%).

The primary market saw lesser release of new launches. There were nearly 44,000 units launched in 2021, against 47,178 units in 2020. The decline was expected as developers held back on the new launches due to the softening property market and increasing numbers of unsold inventories. Sales performance was moderate at 39.3% in 2021.

Selangor recorded the highest number of new launches in the country, capturing nearly 22.4% (9,827 units) of the national total with sales performance at 54.0%. Johor recorded the second highest number (5,513 units, 12.6% share) with sales performance at 49.2%. Perak came third (5,239 units, 11.9% share) with sales performance at 25.8%.

By property type, terraced houses (60.1%) dominated the new launches, comprising single storey (10,667 units) and two to three storey (15,705 units), followed by condominium/ apartment units with 27.4% share (12,018 units).
The residential overhang situation was less encouraging, with volume amounting to 37,000 units worth RM22.79 billion as at year-end, increased by 24.7% and 20.5% in volume and value respectively against last year.

Selangor retained the highest number and value of overhang in the country with 6,095 units worth RM5.28 billion, accounting to 16.5% and 23.2% respectively of the national total. Johor (6,089 units worth RM4.72 billion), Pulau Pinang (5,493 units worth RM3.56 billion) and WP Kuala Lumpur (3,908 units worth RM3.17 billion) followed suit.

Condominium/apartment formed 55.6% (20,505 units) of the national total overhang, followed by terraced houses (21.3%; 7,839 units). Ironically, houses in the affordable price range of RM300,000 and below formed the majority with 31.5% (11,610 units). This was followed by RM500,001 to RM1.0 million with 30.2% (11,139 units), RM300,001 and RM500,000 with 25.7% (9,461 units) and more than RM1.0 million with 12.6% (4,653 units).

The unsold under construction improved as the numbers dropped by 2.1% to 70,231 units. However, the unsold not constructed recorded a sharp increase by 69.2% to 21,960 units.

Construction activity recorded an increase in housing starts, up by 5.0% to 86,258 units and new planned supply increased by 8.2% to 77,585 units compared to 2020. Contrarily, completions were down by 0.8% to 76,393 units.

The Malaysian House Price Index (MHPI) stood at 201.5 points in 2021P with a low annual growth of 0.6%. Terraced House Price Index managed to sustain growth at 2.0%. However, High-Rise, Semi-Detached and Detached House Price Index recorded a slight decline of 0.2%, 0.1% and 3.3% respectively. Major states saw mixed movements in its overall House Price Index−Selangor and Johor each up by 1.6 % and 2.6% while WP Kuala Lumpur and Pulau Pinang each down by 3.6% and 1.7%.

Commercial Property

The commercial sub-sector saw a better performance in 2021. There were 22,428 transactions worth RM27.94 billion recorded in 2021, increased by 10.7% in volume and 43.1% in value as compared with 2020.

Shop segment recorded 11,574 transactions worth RM9.6 billion, dominating 51.6% of the commercial property transactions volume and 34.3% of the total value. Market performance recorded an increase of 10.5% in volume and 12.7% in value against 2020.
Selangor contributed the highest volume to the national market share, with 26.8% (6,021 transactions), followed by WP Kuala Lumpur with 14.5% (3,251 transactions). In terms of value, WP Kuala Lumpur led the market with 32.0% (RM8.95 billion), followed by Selangor with 25.3% (RM7.06 billion).

Serviced apartment segment recorded 4,359 transactions worth RM2.82 billion, formed 19.4% of the commercial property transactions volume and 10.1% of the value. Market performance recorded an increase of 12.7% in volume and 11.1% in value of transactions compared with 2020.

Serviced apartment segment recorded 24,295 overhang units with a value of RM20.46 billion, up by 2.9% in volume but dropped 1.4% in value against 2020. Johor recorded the highest volume in the country with 67.8% share (16,476 units) and 69.1% share in value (RM14.14 billion).

Similarly, the unsold under construction and not constructed increased to 42,094 units and 8,361 units, up by 19.4% and 2.6% respectively. WP Kuala Lumpur held the highest number of unsold under construction, with 41.2% share (17,356 units), followed by Selangor with 25.2% share (10,619 units) and Johor 19.0% (7,982 units).

The construction activities saw a mixed trend with starts increased by 24.3% to 36,979 units, completion and new planned supply declined by 28.6% (12,213 units) and 40.1% (12,820 units) respectively.

The overall performance of shopping complex continued to soften, recording an occupancy rate of 76.3%, down from 77.5% in 2020. WP Kuala Lumpur and Selangor recorded 79.8% and 80.7% occupancy rate respectively, whereas Johor and Pulau Pinang managed to secure an average occupancy of 73.0% and 70.9% respectively. Melaka and Negeri Sembilan recorded among the lowest occupancy rate in the country, each at 63.8% and 66.8%.

12 new complexes completed in the review period, adding nearly 440,000 s.m. of retail space into the market, bringing the total space for shopping complex nationwide to 17.28 million square metres. There were another 43 complexes (1.71 million s.m.) in the incoming supply and with another 11 complexes (0.37 million s.m.) in the planned supply.

The overall performance of purpose-built office decreased to 78.3% in 2021, down from 80.2% in 2020. The occupancy rate for private office buildings declined further to 71.5%, down from 73.9% recorded in 2020. WP Kuala Lumpur and Pulau Pinang recorded an occupancy rate of 71.8% and 80.6% respectively, whereas Selangor and Johor saw lower than national level at 67.3% and 62.4% respectively. Private office buildings in Putrajaya recorded the lowest occupancy rate in the country at 44.0%.

There were 13 new completions offering a total office space of 0.69 million s.m., lower compared to 2020 (11 new completions; 0.45 million s.m.). As at end-2021, there was a total of 23.97 million s.m. existing office space from 2,583 buildings, while another 1.65 million s.m. (44 buildings) in the incoming supply and nearly 0.29 million s.m. (12 buildings) in the planned supply.

<u>Leisure</u>

Eleven hotel transactions were recorded in the review period with an accumulated worth of slightly more than RM700 million. Six had its sale and purchase agreements dated in 2020 but concluded in 2021.

Construction activities was on a low tone. Three new hotels/resorts completed in 2021 offering 337 rooms, down by 77.6% against 2020 (20 hotels/resorts; 1,503 rooms). Starts and new planned supply contracted by 51.5% (985 rooms) and 79.6% (400 rooms) respectively.
The impact of Covid-19 pandemic on the leisure sector was catastrophic as many hotels/resorts had been forced to either temporarily shut down or permanently closed down as the operating costs were way beyond its sustenance. According to Tourism Malaysia, the average occupancy rate dropped to 21.8% (January to September 2021) from 31.6% in 2020.

<u>2021 Outlook</u>

The property market is expected to regain its momentum in 2022 though the environment remained challenging. The 'Transition to Endemic' phase of Covid-19 starting April 1 2022 will see the lifting of restrictions of business operating hours and reopening of country borders, which is expected to further improve domestic economic activities.

As economy is set to be on the right trajectory, the property market performance is expected to be on similar track. The accommodative policies, continuous government support, well execution of all planned measures outlined in Budget 2022 and the proper implementation of strategies and initiatives under RMK-12 is expected to support growth in the property sector.

(Source: Property Market Report 2021, National Property Information Centre (NAPIC), Valuation & Property Services Department, Ministry of Finance Malaysia, 1 April 2022)

The Monetary Policy Committee ("**MPC**") of Bank Negara Malaysia decided to increase the Overnight Policy Rate ("**OPR**") by 25 basis points to 2.50 percent. The ceiling and floor rates of the corridor of the OPR are correspondingly increased to 2.75 percent and 2.25 percent, respectively.

The global economy continued to expand, albeit at a slower pace, weighed down by rising cost pressures, tighter global financial conditions, and strict containment measures in China. However, global growth continues to be supported by improvements in labour market conditions, and the full reopening of most economies and international borders. Inflationary pressures have remained high, due to elevated commodity prices and tight labour markets, despite continued easing in global supply chain conditions. Consequently, central banks are expected to continue adjusting their monetary policy settings, some at a faster pace, to reduce inflationary pressures. In particular, aggressive adjustments in US interest rates have contributed to a strong US dollar environment. This has resulted in higher volatility in financial markets, affecting other major and emerging market currencies, including the ringgit. Going forward, the global growth is expected to face challenges from the impact of monetary policy tightening in most economies, and pandemic management measures in China. The growth outlook is subject to downside risks, including elevated cost pressures, the potential energy crisis in Europe, and sharp tightening in financial market conditions.

For the Malaysian economy, the transition to endemicity and policy measures have contributed to the stronger growth performance in the second quarter of 2022. Going forward, indicators point to continued growth, underpinned by support from private sector spending. Labour market conditions and income prospects remain positive, with unemployment and underemployment declining further. The reopening of international borders will lift tourism-related sectors. Investment activity and prospects would be supported by the realisation of multi-year projects. Nevertheless, external demand is expected to moderate following softening global growth. Despite the increased volatility in the global financial and foreign exchange markets, these developments are not expected to derail Malaysia's growth. Domestic liquidity remains sufficient, with continued orderly functioning of the financial and foreign exchange markets. Financial institutions also continue to operate with strong capital and liquidity buffers. These will ensure financial intermediation remains supportive of the economy. Going forward, downside risks to the domestic economy continue to stem from a weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

Year-to-date, headline inflation has averaged at 2.8%. Headline inflation is projected to peak in 3Q 2022 before moderating thereafter, due to dissipating base effects and in line with the expected easing of global commodity prices. Underlying inflation, as measured by core inflation, is expected to average closer to the upper end of the 2.0% - 3.0% forecast range in 2022, with some signs of demand-driven pressures amid the high-cost environment. The extent of upward pressures to inflation will remain partly contained by existing price controls, fuel subsidies, and the prevailing spare capacity in the economy. The inflation outlook, however, continues to be subject to domestic policy measures, as well as global commodity price developments arising mainly from the ongoing military conflict in Ukraine and prolonged supply-related disruptions.

With the positive growth prospects for the Malaysian economy remaining intact, the MPC decided to further adjust the degree of monetary accommodation. At the current OPR level, the stance of monetary policy continues to remain accommodative and supportive of economic growth. The MPC is not on any pre-set course and will continue to assess evolving conditions and their implications on the overall outlook to domestic inflation and growth. Any adjustments to the monetary policy settings going forward would be done in a measured and gradual manner, ensuring that monetary policy remains accommodative to support a sustainable economic growth in an environment of price stability.

(Source: Monetary Policy Statement, Bank Negara Malaysia, 8 September 2022)

5.3 Prospects of CHGP

5.3.1 Property development segment

The property development division has intensified its marketing effort to drive sales for the "8th & Stellar" joint development project which comprises mixed residential and commercial lots in Sri Petaling. The project has recorded sales of 95.8% as at LPD. The division has embarked on a landbank accumulation strategy especially in the Klang Valley in anticipation of a positive market recovery in 2022. Aggressive properties launching will be in the pipeline soon.

The details of the development of the "8th & Stellar" project are as follows:

(i) The number of phase	1
(ii) The types of development for each of the phase and number of unit	A mixed development comprises of 10 storeys corporate office space, 1 storey penthouse, 7 units of retail, 138 units of duplex loft and 522 units of service apartment
(iii) Commencement date	February 2019
(iv) Expected completion date	July 2023
(v) GDV (RM'000)	498,000
(vi) GDC (RM'000)	395,150

The breakdown of the estimated development cost of the "8th & Stellar" project are as follows:

	RM'000
Land cost	41,089
Development cost	354,061
	395,150

The construction division expects gradual improvement in contract flows as Malaysia embraces endemicity with private-sector opportunities and roll-outs of public projects like the Johor Bahru Singapore Rapid Transit System, East Coast Rail Link and Mass Rapid Transit Line 3 to keep the tap running in 2022. The division's outstanding order book currently stands at RM1.07 billion and it is expected to improve with the resumption of construction activities. The recent acquisition of Makna Setia will enable the division to further diversify and tap into the infrastructure projects.

Other than that, the Group will leverage on its track record to provide more medium priced and affordable products to cater to the local demand and current needs. Given the potential value enhancement from the recent acquisitions of various land in Klang Valley (eg Bangsar South, Serendah, Kinrara, Cyberjaya and Puchong), the future property development projects are expected to contribute positively to the financial performance of the Group for the next 5 to 8 years.

As stated under Section 2.1.1, Quaver owns the Land with immediate surrounding of condominiums, apartments, terrace houses, factories, shop offices. Quaver had on 29 April 2022 obtained the building plan approval from Majlis Bandaraya Subang Jaya to undertake mixed commercial development on the Land, details as follows:

(i)	Proposed development	2 blocks of service apartments (684 units) and 15 units of retail lot known as "Quaver Residence"
(ii)	Estimated GDV (RM'000)	467,770
(iii)	Estimated GDC (RM'000)	366,559
(iv)	Estimated gross development profit (RM'000)	101,211
(v)	Commencement date	September 2022
(vi)	Launch date	September 2022
(vii)	Expected completion date	March 2027
(viii)	Percentage of completion as at LPD	3.6%
(ix)	Percentage of sales as at LPD	33.0%

Premised on the above, the Board believes that "Quaver Residence" being in a strategic location will still be in demand at the right price. Leveraging on this, the Group will focus on marketing "Quaver Residence" to the right target market and introduce attractive sales packages to encourage sales.

(Source: Management of CHGP)

5.3.2 Construction segment

CHGP had on 23 November 2021 completed the acquisition of 65% equity interest in Kayangan, a construction company. This marks the Group's diversification into the construction business.

Based on Kayangan Group's ongoing projects and order book, it specialises in the construction of special purpose buildings mainly hospitals. The demand for more improved and updated healthcare facilities is strong especially following the Covid-19 pandemic situation.

Moving forward, Kayangan Group will focus on 3 segments which are:

(i) Design and build, specialising in hospital projects which is in line with the government's plan to focus on healthcare facilities development for the upcoming years;

(ii) Commercial and residential construction projects from external clients as well as from CHGP Group; and

(iii) Civil engineering works such as foundation works and infrastructural works.

In this respect, Kayangan Group proposes to diversify from its existing specialisation in constructing special purpose buildings mainly hospitals into commercial and residential construction projects as well as civil engineering works to leverage on the experience of the existing in-house construction team of CHGP Group; and to be in line with CHGP's future township development plan which involve the mixed development of industrial buildings, commercial buildings and residential houses. One such project which is in the pipeline is the proposed development at Serendah, Selangor, where the development plan is in the midst of finalising.

(Source: Management of CHGP)

Premised on the above, the Board remains positive about the prospects of Kayangan Group and its future growth in the construction industry.

5.3.3 Commercial vehicles and bodyworks segment

The Group anticipates the commercial vehicles market to remain challenging given the uncertainties during the transitional period to the "new normal", and expects the current weakening of Malaysian Ringgit against other major currencies to put pressure on the profit margin. However, due to the Group's competitive costs advantage strategy in the light/big trucks models and prime movers, the Group is expected to continue to generate sustainable positive earnings for its commercial vehicles segment.

The Group has implemented some competitive cost advantage strategies which resulted in time and cost savings in the light/big truck models and prime movers vehicle segment as follows:

(i) to provide an in-house one stop solution sales and service centre in order to reduce outsourcing costs such as engaging sub-contractor for assembly, repair and reconditioning the trucks;

(ii) setting up an internal engineering department with a team of professional engineers for all documentation required for Jabatan Pengangkutan Jalan (JPJ) registration; and

(iii) setting up an assembly location for light/big truck models and prime movers at Northern (Penang), Centre (Puchong) and Southern (Pasir Gudang) region respectively in order to reduce logistic costs due to multiple assembly locations.

The demand for light trucks remains strong for logistic and food delivery business, and moving forward, the Group will also strengthen its marketing efforts for food trucks model and passenger van for tourism industry to support the growth of its commercial vehicles and bodyworks segment.

(Source: Management of CHGP)

6. FINANCIAL EFFECTS OF THE PROPOSALS

The Proposals will not have any effect on the issued share capital and substantial shareholders' shareholdings of the Company.

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6.1 NA and gearing

Based on the latest audited consolidated statement of financial position of CHGP Group as at 31 December 2021, the pro forma effects on the NA and gearing of CHGP group are as follows:

		I	II	III	IV
	Audited as at 31 December 2021	**(1) Adjusted for subsequent events**	**(2) After I and Proposed Acquisition of Quaver and Proposed Settlement**	**After II and after Proposed Acquisition of Kayangan**	**After III and after Proposed Related Party Project**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Share capital	124,480	133,305	133,305	133,305	133,305
Treasury shares	(255)	(255)	(255)	(255)	(255)
Reserves	18,420	16,371	16,371	16,371	16,371
Retained earnings	51,190	51,190	51,190	(6) 52,770	(5)(6) 51,970
Equity attributable to the owners of the Company	**193,835**	**200,611**	**200,611**	**202,191**	**201,391**
Non-controlling interest	20,613	20,613	20,613	(6) 19,033	(6) 19,033
Total equity	**214,448**	**221,224**	**221,224**	**221,224**	**220,424**
No. of shares ('000)	440,394	474,278	474,278	474,278	474,278
Treasury shares ('000)	700	700	700	700	700
NA per share attributable to owners of the Company (RM)	0.44	0.42	0.42	0.43	0.42
Bank borrowings (RM'000)	188,667	188,667	(3) 244,866	(4) 256,556	256,556
Gearing (times)	0.88	0.85	1.11	1.16	1.16

Notes:

(1) After adjusting for the issuance of 33,883,956 Shares at RM0.20 per CHGP share pursuant to the exercise of Warrants after 31 December 2021 up to and including LPD.

(2) Assuming that the Purchase Consideration 1 is fully paid by internally generated funds.

(3) Including Quaver's existing bank borrowings of RM40.04 million and further assuming that 70.0% of the Advances which amounts to approximately RM16.16 million is funded by bank borrowings and the balance through internally generated funds.

(4) Assuming that 70.0% of the Purchase Consideration 2 which amounts to approximately RM11.69 million is funded by bank borrowings and the balance through internally generated funds.

(5) After adjusting for the estimated expenses relating to the Proposals of approximately RM800,000 (excluding stamp duty).

(6) After taking into consideration the effect of RM1.58 million arising from the changes in equity interest in Kayangan Group that is attributable to the owners of the Company and carrying amount of non-controlling interests acquired of RM1.58 million. An additional 30.0% share of profit from Kayangan of RM1.58 million, based on the audited PAT of Kayangan Group for FYE 31 December 2021 of RM7.02 million; and which is apportioned to 9 months.

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6.2 Earnings and EPS

The financial year end of the Group and of the Company was changed from 31 March to 31 December as to be coterminous with the financial year end of its holding company as required by the Act. Accordingly, the latest audited financial statements of the Group and of the Company are prepared for the 9 months financial period from 1 April 2021 to 31 December 2021.

For illustrative purposes, the pro forma effects of the Proposed Acquisition of Quaver (including Proposed Settlement) and Proposed Acquisition of Kayangan on the earnings and EPS of the Group, based on the latest audited results of CHGP Group for FPE 31 December 2021, and on the assumption that the Proposed Acquisition of Quaver (including Proposed Settlement) and Proposed Acquisition of Kayangan had been effected on 1 April 2021, being the beginning of the said financial period, are set out below:

		(I)
	Audited FPE 31 December 2021	**(1)After Proposed Acquisition of Quaver and Proposed Acquisition of Kayangan**
	RM'000	**RM'000**
Profit for the financial period attributable to the owners of the Company	3,601	3,601
Less: estimated expenses of the Proposals	-	(800)
Less: loss from Quaver(2)	-	(4,188)
Less: interest costs arising from Proposed Acquisition of Quaver(3)	-	(509)
Add: additional profits from Kayangan Group(4)	-	1,580
Less: interest cost arising from Purchase Consideration 2(5)	-	(368)
Add: budgeted profit arising from the Proposed Related Party Project(6)	-	2,486
Pro forma profit / (loss) for the financial period attributable to the owners of the Company	**3,601**	**1,802**
No. of shares ('000)	440,394	474,278
Treasury shares ('000)	700	700
EPS per share (sen)	0.82	0.38

Notes:

(1) Being the completion of the Proposed Acquisition of Quaver (including Proposed Settlement) and Proposed Acquisition of Kayangan only, which is not inter-conditional with the Proposed Private Placement.

(2) Being the loss from Quaver of RM4.19 million based on its audited financial statements for FYE 31 December 2021.

(3) Being the interest costs from the bank borrowings to fund 70.0% of the Advances at the interest rate of 4.2% per annum.

(4) Being an additional 30.0% share of profit from Kayangan of RM1.58 million, based on the audited PAT of Kayangan Group for FYE 31 December 2021 of RM7.02 million; and which is apportioned to 9 months.

(5) Being the interest costs from the bank borrowings to fund 70.0% of the Purchase Consideration 2 at the interest rate of 4.2% per annum.

(6) Being budgeted profit arising from the Proposed Related Party Project based on the profit recognition forecasts which has been reviewed and verified by a qualified third-party quantity surveyor, Sr. Ung Chin Teong of IQS and Associates Sdn Bhd, a qualified quantity surveyor registered with the Board of Quantity Surveyors Malaysia.

6.3 Convertible securities

The Proposals are not expected to result in any adjustment to the number of outstanding Warrants or its exercise price.

7. APPROVALS REQUIRED AND CONDITIONALITY OF THE PROPOSALS

The Proposals are subject to the following:

(i) CHGP shareholders’ approval at the forthcoming EGM; and

(ii) Approval/consent from any other relevant parties, if required.

The Proposals are not conditional upon any other corporate exercises undertaken or to be undertaken by CHGP. The Proposals are not inter-conditional with each other.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

8.1 Proposed Acquisition of Kayangan

None of the Directors and/or major shareholders and/or chief executive of the Company and/or persons connected with them have any interest, direct and/or indirect, in the Proposed Acquisition of Kayangan.

The Proposed Acquisition of Kayangan is not regarded as a related party transaction pursuant to Paragraph 10.08 (11)(n) of the Listing Requirements as there is no other interested relationships except for a related party (i.e. Vendor 2) who is a major shareholder of a subsidiary of the listed issuer or person connected with such director or major shareholder having an interest in the transaction. In this regard, Vendor 2 is a 30.0% shareholder in Kayangan and was also a director of Kayangan in the 6 months preceding the signing of the SSA 2. He is not a director nor major shareholder of CHGP.

8.2 Proposed Acquisition of Quaver and Proposed Related Party Project

Save for the Interested Parties (as defined below), none of the other Directors and major shareholders of CHGP and person connected with them have any interests, direct or indirect in the Proposed Acquisition of Quaver and Proposed Related Party Project:

(i) Datuk Seri Chiau Beng Teik and Chiau Haw Choon have deemed interests in Quaver, Aera Property and Ace Logistic through their shareholdings in PP CH Realty;

(ii) Datuk Seri Chiau Beng Teik and Chiau Haw Choon have deemed interests in CHGP through their direct shareholdings in Chin Hin and their shareholdings in PP CH Realty;

(iii) Datuk Seri Chiau Beng Teik and Chiau Haw Choon are both Directors of CHGP, Quaver, Aera Property and Ace Logistic;

(iv) Datin Seri Wong Mee Leng is the spouse of Datuk Seri Chiau Beng Teik and mother of Chiau Haw Choon, Chiau Haw Loon, Shelly Chiau Yee Wern and Chiau Haw Yew and she also has substantial indirect shareholdings in CHGP, PP CH Realty and Aera Property;

(v) Shelly Chiau Yee Wern is a Director of CHGP; and

(vi) Chiau Haw Loon, Shelly Chiau Yee Wern and Chiau Haw Yew are family members of Datuk Seri Chiau Beng Teik and Chiau Haw Choon. They are also shareholders of PP CH Realty.

All the above persons are collectively known as "**Interested Parties**". Based on the foregoing, the Interested Parties are deemed interested in the Proposed Acquisition of Quaver and Proposed Related Party Project.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting in relation to the Proposed Acquisition of Quaver and Proposed Related Party Project at the relevant Board meetings. The Interested Parties and person connected with them will also abstain from voting in respect of his/her direct and/or indirect shareholdings in CHGP on the resolutions pertaining to the Proposed Acquisition of Quaver and Proposed Related Party Project to be tabled at the EGM to be convened.

9. STATEMENT BY AUDIT COMMITTEE

SCA has been appointed as Independent Adviser for the Proposed Acquisition of Quaver and Proposed Related Party Project.

The Audit Committee of CHGP, having considered all aspects of the Proposed Acquisition of Quaver and Proposed Related Party Project, including the basis of the Purchase Consideration 1, rationale, prospects and effects of the Proposed Acquisition of Quaver and Proposed Related Party Project, terms of the SSA 1, proposed terms of the Settlement Agreement and letter of award of the Project as well as the views of the Independent Adviser, is of the opinion that the Proposed Acquisition of Quaver and Proposed Related Party Project are:

(i) in the best interest of CHGP;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested shareholders of CHGP.

10. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTIES FOR THE PRECEDING 12 MONTHS

The total amount transacted between CHGP Group and the Interested Parties and/or persons connected to the Interested Parties in the preceding 12 months (including the recurrent related party transactions under the shareholders' mandate obtained at the 20th AGM of CHGP held on 3 June 2022 but excluding the directors' remuneration in the ordinary course of business) is approximately RM28.12 million.

11. HIGHEST PERCENTAGE RATIO

The highest percentage ratios applicable to the:

(i) Proposed Acquisition of Quaver pursuant to Paragraph 10.02(g) of the Listing Requirements is 12.6% calculated based on the Purchase Consideration 1 and Advances over the latest audited consolidated NA of CHGP as at 31 December 2021;

(ii) Proposed Acquisition of Kayangan pursuant to Paragraph 10.02(g) of the Listing Requirements is 58.5% calculated based on the share of profit from Kayangan over the latest audited consolidated PAT attributable to owner of CHGP for FYE 31 December 2021; and

(iii) Proposed Related Party Project pursuant to Paragraph 10.02(g) of the Listing Requirements is 9.4% calculated based on estimated cost of the Project over the latest audited consolidated total assets of CHGP as at 31 December 2021.

12. TENTATIVE TIMETABLE

Barring any unforeseen circumstances, the Board expects the Proposals to be completed by the fourth quarter of year 2022.

The tentative timetable for the implementation of the Proposals is as follows:

Events	**Tentative timeline**
EGM to approve the Proposals	End December 2022
Fulfilment of the conditions precedent for the SSA 1 and SSA 2	End December 2022
Completion of the Proposed Acquisition of Quaver and Proposed Acquisition of Kayangan	Beginning January 2022
Completion of the Proposed Related Party Project	End October 2023

13. DIRECTORS' STATEMENT AND RECOMMENDATION

After having considered all aspects of the Proposals, including but not limited to the rationale for and effects of the Proposals:

(i) the Board (save for the Interested Directors) is of the opinion that the Proposed Acquisition of Quaver and Proposed Related Party Project are in the best interest of CHGP; and

(ii) the Board is of the opinion that the Proposed Acquisition of Kayangan is in the best interest of CHGP.

14. OUTSTANDING CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

As at LPD, save for the Proposals and the following, CHGP Group has no other corporate proposals that has been announced but has yet to be completed:

(i) Proposed acquisition of a parcel of land located at Bandar Cyberjaya, Selangor announced on 8 February 2021; and

(ii) Proposed private placement of up to 75,952,650 new CHGP Shares to independent third party investor(s) to be identified, announced on 25 August 2022.

15. EGM

The EGM, the notice of which is enclosed in this Circular, will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting Facilities from the broadcast venue at Chin Hin Culture Centre, No. F-0-1 & F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, off Jalan Kuchai Lama, 58200 Kuala Lumpur, on Friday, 30 December 2022 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions contained, as soon as possible and in any event so as to arrive at our registered office, not less than 48 hours before the time appointed for holding the EGM or any adjourned thereof. The lodging of the Form of Proxy will not preclude you from attending the EGM and voting in person should you subsequently wish to do so.

16. FURTHER INFORMATION

Please refer to the appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of Directors of,
CHIN HIN GROUP PROPERTY BERHAD

KWAN SOOK PENG
Independent Non-Executive Director

1. HISTORY AND BUSINESS

Quaver is a private limited company incorporated in Malaysia on 4 December 2003 under the name Asthetik KL South Sdn Bhd and adopted its current name on 21 July 2019.

The original cost of investment and date of investment by Aera Property in Quaver are as follows:

Date of investment	No. of shares	Investment amount (RM)
4 December 2003	1,000,000	1,000,000
22 February 2022	5,500,000	5,500,000
30 April 2022	5,000,000	5,000,000
Total	**11,500,000**	**11,500,000**

Quaver is principally a housing development company and owns the Land, further details which are set out under Section 6 below.

2. SHARE CAPITAL

As at LPD, the issued share capital of Quaver is RM11,500,000 comprising 11,500,000 ordinary shares.

3. DIRECTORS AND SHAREHOLDERS

The directors and shareholders of Quaver and their respective shareholdings in Quaver as at LPD are as follows:

			Direct		Indirect	
Shareholders	**Nationality/ Place of incorporate**	**Designation**	**No. of Quaver Shares**	**%**	**No. of Quaver Shares**	**%**
Aera Property	Malaysia	-	11,500,000	100.0	-	-
PP CH Realty	Malaysia	-	-	-	(1)11,500,000	100.0
Datuk Seri Chiau Beng Teik	Malaysian	Director	-	-	(2)11,500,000	100.0
Chiau Haw Choon	Malaysian	Director	-	-	(2)11,500,000	100.0

Notes:

(1) Deemed interested by virtue of its shareholdings in Aera Property pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of his shareholdings in PP CH Realty pursuant to Section 8 of the Act.

4. SUBSIDIARY AND ASSOCIATED COMPANIES

As at LPD, Quaver does not have any subsidiary and associated companies.

5. FINANCIAL INFORMATION

A summary of the financial information of Quaver for the FYE 31 December 2019 to 2021 and a 5-month FPE 31 May 2022 is set out below:

	Audited			Unaudited
	FYE 31 December 2019	FYE 31 December 2020	FYE 31 December 2021	FPE 31 May 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
LBT	169	19	4,188	826
LAT	169	19	4,188	826
Current assets	20,766	21,025	61,482	63,679
Current liabilities	24,840	25,118	46,718	22,288
Total borrowings	-	-	23,045	40,034
Number of shares ('000)	1,000	1,000	1,000	11,500
Treasury shares ('000)	-	-	-	-
Issued share capital	1,000	1,000	1,000	11,500
Shareholders' funds/(NL)/NA	(4,074)	(4,093)	(8,281)	1,392
Non-controlling interests	-	-	-	-
Net LPS (RM)	0.17	0.02	4.19	0.07
(NL)/NA per share (RM)	(4.07)	(4.09)	(8.28)	0.12
LBT margin (%)	-	-	-	-
Current ratio (times)	0.8	0.8	1.3	2.9
Gearing ratio (times)	-	-	2.8	28.8

Commentary between FYE 31 December 2019 and FYE 31 December 2020

Quaver has yet to generate revenue as it has yet to commence its business operations.

LBT decreased by RM0.15 million or 88.8% from FYE 2019 to FYE 2020 mainly due to the legal fees incurred in FYE 2019 to enforce specific performance of the sale and purchase agreement on the Land against the previous land owner, Cenmal Commercial Sdn Bhd for wrongful termination of agreement.

Commentary between FYE 31 December 2020 and FYE 31 December 2021

LBT increased to RM4.19 million in FYE 2021 compared to RM0.02 million in FYE 2020 mainly due to sales and marketing expenses of RM4.13 million incurred to build a sales gallery and show rooms as well as printing of brochures in relation to the launch of its new mixed commercial development project known as "Quaver Residence". To finance these pre-commencement expenses of "Quaver Residence", Quaver has obtained a loan resulted in gearing to increase.

5.1 Exceptional and extraordinary items, audit qualification and accounting policies

There were no exceptional or extraordinary items during FYE 31 December 2019 to 2021.

The audited financial statements of Kayangan Group for FYE 31 December 2019 to 2021 were also not subject to any audit qualifications.

During FYE 31 December 2019 to 2021, there were no accounting policies adopted by Quaver which are peculiar to Quaver due to the nature of its business or the industry it is involved in, which had effects on the determination of income or financial position of Quaver.

6. MATERIAL PROPERTIES

Details of material properties owned by Quaver as at LPD are set out as below:

Title details	PN 117571, Lot 77762, Pekan Serdang, District of Petaling, State of Selangor
Description of property	A parcel of leasehold commercial land, approved for a mixed commercial development comprising 684 units of serviced apartments and 15 units of retail lot, collectively known as "Quaver Residence", currently in its early stage of construction
Tenure	Leasehold land of 99 years expiring on 20 March 2091 *The leasehold interest has been renewed for 99 years vide letter from Pejabat Tanah dan Galian Negeri Selangor bearing Reference No. (9)dlm.PTGS/08/PS01/002/082021 dated 13 December 2021 with all the related premium fully paid*
Land area	13,784 s.m.
Category of land use	Building
Encumbrances	Charged to Maybank Islamic Berhad
Expressed condition	Bangunan Perniagaan
Existing and proposed use	The Land is approved for a mixed commercial development comprising 2 blocks of 29-storey and 20-storey serviced apartments with rooftop landscape (684 units) together with a level of commercial space (15 units of retail lot), a facility level, 10-storey car park podium and 2-storey sub-basement car parks known as "Quaver Residence"
Restriction in interest	This land cannot be transferred, leased or mortgaged without the approval of the State Authority.
Registered owner	Quaver
Carrying amount as at 31 December 2021	RM59.07 million[(1)]

Note:

(1) As at 31 May 2022, the carrying amount of the Land is RM61.42 million. The differences are due to the capitalisation of development costs of the Land. The reconciliation is tabled as follows:

Items	RM'000
As at 31 December 2021	59,068
Add: Construction cost	35
Add: Miscellaneous, contribution cost, fees, sales and marketing and finance charges	2,313
As at 31 May 2022	**61,416**

7. MATERIAL CONTRACTS

Quaver has not entered into any material contract (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the date of this Circular.

8. MATERIAL COMMITMENTS

As at LPD, Quaver does not have any material commitment incurred or known to be incurred by Quaver, which upon becoming enforceable may have a material effect on the profits or NA of Quaver.

9. CONTINGENT LIABILITIES

As at LPD, Quaver is not aware of any contingent liabilities incurred or known to be incurred by Quaver, which upon becoming enforceable may have a substantial impact on the ability of Quaver as and when they fall due.

10. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, save as disclosed below, Quaver is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which might materially and adversely affect the financial position or business of Quaver.

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1. HISTORY AND BUSINESS

Kayangan is a private limited company incorporated in Malaysia on 27 January 1999. Kayangan was co-founded in 1999 by its Managing Director, Chan Kin Keong.

Kayangan is principally a construction company and is a Grade 7 contractor registered with CIDB and also a SPKK Certificate holder. As a Grade 7 contractor and SPKK Certificate holder, Kayangan is allowed to tender for construction works that are of unlimited value and to undertake construction activities (including government projects) throughout Malaysia. Kayangan Group's first construction project was to build 5 blocks of school facilities for Sekolah Menengah Sultan Sulaiman Klang, Selangor, valued at RM2.00 million.

Kayangan Group is mainly involved in the construction business as a building contractor, undertaking civil works and structure works and focusses on specialised buildings. Some of the projects completed by Kayangan Group are hospitals, schools, nursing college, high rise apartments and government quarters, hotels, shopping mall, factories and commercial units. Kayangan Group had also undertaken infrastructure projects such as upgrading of roads and highways. Since its incorporation, Kayangan Group has completed more than RM2.00 billion worth of projects all over Malaysia, with clients ranging from private property owners/property developers to various government ministries especially Ministry of Works, Malaysia.

Kayangan Group's ongoing projects (including joint venture project under Kayangan's jointly controlled company) are mainly construction and upgrading of hospitals (such as Miri Hospital in Sarawak, Tanah Merah Hospital in Kelantan, Hospital Seri Iskandar in Perak and KPJ Kuala Selangor in Selangor), construction of Quaver Residence and construction of community halls, buildings and office with total contract value of more than RM1.36 billion, and unbilled order book of RM1.03 billion as at LPD.

2. SHARE CAPITAL

As at LPD, the issued share capital of Kayangan is RM10,000,000 comprising 10,000,000 ordinary shares.

3. DIRECTORS

The directors and their respective shareholdings in Kayangan as at LPD are as follows:

	Nationality	**Designation**	**Direct**		**Indirect**	
			No. of shares	**%**	**No. of shares**	**%**
Chiau Haw Choon	Malaysian	Director	-	-	[1]6,500,000	65.0
Khor Chee Yong	Malaysian	Director	500,000	5.0	-	-
Roger Lim Swee Kiat	Malaysian	Director	-	-	-	-
Khor Kai Fu	Malaysian	Executive Director	-	-	-	-

Note:

(1) Deemed interest by virtue of his shareholdings in PP CH Realty pursuant to Section 8 of the Act.

4. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders' shareholdings of Kayangan as at LPD are as follows:

	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
CHGP	Malaysia	6,500,000	65.0	-	-
Chan Kin Keong	Malaysian	3,000,000	30.0	-	-
Khor Chee Yong	Malaysian	500,000	5.0	-	-
Chin Hin	Malaysia	-	-	(1)6,500,000	65.0
Divine Inventions	Malaysia	-	-	(2)6,500,000	65.0
PP CH Realty	Malaysia	-	-	(3)6,500,000	65.0
Datuk Seri Chiau Beng Teik	Malaysian	-	-	(4)6,500,000	65.0
Chiau Haw Choon	Malaysian	-	-	(4)6,500,000	65.0

Notes:

(1) Deemed interest by virtue of its shareholdings in CHGP pursuant to Section 8 of the Act.

(2) Deemed interest by virtue of its shareholdings in Chin Hin pursuant to Section 8 of the Act.

(3) Deemed interest by virtue of its shareholdings in Divine pursuant to Section 8 of the Act.

(4) Deemed interest by virtue of his shareholdings in PP CH Realty pursuant to Section 8 of the Act.

5. SUBSIDIARY, ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

As at LPD, the subsidiary of Kayangan is as follows:

Name of company	Date / Place of incorporation	Share capital	Effective equity interest (%)	Principal activities
5th Capital Sdn Bhd	Malaysia	100	100.0	Property investment

As at LPD, the associated and jointly controlled companies of Kayangan are as follows:

Name of companies	Date / Place of incorporation	Share capital	Effective equity interest (%)	Principal activities
Weida Kayangan Sdn Bhd	Malaysia	3,000,000	49.0	Construction activities
R Synergy Sdn Bhd	Malaysia	1,000,000	33.0	Property development & contractor

6. ONGOING PROJECTS

As at LPD, none of Kayangan's Group ongoing projects (including joint venture project under Kayangan's jointly controlled company) are owned by CHGP. Kayangan Group's ongoing projects are as follows:

	Project details/ Brief work scope	Role	Client name	Contract sum (RM'000)	Date of award	% of completion	Commencement date / expected completion date
1.	Construction of an extension building to Hospital Tanah Merah, Kelantan	Subcontractor	After Image Sdn Bhd	111,000	July 2018	99.0%	April 2018/ October 2022
2.	Design and build of community halls and other related works in Grisek, Bukit Pasir and Bukit Kepong, Johor	Main contractor	Jabatan Kerja Raya Malaysia	33,845	March 2021	41.7%	March 2021/ March 2024
3.	Construction of Hospital Seri Iskandar, Perak	Main contractor	Jabatan Kerja Raya Malaysia	145,689	August 2021	14.1%	October 2021/ October 2024
4.	Construction of an extension building to Miri Hospital, Sarawak	Subcontractor, Joint venture project under Kayangan's jointly controlled company (R Synergy Sdn Bhd)	Riaplus Sdn Bhd	289,200	July 2020	36.6%	June 2020/ April 2024
5.	Construction of car park building for Intel's Pelican project, Penang	Main contractor	Exyte Malaysia Sdn Bhd	333,000	June 2022	8.3%	July 2022/ October 2023
6.	Construction of KPJ Kuala Selangor, Selangor	Subcontractor	PC Installation & Contracting Sdn Bhd	44,500	December 2021	17.5%	December 2021/ June 2023

	Project details/ Brief work scope	Role	Client name	Contract sum (RM'000)	Date of award	% of completion	Commencement date / expected completion date
7.	Construction of structure and underground piping work for K5-CUB Building, Kulim, Kedah	Subcontractor	Exyte Malaysia Sdn Bhd	54,033	1 February 2021	39.7	February 2021 / February 2023
8.	Construction of office tower in KL Gateway, Kuala Lumpur(1)	Main contractor	BK Alliance Sdn Bhd	110,162	1 November 2021	3.4	November 2021 / December 2024
9.	Construction of Quaver Residence, Petaling Jaya, Selangor(1)	Main contractor	Quaver	240,179	1 November 2021	3.8	November 2021 / April 2025

Note:

(1) Approval obtained during the AGM on 3 June 2022 pursuant to the circular to shareholders in relation to the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature dated 29 April 2022.

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7. COMPLETED PROJECTS

None of Kayangan Group's major projects (including joint venture project under Kayangan's associated company) completed within the past 3 financial years from LPD were owned by CHGP. The major projects completed within the past 3 financial years from LPD are as follows:

	Project details/ Brief work scope	Role	Client name	Contract sum (RM'000)	Commencement date / completion date
1.	Upgrading roadworks in Jalan Ayer Keroh to Bandar Melaka (Phase 1 : Construction of intersection works in Peringgit to MITC)	Subcontractor	Isedecor Bina Sdn Bhd	283,933	March 2014/ November 2019
2.	Design and build of Hospital Kuala Krai, Kelantan	Subcontractor	Semarak Korporat	239,000	May 2014/ May 2018
3.	Construction of 2 blocks of 31 storey serviced apartment (456 units) with recreational and community facilities and parking podium on Lot 14588 S, Kampung Paloh, Perak	Subcontractor	Seri Perwira Logistic Sdn Bhd	77,500	May 2015/ May 2018
4.	Construction of 8 blocks of 1 1/2 storey factory buildings on Lot 5083 to 5094 in Pengkalan Chepa Industrial Area, Kelantan	Subcontractor	Mekar Mewah Construction Sdn Bhd	13,314	January 2017/ June 2018
5.	Construction of one block of 24-storey apartments (616 units) including multi-storey car park (5 storeys) on H.S (D) 219257 PT 252758 Kinta, Perak	Subcontractor	Amber Synergy Sdn Bhd	91,000	October 2015/ November 2018
6.	Construction of houses and other related works at Felda Chiku 3, Gua Musang, Kelantan	Subcontractor	MZ Aring Sdn Bhd	2,322	April 2017/ June 2019

	Project details/ Brief work scope	Role	Client name	Contract sum (RM'000)	Commencement date / completion date
7.	Construction of upgrading of Hospital Umum Sarawak	Subcontractor, Joint venture project under Kayangan's associated company (Weida Kayangan Sdn Bhd)	Weida Works Sdn Bhd	228,700	April 2019/ June 2021
8.	Construction of an enforcement department complex containing one 15-storey office block with one podium floor, one basement floor, one 4-storey vehicle depot building with mezzanine and 4 storey basement located on part of Lot 53605 in Jalan Yaacob Latif (Jalan Tenteram), Bandar Tun Razak, Kuala Lumpur	Subcontractor	Pembinaan Kerry Sdn Bhd	110,045	September 2021

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8. FINANCIAL INFORMATION

A summary of the audited financial information of Kayangan Group for FYE 31 December 2019 to 2021 and unaudited financial information for 6-month FPE 30 June 2022 is set out below:

	Audited			**Unaudited**
	RM'000			
	FYE 31 December 2019	**FYE 31 December 2020**	**FYE 31 December 2021**	**FPE 30 June 2022**
Revenue	110,196	94,320	70,846	36,729
Gross Profit	14,381	12,335	14,267	5,763
PBT	9,942	7,680	9,959	5,689
PAT [(1)]	7,633	5,475	7,021	5,296
Share of profits of associate and jointly controlled companies	2,498	1,967	755	1,352
Current assets	102,114	106,227	107,352	132,978
Current liabilities	59,536	59,096	52,885	75,909
Total borrowings	5,500	7,080	6,349	11,382
Issued share capital ('000)	5,000	10,000	10,000	10,000
Shareholders' funds/NA	47,401	51,876	58,897	64,193
Net EPS (RM)	1.53	0.55	0.70	0.53
NA per share (RM)	9.48	5.19	5.99	6.42
GP margin (%)	13.1	13.1	20.1	15.7
PBT margin (%)	9.0	8.1	14.1	15.5
Current ratio (times)	1.7	1.8	2.0	1.8
Gearing ratio (times)	0.1	0.1	0.1	0.2

Note:

(1) Included the share of profits of associated and jointly controlled companies

<u>Commentary between FYE 31 December 2020 and FYE 31 December 2019</u>

Revenue decreased by RM15.88 million or 14.4% from FYE 31 December 2019 to FYE 31 December 2020 mainly due to slower construction progress resulting from the MCO imposed by the Government since 18 March 2020 pursuant to the Covid-19 pandemic. This has resulted in the delay of the construction works.

Kayangan Group has taken cost rationalisation measures including staff cost rationalisation on temporary basis to mitigate the impact of the MCO. Lower contribution from its existing projects was also partly mitigated by contribution from share of results of R Synergy Sdn Bhd, Kayangan's jointly controlled company which undertook the construction of the new buildings for Miri Hospital, Sarawak. The construction of Miri Hospital commenced in June 2020.

As a result, PBT for FYE 31 December 2020 decreased to RM7.68 million from RM9.94 million recorded in FYE 31 December 2019.

Commentary between FYE 31 December 2021 and FYE 31 December 2020

Revenue decreased by RM23.47 million or 24.89% from FYE 31 December 2020 to FYE 31 December 2021 mainly due to slower construction progress resulting from entering effects of the MCO. This has resulted in the delay of construction works.

PBT increased by RM2.28 million or 29.7% from FYE 31 December 2020 to FYE 31 December 2021 mainly due to the profits recognised for the casting of precast concrete beam and half slab (site cast) contract as subcontractor for Miri Hospital.

8.1 Exceptional and extraordinary items, audit qualification and accounting policies

There were no exceptional or extraordinary items during FYE 31 December 2019 to 2021.

The audited financial statements of Kayangan Group for FYE 31 December 2019 to 2021 were also not subject to any audit qualifications.

During FYE 31 December 2019 to 2021, there were no accounting policies adopted by Kayangan Group which are peculiar to Kayangan due to the nature of its business or the industry it is involved in, which had effects on the determination of income or financial position of Kayangan.

8.2 Order book

Details of Kayangan Group's unbilled order book (including joint venture project under Kayangan's jointly controlled company) as at LPD are as follows:

Project details	As at LPD RM' 000
Buildings (commercial and residential)	339,156
Buildings (hospitals)	695,493
	1,034,649

The above unbilled order book relates to the contract value of projects which are ongoing less revenue recognised up to LPD, as the case may be. This unbilled order book will be recognised progressively over the next 1 to 3 financial years based on the expected progress of each project.

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9. MATERIAL PROPERTIES

Details of material properties owned by Kayangan Group as at LPD are set out below:

Location of properties	Tenure	Area (s.m.)	Description	Carrying amount as at 31 December 2021
				RM'000
Lot No. P.T 21659, Geran No. 15441, 7 1/2 Mile, Sg. Binjai Road, 41050, Klang, Negeri Selangor	Freehold	627.8	Land with fencing for storage purpose	1,832
A-12-21, Level 12, Block A, Core Soho Suites, 43900 Sepang, Selangor	Freehold	40.9	Serviced apartment on 12th floor	200
B-11-10, Menara Majestic, Jalan Datuk Tahwil Azar, 30300 Ipoh, Perak	Freehold	86.7	Condominium unit on 11th floor	410
C-41, Block C, Jalan Zuhal U5/178, Pusat Komersial Arena Bintang, Seksyen U5, 40150, Selangor	Leasehold 99 years expiring on 6 May 2111	209.0	3 storey shop office	2,200

10. MATERIAL CONTRACTS

Save as disclosed below, Kayangan Group has not entered into any material contract (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the date of this Circular:

(i) Sale and purchase agreement dated 25 February 2021 entered between 5th Capital Sdn Bhd as the purchaser and MSMH Maju Sdn Bhd as the land owner for the purchase of a leasehold land held under HS(M) 77072, PT 117885, Mukim Kuala Luantan, Daerah Kuantan, Pahang for RM1,850,000, which was novated to Eight Frontiers Sdn Bhd on 30 July 2021.

(ii) Novation Agreement dated 30 July 2021 entered between 5th Capital Sdn Bhd as the novator and Eight Frontiers Sdn Bhd as the novatee, whereupon 5th Capital Sdn Bhd agrees to novate to Eight Frontiers Sdn Bhd all its rights and obligation under the sale and purchase agreement set out in (i) above. The said novation is to divest the property from Kayangan Group.

(iii) Joint Venture Agreement dated 30 July 2020 entered between Riaplus Sdn Bhd, Kayangan and Mediria Builder Sdn Bhd ("**Parties**"), whereupon the Parties established R Synergy Sdn Bhd for the purpose of undertaking the "Pembinaan Bangunan Tambahan Hospital Miri, Sarawak (Reka dan Bina)" project for the sum of RM 284,200,000.00.

11. MATERIAL COMMITMENTS

As at LPD, Kayangan Group does not have any material commitment incurred or known to be incurred by Kayangan Group, which upon becoming enforceable may have a material effect on the profits or NA of Kayangan Group.

12. CONTINGENT LIABILITIES

As at LPD, save as disclosed below, Kayangan Group is not aware of any contingent liabilities incurred or known to be incurred by Kayangan Group, which upon becoming enforceable may have a substantial impact on the ability of Kayangan Group as and when they fall due:

Contingent Liabilities	As at LPD RM '000
Bank guarantees in favour of third parties granted in the ordinary course of its construction businesses	136,858
Corporate guarantee given by Kayangan to licensed bank for banking facilities granted to R Synergy Sdn Bhd, a jointly controlled company of Kayangan	11,550
	148,408

13. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, save as disclosed below, Kayangan Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which might materially and adversely affect the financial position or business of Kayangan Group:

(i) Shah Alam High Court Writ of Summons No. BA-22C-50-11/2020

On 26 November 2020, Kayangan, filed a writ against Kay Corporation Sdn Bhd ("**KCSB**") for a sum of RM1,429,178.19 for breach of contract sum. KCSB counterclaimed RM5,669,347.55 for contract sum, damages and interests together with retention sum of RM750,000.00. The matter is pending case management on a date to be fixed until a new judge is appointed as the learned judge who was hearing this matter has been transferred out.

(ii) Shah Alam High Court Writ of Summons No. BA-22C-32-09/2021

On 11 September 2021, KCSB filed a writ against Kayangan claiming the retention sum of RM12,778.85, the outstanding sum of RM14,746.48, damages and interests. The matter is now transferred to be heard together with BA-22C-50-11/2020.

(iii) Shah Alam High Court Writ of Summons No. BA-22C-33-09/2021

On 13 January 2021, KCSB filed a writ against Kayangan claiming the retention sum of RM186,500.00 is now payable and to be released to KCSB, the outstanding contract sum of RM345,892.28, damages and interests. Kayangan then filed a counterclaim for the sum of RM1,429,178.19 being back charges owed by KCSB. The matter is now transferred to be heard together with BA-22C-50-11/2020.

(iv) Alor Setar High Court Writ of Summons No. KA-22NCVC-80-12/2020

On 19 Jun 2020, Kayangan filed a writ against Moza Six Sdn Bhd ("**MSSB**"), claiming a return of RM1,500,000.00 being advance sum paid to MSSB in respect of which MSSB agreed to award to Kayangan in April 2018 a subcontract for a project. MSSB then filed a counterclaim against Kayangan for the same amount being the initial payment for the agreement. The matter has been fixed for case management and mediation on 8 March 2023 and trial on 11 July 2023.

Kayangan's solicitors had vide its letter opined that Kayangan can successfully resist all the matters set out in Section 13(i) to (iv).

(v) Kuala Lumpur High Court Writ of Summons No. WA-22C-41-06/2022

On 10 Jun 2022, TMT Solutions Sdn Bhd ("**TSSB**") filed a writ against Kayangan, claiming RM1,122,415.00 for contract sums, variation orders, retention sums and interests. Kayangan then filed a defence against TSSB on the basis that the variation orders are not payable and the retention sums are not due and payable. The matter has been fixed for mediation on 12 December 2022 and case management on 13 December 2022.

Based on the opinion rendered by the solicitors of Kayangan as well as the defence and counterclaim filed by Kayangan, Kayangan is of the opinion that it will prevail in all the abovementioned matters.

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Company No.: 200301033512 (635933-H)

Quaver Sdn. Bhd.
Incorporated in Malaysia

Financial Statements for the Financial Year Ended 31 December 2021

Registered Office:
1st Floor, Bangunan Tan Joo Kheng,
1579, Jalan Kota,
05000 Alor Setar,
Kedah.

Principal Place of Business:
No. F-0-8, Pusat Perdagangan Kuchai,
No. 2, Jalan 1/127,
Off Jalan Kuchai Lama,
58200 Kuala Lumpur.

Company No.: 200301033512 (635933-H)

Quaver Sdn. Bhd.
(Incorporated in Malaysia)

Financial Statements
For the Financial Year Ended 31 December 2021

Contents

Company No.: 200301033512 (635933-H)

Quaver Sdn. Bhd.
(Incorporated in Malaysia)

Directors' Report for the Financial Year Ended 31 December 2021

The Directors hereby presenting their report and the audited financial statements of the Company for the financial year ended **31 December 2021.**

Principal Activity
The principal activity of the Company is to carry on business in property development. There has been no significant change in the nature of this activity during the financial year.

Results

	RM
Net loss for the financial year	(4,188,454)

Reserves and Provisions
There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends
No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

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

Datuk Seri Chiau Beng Teik (SMW,PJN,JP)
Chiau Haw Choon

Directors' Interests in Shares
In accordance with section 59(3) of the Companies Act 2016, the shareholding of the Directors are disclosed in the Directors' Report of the holding company.

	Number of ordinary shares			
	At 1/1/2021	Bought	Sold	At 31/12/2021
Holding Company		Deemed Interests		
Datuk Seri Chiau Beng Teik (SMW,PJN,JP)	1,000,000	-	-	1,000,000
Chiau Haw Choon	1,000,000	-	-	1,000,000

Directors' Benefits
Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration) 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Remuneration
No directors' remuneration was paid during the financial year.

Issue of Shares and Debentures
No shares or debentures were issued during the financial year.

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

Other Statutory Information
Before the financial statements of the Company were prepared, the Directors took reasonable steps:

i) to ascertain that proper 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 values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

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

i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent, or

ii) which would render the values attributed to the current assets in the financial statements of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

At the date of this report:

i) there are no charges on the assets of the Company which have arisen since the end of the financial year and which secures the liabilities of any other person, and

ii) there are no contingent liabilities in respect of the Company which have arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet their obligations as and when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the respective financial statements misleading.

In the opinion of the Directors:

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

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

Holding Company
The Directors regard Aera Property Group Sdn. Bhd. and PP Chin Hin Realty Sdn. Bhd., companies incorporated in Malaysia, as the immediate holding company and the ultimate holding company respectively, during the financial year and until the date of this report.

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

Subsequent Events
The details of the subsequent events are disclosed in note 14 to the financial statements.

Auditors' Remuneration
The details of the auditors' remuneration are disclosed in note 11 to the financial statements.

Company No.: 200301033512 (635933-H)

Auditors

The auditors, Messrs **Chang Kong Foo & Co PLT**, have indicated their willingness to accept re-appointment.

Signed by the Board of Directors
in accordance with a resolution of the Directors:

....
Datuk Seri Chiau Beng Teik (SMW,PJN,JP)
Director

....
Chiau Haw Choon
Director

Alor Setar
Date: 24 APR 2022

Company No.: 200301033512 (635933-H)

Quaver Sdn. Bhd.
(Incorporated in Malaysia)

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements are drawn up in accordance with Malaysian Private Entities Reporting Standard 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 Company as at **31 December 2021** and of their financial performance and cash flows for the financial year then ended.

Signed by the Board of Directors
in accordance with a resolution of the Directors:

....
Datuk Seri Chiau Beng Teik (SMW,PJN,JP)
Director

....
Chiau Haw Choon
Director

Alor Setar
Date: 24 APR 2022

Quaver Sdn. Bhd.
(Incorporated in Malaysia)

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Datuk Seri Chiau Beng Teik (SMW,PJN,JP) I/C NO: 611014-02-5245,** the Director primarily responsible for the financial management of **Quaver Sdn. Bhd.,** do solemnly and sincerely declare that the financial statements as at **31 December 2021** are, to the best of my knowledge and belief, 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
Alor Setar in the State of Kedah on 24 APR 2022

....
Datuk Seri Chiau Beng Teik
(SMW,PJN,JP)

Before me,

PESURUHJAYA SUMPAH
No: K112
Nama: LIM SOO BEE
01/01/2021 - 31/08/2022
MALAYSIA

48, Tkt Bawah, Jalan Tembaga,
Seberang Jalan Putra,
05150 Alor Setar, Kedah.

....
Commissioner for Oaths

Company No.: 200301033512 (635933-H)

Report of the Independent Auditors to the Members of Quaver Sdn. Bhd.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Quaver Sdn. Bhd.**, which comprise the statement of financial position as at **31 December 2021**, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at **31 December 2021**, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard 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 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.

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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

No. 1010, First Floor, Kompleks Sri Putra, Seberang Jalan Putra, 05150 Alor Setar, Kedah.
Tel: 04-731 1109, 732 2999 Dept H/P: 018-666 7218 Fax: 04-734 2835 Email: ckfplt@gmail.com

Report of the Independent Auditors to the Members of Quaver Sdn. Bhd.
(Incorporated in Malaysia)

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 the Directors' Report, 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 financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 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 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 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.

No. 1010, First Floor, Kompleks Sri Putra, Seberang Jalan Putra, 05150 Alor Setar, Kedah.
Tel: 04-731 1109, 732 2999 Dept H/P: 018-666 7218 Fax: 04-734 2835 Email: ckfplt@gmail.com

Report of the Independent Auditors to the Members of
Quaver Sdn. Bhd.
(Incorporated in Malaysia)

- 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 Company's internal control.

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Company to cease to continue as a going concern.

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

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

Other Matters

This report is made solely to the 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.

Chang Kong Foo & Co PLT
202006000012 (LLP0023142-LCA) (AF 0385)
Chartered Accountants

Chang Kong Foo
Chartered Accountant
Approval No.: 00988/05/2022 J

Alor Setar
Date: 2 4 APR 2022

Company No.: 200301033512 (635933-H)

Quaver Sdn. Bhd.
(Incorporated in Malaysia)

Statement of Financial Position
As at 31 December 2021

	Note	2021 RM	2020 RM
Non-current Assets			
Property, plant and equipment	4	3	3
Total non-current assets		3	3
Current Assets			
Property development costs	5	59,067,937	20,957,326
Trade and other receivables	6	106,860	61,976
Cash and cash equivalents	7	2,307,200	6,087
Total current assets		61,481,997	21,025,389
Total Assets		61,482,000	21,025,392
Equity			
Share capital	8	1,000,000	1,000,000
Accumulated losses		(9,281,305)	(5,092,851)
Total Equity Attributable to Owners of the Company		(8,281,305)	(4,092,851)
Non-current Liabilities			
Bank borrowings	9	23,045,376	-
Total non-current liabilities		23,045,376	-
Current Liabilities			
Trade and other payables	10	46,717,929	25,118,243
Total current liabilities		46,717,929	25,118,243
Total Liabilities		69,763,305	25,118,243
Total Equity and Liabilities		61,482,000	21,025,392

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

Company No.: 200301033512 (635933-H)

Quaver Sdn. Bhd.
(Incorporated in Malaysia)

Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 December 2021

	Note	2021 RM	2020 RM
Revenue		-	-
Distribution expenses		(4,130,365)	-
Administrative expenses		(12,713)	(18,810)
Operating Loss	11	(4,143,078)	(18,810)
Finance costs	12	(45,376)	-
Loss before Tax		(4,188,454)	(18,810)
Tax expense	13	-	-
Loss after Tax		(4,188,454)	(18,810)
Total Comprehensive Expense for the Financial Year		(4,188,454)	(18,810)

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

Company No.: 200301033512 (635933-H)

Quaver Sdn. Bhd.
(Incorporated in Malaysia)

Statement of Changes in Equity
For the Financial Year Ended 31 December 2021

	Share Capital RM	Accumulated Losses RM	Total Equity RM
Balance at 1 January 2021	1,000,000	(5,092,851)	(4,092,851)
Non-owner Changes in Equity			
Total comprehensive expense for the financial year	-	(4,188,454)	(4,188,454)
Balance at 31 December 2021	1,000,000	(9,281,305)	(8,281,305)
Balance at 1 January 2020	1,000,000	(5,074,041)	(4,074,041)
Non-owner Changes in Equity			
Total comprehensive expense for the financial year	-	(18,810)	(18,810)
Balance at 31 December 2020	1,000,000	(5,092,851)	(4,092,851)

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

Company No.: 200301033512 (635933-H)

Quaver Sdn. Bhd.
(Incorporated in Malaysia)

Statement of Cash Flows
For the Financial Year Ended 31 December 2021

	Note	2021 RM	2020 RM
Cash Flows from Operating Activities			
Loss before tax		(4,188,454)	(18,810)
Adjustments for:			
Interest expenses		45,376	-
Operating loss before working capital changes		(4,143,078)	(18,810)
Property development costs		(38,110,611)	(261,266)
Change in receivables		(44,884)	-
Change in payables		16,243,046	(91,833)
Net cash used in operating activities		(26,055,527)	(371,909)
Cash Flows from Investing Activities			
Advances from immediate holding company		5,356,640	369,845
Net cash generated from investing activities		5,356,640	369,845
Cash Flows from Financing Activities			
Proceeds from bank borrowings		23,000,000	-
Net cash generated from financing activities		23,000,000	-
Net increase/(decrease) in cash and cash equivalents		2,301,113	(2,064)
Cash and cash equivalents bought forward		6,087	8,151
Cash and cash equivalents carried forward	7	2,307,200	6,087

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

Quaver Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the Financial Statements
For the Financial Year Ended 31 December 2021

1. Corporate Information

The Company is a private limited liability company incorporated and domiciled in Malaysia.

Registered Office:	Principal Place of Business:
1st Floor, Bangunan Tan Joo Kheng,	No. F-0-8, Pusat Perdagangan Kuchai,
1579, Jalan Kota,	No. 2, Jalan 1/127,
05000 Alor Setar,	Off Jalan Kuchai Lama,
Kedah.	58200 Kuala Lumpur.

The principal activity of the Company is to carry on business in property development.

The Directors regard Aera Property Group Sdn. Bhd. and PP Chin Hin Realty Sdn. Bhd., companies incorporated in Malaysia, as the immediate holding company and the ultimate holding company respectively, during the financial year and until the date of this report.

The financial statements were authorised for issue by the Board of Directors on 24 APR 2022

2. Basis of Preparation

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in note 3.

2.3 Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM.

2.4 Use of Estimates and Judgements

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than those disclosed in the following notes:

Property Development Revenue
Property development revenue is recognised for all units sold using the percentage of completion method, by reference to the stage of completion of the property development projects at the end of the reporting period as measured by the proportion that development costs incurred for work performed to-date bear to the estimated total property development costs on completion. In making the estimate, management relies on opinion or service of experts, past experience and a continuous monitoring mechanism.

3. Significant Accounting Policies
The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently, unless otherwise stated.

3.1 Property, Plant and Equipment

Recognition and Measurement
Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying hedges of foreign currency purchases of property, plant and equipment.

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

Subsequent Costs
The cost of replacing a component 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 component will flow to the Company, and its cost can be measured reliably. The carrying amount of the component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

Electrical and equipment	5 years

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits, the Company would review its present depreciation method and, if current expectations differ, the Company would amend the residual value, depreciation method or useful life to reflect the new pattern.

3.2 Property Development

Land held for property development is classified as non-current asset, when no development activities have been carried out or when development activities are not expected to be completed within the normal operating cycle. Land held for property development is stated at cost (including incidental expenditure incurred to put the land in a condition ready for development) less any accumulated impairment losses.

Land on which development activity has commenced and is expected to be completed within the normal operating cycle is included in property development costs, which is classified as current assets.

Property development costs comprise land cost, all other costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the outcome of a development activity can be estimated reliably, revenue and development expenses are recognised in profit or loss by reference to the stage of completion of the development activity using the percentage of completion method. Under this method, revenue is matched with development expenses incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit attributed to the proportion of work completed.

The stage of completion is determined by the proportion of development costs incurred for work performed to date bear to the estimated total development costs. In applying this method of determining the stage of completion, only those development costs that reflect development work performed are included in development costs incurred to date. Revenue is only recognised in respect of all development units that have been sold.

When the outcome of a development cannot be estimated reliably, revenue is recognised only to the extent of development costs incurred that is probable will be recoverable, and the development costs on the development units sold are recognised as an expense in the period in which they are incurred.

When it is probable that total development costs will exceed total revenue, the foreseeable loss is recognised immediately.

The excess of revenue recognised in profit or loss over the billings to purchasers of development units is recognised as accrued billings classified as current asset. The excess of billings to purchasers of development units over revenue recognised in profit or loss is recognised as progress billings classified as current liability.

3.3 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and bank balances 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 by total of cash and bank balances.

3.4 Impairment of Non-financial Assets

The carrying amounts of non-financial assets (i.e. property, plant and equipment) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3.5 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.6 Borrowing Costs

Borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred by using the effective interest method.

3.7 Income Taxes

Income tax expense 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 year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that 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.

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 assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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

3.8 Financial Instruments

Initial Recognition and Measurements

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss.

For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred. For advances and other contractual arrangements, that constitute a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Derecognition of Financial Instruments

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

Subsequent Measurement of Financial Assets

After initial recognition, the Company measures all financial assets at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

All other financial assets are subject to review of impairment.

Subsequent Measurement of Financial Liabilities

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method.

Recognition of Gains and Losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

Impairment and Uncollectibility of Financial Assets
The Company applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payment; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experiences of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the asset if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

4. Property, Plant and Equipment

	At 1/1/2021 RM	Additions RM	At 31/12/2021 RM
Cost			
Electrical and equipment	8,409	-	8,409
Depreciation			
Electrical and equipment	8,406	-	8,406

	2021 RM	2020 RM
Carrying Amounts		
Electrical and equipment	3	3

5. Property Development Costs

	2021 RM	2020 RM
At 1 January	20,957,326	20,696,060
Incurred during the financial year	38,110,611	261,266
At 31 December	59,067,937	20,957,326
Included in the above is:		
Land cost	55,696,020	16,064,102
Development costs	3,371,917	4,893,224
	59,067,937	20,957,326

The development land of the Company amounting to RM55,696,020 (2020: RM NIL) has been charged to secure banking facilities granted to the Company (Note 9).

6. Trade and Other Receivables

	2021 RM	2020 RM
Other receivables	106,860	61,976

7. Cash and Cash Equivalents

	2021 RM	2020 RM
Cash and bank balances	2,307,200	6,087

8. Share Capital

	2021 RM	2020 RM
Issued and fully paid shares classified as equity instrument:		
1,000,000 Ordinary shares	1,000,000	1,000,000

9. Bank Borrowings

	2021 RM	2020 RM
Non-current borrowings:		
Secured		
Term loans	23,045,376	-
Total non-current borrowings	23,045,376	-

The above bank borrowings bear average effective interest rate at Cost of Fund ("COF") + 1.75% per annum for 1st to 5th year and COF + 2.00% per annum for 6th and 7th year are secured by way of:

(i) pledged of the Company's commercial development land;
(ii) corporate guarantee by the Ultimate Holding Company;
(iii) jointly and severally guaranteed by the Company's Directors; and
(iv) a fixed and floating debenture over all present and future assets of the Company.

10. Trade and Other Payables

	2021 RM	2020 RM
Trade payables	15,069,300	-
Immediate holding company - non-trade	30,435,901	25,079,261
Non-trade payables	1,209,228	36,982
Accruals	3,500	2,000
	46,717,929	25,118,243

The amount due to immediate holding company is unsecured, interest free and repayable on demand.

11. Operating Loss

This is arrived at:

	2021 RM	2020 RM
After charging:		
Auditors' remuneration	3,500	2,000

12. Finance Costs

	2021 RM	2020 RM
Term loan interest	45,376	-

13. Tax Expense

The Company has unutilised tax credit and tax losses which can be carried forward to offset against future taxable profit amounted to approximately RM8,409 and RM3,253,652 (2020: RM7,500 and RM3,240,810) respectively.

14. Significant Events during the Financial Year and Subsequent Events

Subsequent to the financial year end, the Company increased its share capital to RM6,500,000, by allotment of 5,500,000 ordinary shares.

Coronavirus outbreak

On 11 March 2020, the World Health Organisation (WHO) declared Covid-19 a worldwide pandemic. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operate.

For the Company's financial statements for the financial year ended 31 December 2021, the Covid-19 outbreak and the related impacts are considered non-adjusting events in accordance with MPERS Section 32 Events after the Reporting Period. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2021.

The Company is unable to reasonably estimate the financial impact of Covid-19 at this juncture. The Company is taking the necessary steps to mitigate the risks arising from the Covid-19 pandemic, including the prudent management of its cash flows from its operating, investing and financing activities.

Company No.: 200301033512 (635933-H)

Quaver Sdn. Bhd.
(Incorporated in Malaysia)

Detailed Income Statement
For the Financial Year Ended 31 December 2021

	2021 RM	2020 RM
Revenue	-	-
Less: Distribution Expenses		
Advertisement and promotion	191,025	-
Sales and marketing costs	3,939,340	-
	4,130,365	-
Less: Administrative Expenses		
Auditors' remuneration	3,500	2,000
Bank charges	91	137
Filing fee	-	150
Legal fee	-	12,089
Printing and stationery	3,991	756
Repair and maintenance	4,081	-
Secretarial fee and disbursements	300	1,180
Service tax	-	1,698
Tax agent fee	750	800
	12,713	18,810
Less: Finance Costs		
Term loan interest	45,376	-
	4,188,454	18,810
Loss before Tax	(4,188,454)	(18,810)

This statement is prepared for the purpose of the management's use only and does not form part of statutory audited financial statements.

UHY

KAYANGAN KEMAS SDN. BHD.

[Registration No.: 199901001146 (476046-U)]
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2021

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

Principal place of business:
No. 7-3, Jalan PJU 5/20E
The Strand Kota Damansara
47810 Petaling Jaya
Selangor

Registration No. 199901001146 (476046-U)

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2021

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Registration No. 199901001146 (476046-U)

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors of Kayangan Kemas Sdn. Bhd. have pleasure in submitting their report and audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal Activities

The principal activities of the Company consist of building and general constructions. The principal activities of its subsidiary company are disclosed in Note 7 to the financial statements.

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

Financial Results

	Group RM	Company RM
Profit for the financial year	7,021,081	6,749,474

In the opinion of the Directors, the results of operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the changes in accounting policies as disclosed in Note 2(a) to the financial statements and significant event during the year as disclosed in Note 34 to the financial statements.

Reserves and Provisions

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

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year.

Issue of Shares and Debentures

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

Share Options

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

Directors

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

Chan Kin Keong*	
Khor Chee Yong*	
Chiau Haw Choon*	(Appointed on 24.12.2021)
Khor Kai Fu *	(Appointed on 24.12.2021)
Roger Lim Swee Kiat *	(Appointed on 24.12.2021)
Tan William	(Appointed on 1.3.2021 and resigned on 24.12.2021)
Lee Teh Hok	(Resigned on 30.6.2021)
Tan Yong Chin	(Resigned on 1.3.2021)

* Directors of the Company and of its subsidiary company

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 subsidiary companies and made a part hereof.

Directors' Interests in Shares

The interests in shares in the Company and in a related corporation (other than wholly-owned subsidiary companies) of those who were directors of the Company at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	Number of Ordinary shares			
	At 1.1.2021	**Bought**	**Sold**	**At 31.12.2021**
Interest in the Company				
Direct interests:				
Chan Kin Keong	5,500,000	3,500,000	(6,000,000)	3,000,000
Khor Chee Yong	1,000,000	-	(500,000)	500,000
Indirect interests:				
Chiau Haw Choon [1]	-	6,500,000	-	6,500,000

[1] *Deemed interest by virtue of the shareholding in Chin Hin Group Property Berhad and shares held by spouse and children.*

Directors' Interests in Shares (Cont'd)

By virtue of their interests in the shares of the Company, Chiau Haw Choon are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related corporation during or at the beginning and end of the financial year.

Directors' Benefits

Since the end of the previous financial year, none of the Directors 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 Note 30(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than Director who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business to a firm in which a Director is a member as disclosed in Note 30(b) to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

There were no indemnity given to or insurance effected for any directors, officers and auditors 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 adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company 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 it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

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

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

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

(d) In the opinion of the Directors:

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

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

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

Immediate Holding Company

The Directors regard Chin Hin Group Property Berhad, a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad, as the immediate holding company.

Ultimate Holding Company

The Directors regard Chin Hin Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company.

Subsidiary Company

The details of the subsidiary company is disclosed in Note 7 to the financial statements.

Significant Event

The details of the significant event is disclosed in Note 34 to the financial statements.

Subsequent Event

The details of the subsequent event is disclosed in Note 35 to the financial statements.

Auditors

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

Auditors' remuneration

The amount paid as remuneration of the auditors for the financial year ended 31 December 2021 is as disclosed in Note 25 to the financial statements.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

KHOR CHEE YONG

KHOR KAI FU

KUALA LUMPUR

25 April 2022

STATEMENT BY DIRECTORS

The Directors of the Kayangan Kemas Sdn. Bhd. state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors,

KHOR CHEE YONG

KHOR KAI FU

KUALA LUMPUR

25 April 2022

Registration No. 199901001146 (476046-U)

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, Khor Chee Yong, the Director primarily responsible for the financial management of Kayangan Kemas Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

KHOR CHEE YONG

Subscribed and solemnly declared by the abovenamed Khor Chee Yong at Kuala Lumpur in the Federal Territory, this 25 April 2022.

Before me,

PESURUHJAYA SUMPAH
No. W790
Nama: ZAINUL ABIDIN
BIN AHMAD
1 JAN 2020 - 31DIS 2022
MALAYSIA

COMMISSIONER FOR OATHS

No. 59, Jalan Telawi
Bangsar Baru
59100 Kuala Lumpur

UHY

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAYANGAN KEMAS SDN. BHD.
[Registration No.: 199901001146 (476046-U)]
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kayangan Kemas Sdn. Bhd., which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 111.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAYANGAN KEMAS SDN. BHD. (CONT'D)
[Registration No.: 199901001146 (476046-U)]
(Incorporated in Malaysia)

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 Directors' 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 Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAYANGAN KEMAS SDN. BHD. (CONT'D)
[Registration No.: 199901001146 (476046-U)]
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and on 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 and the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAYANGAN KEMAS SDN. BHD. (CONT'D)
[Registration No.: 199901001146 (476046-U)]
(Incorporated in Malaysia)

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

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

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

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

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

Other Matters

(i) As stated in Note 2(a) to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 January 2021 with a transition date of 1 January 2020. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statement of financial position as at 31 December 2020 and 1 January 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2020 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2021 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2021 do not contain misstatements that materially affect the financial position as of 31 December 2021 and financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAYANGAN KEMAS SDN. BHD. (CONT'D)
[Registration No.: 199901001146 (476046-U)]
(Incorporated in Malaysia)

Other Matters (Cont'd)

(ii) The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors and are presented here merely for comparative purposes. The report issued by the predecessor auditors, which was dated 30 July 2021, expressed an unmodified opinion.

(iii) 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 WAN YINN
Approved Number: 03262/04/2023 J
Chartered Accountant

KUALA LUMPUR

25 April 2022

Registration No. 199901001146 (476046-U)

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

			Group	
		31.12.2021	31.12.2020	1.1.2020
	Note	RM	RM	RM
			(Restated)	(Restated)
Non-Current Assets				
Property, plant and equipment	4	2,122,475	1,832,346	618,518
Right-of-use assets	5	899,879	1,089,776	1,557,910
Investment properties	6	2,810,000	2,810,000	2,930,000
Investment in associate companies	8	1,671,786	2,408,624	3,968,547
Investment in joint venture	9	1,590,226	570,475	-
Other investments	10	70,000	70,000	70,000
Trade receivables	11	3,185,712	6,451,971	8,648,725
		12,350,078	15,233,192	17,793,700
Current Assets				
Contract assets	12	19,288,485	17,640,853	3,749,397
Trade receivables	11	44,404,009	30,891,837	48,106,878
Other receivables	13	25,348,322	21,004,991	23,928,709
Tax recoverable		10,500	-	-
Fixed deposits with licensed banks	15	12,505,088	12,345,870	13,243,791
Cash and bank balances		5,795,349	24,343,476	13,085,609
		107,351,753	106,227,027	102,114,384
Total Assets		119,701,831	121,460,219	119,908,084

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

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

			Group	
		31.12.2021	31.12.2020	1.1.2020
	Note	RM	RM (Restated)	RM (Restated)
Equity				
Share capital	16	10,000,000	10,000,000	5,000,000
Retained earnings		48,896,662	41,875,581	42,400,558
Total Equity		58,896,662	51,875,581	47,400,558
Non-Current Liabilities				
Bank borrowings	17	774,000	864,000	-
Trade payables	18	6,681,175	8,900,250	11,785,365
Lease liabilities	19	454,245	713,564	1,113,867
Deferred tax liabilities	20	11,151	11,151	72,714
		7,920,571	10,488,965	12,971,946
Current Liabilities				
Trade payables	18	37,214,216	39,878,143	47,670,752
Other payables	21	8,901,937	2,616,577	4,466,529
Contract liabilities	12	-	8,670,844	63,663
Amount due to related companies	22	272,381	-	-
Amount due to directors		-	770,294	770,294
Bank borrowings	17	5,574,850	6,215,983	5,499,983
Lease liabilities	19	521,170	497,601	590,206
Tax payables		400,044	446,231	474,153
		52,884,598	59,095,673	59,535,580
Total Liabilities		60,805,169	69,584,638	72,507,526
Total Equity and Liabilities		119,701,831	121,460,219	119,908,084

Registration No. 199901001146 (476046-U)

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

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

			Company	
	Note	31.12.2021 RM	31.12.2020 RM (Restated)	1.1.2020 RM (Restated)
Non-Current Assets				
Property, plant and equipment	4	2,122,475	1,832,346	618,518
Right-of-use assets	5	899,879	1,089,776	1,557,910
Investment properties	6	610,000	610,000	630,000
Investment in subsidiary company	7	-	-	-
Investment in associate companies	8	1,470,000	1,470,200	1,470,200
Investment in joint venture	9	330,000	330,000	-
Other investments	10	70,000	70,000	70,000
Trade receivables	11	3,185,712	6,451,971	8,648,725
		8,688,066	11,854,293	12,995,353
Current Assets				
Contract assets	12	19,288,485	17,640,853	3,749,397
Trade receivables	11	44,404,009	30,891,837	48,106,878
Other receivables	13	25,337,198	20,978,067	23,885,985
Amount due from subsidiary company	14	3,247,044	2,476,750	2,476,750
Fixed deposits with licensed banks	15	12,505,088	12,345,870	13,243,791
Cash and bank balances		5,665,093	24,176,021	12,974,556
		110,446,917	108,509,398	104,437,357
Total Assets		119,134,983	120,363,691	117,432,710

Registration No. 199901001146 (476046-U)

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

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

			Company	
	Note	31.12.2021 RM	31.12.2020 RM (Restated)	1.1.2020 RM (Restated)
Equity				
Share capital	16	10,000,000	10,000,000	5,000,000
Retained earnings		48,333,277	41,583,803	40,722,358
Total Equity		58,333,277	51,583,803	45,722,358
Non-Current Liabilities				
Bank borrowings	17	774,000	864,000	-
Trade payables	18	6,681,175	8,900,250	11,785,365
Lease liabilities	19	454,245	713,564	1,113,867
Deferred tax liabilities	20	11,151	11,151	72,714
		7,920,571	10,488,965	12,971,946
Current Liabilities				
Trade payables	18	37,214,216	39,878,143	47,670,752
Other payables	21	8,898,474	2,592,577	4,443,529
Contract liabilities	12	-	8,670,844	63,663
Amount due to related companies	22	272,381	-	-
Bank borrowings	17	5,574,850	6,215,983	5,499,983
Lease liabilities	19	521,170	497,601	590,206
Tax payables		400,044	435,775	470,273
		52,881,135	58,290,923	58,738,406
Total Liabilities		60,801,706	68,779,888	71,710,352
Total Equity and Liabilities		119,134,983	120,363,691	117,432,710

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

Registration No. 199901001146 (476046-U)

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

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

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
			(Restated)		(Restated)
Revenue	23	70,846,284	94,320,272	70,825,284	94,239,772
Cost of sales		(56,579,336)	(81,985,357)	(56,579,336)	(81,985,357)
Gross profit		14,266,948	12,334,915	14,245,948	12,254,415
Other income		663,188	1,022,797	639,649	3,822,706
Administrative expenses		(3,966,607)	(4,813,076)	(3,934,078)	(4,684,178)
Net loss on impairment on financial instruments		(384,612)	(2,140,941)	(384,612)	(2,140,941)
Profit from operations		10,578,917	6,403,695	10,566,907	9,252,002
Finance costs	24	(1,374,592)	(691,194)	(1,374,592)	(691,194)
Share of results of associate companies		(587,072)	1,641,566	-	-
Share of results of joint venture company		1,341,777	325,707	-	-
Profit before tax	25	9,959,030	7,679,774	9,192,315	8,560,808

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KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

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

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM (Restated)	RM	RM (Restated)
Profit before tax (Cont'd)	25	9,959,030	7,679,774	9,192,315	8,560,808
Taxation	26	(2,937,949)	(2,204,751)	(2,442,841)	(1,699,363)
Profit for the financial year, representing total comprehensive income for the financial year		7,021,081	5,475,023	6,749,474	6,861,445

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

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

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

	Note	Share Capital RM	Retained Earnings RM	Total Equity RM
Group				
At 1 January 2021		10,000,000	41,875,581	51,875,581
Profit for the financial year, representing total comprehensive income for the financial year		-	7,021,081	7,021,081
At 31 December 2021		10,000,000	48,896,662	58,896,662
At 1 January 2020, as previously reported		5,000,000	43,845,977	48,845,977
Effect of adopting MFRS		-	(1,445,419)	(1,445,419)
At 1 January 2020, as restated		5,000,000	42,400,558	47,400,558
Profit for the financial year, representing total comprehensive income for the financial year		-	5,475,023	5,475,023
Transaction with owners:				
Bonus issue	16	5,000,000	(5,000,000)	-
Dividends paid	28	-	(1,000,000)	(1,000,000)
		5,000,000	(6,000,000)	(1,000,000)
At 31 December 2020		10,000,000	41,875,581	51,875,581

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

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

	Note	Share Capital RM	Retained Earnings RM	Total Equity RM
Company				
At 1 January 2021		10,000,000	41,583,803	51,583,803
Profit for the financial year, representing total comprehensive income for the financial year		-	6,749,474	6,749,474
At 31 December 2021		10,000,000	48,333,277	58,333,277
At 1 January 2020, as previously reported		5,000,000	41,504,648	46,504,648
Effect of adopting MFRS		-	(782,290)	(782,290)
At 1 January 2020, as restated		5,000,000	40,722,358	45,722,358
Profit for the financial year, representing total comprehensive income for the financial year		-	6,861,445	6,861,445
Transaction with owners:				
Bonus issue	16	5,000,000	(5,000,000)	-
Dividends paid	28	-	(1,000,000)	(1,000,000)
		5,000,000	(6,000,000)	(1,000,000)
At 31 December 2020		10,000,000	41,583,803	51,583,803

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

Registration No. 199901001146 (476046-U)

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

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

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
			(Restated)		(Restated)
Cash Flows from Operating Activities					
Profit before tax		9,959,030	7,679,774	9,192,315	8,560,808
Adjustments for:					
Depreciation of :					
- Property, plant and equipment		167,791	379,454	167,791	379,454
- Right-of-use assets		480,442	586,961	480,442	586,961
Impairment loss on other receivables		423,168	2,546,547	423,168	2,546,547
Fair value loss on investment properties		-	120,000	-	20,000
Gain on disposal of investment in associate company		(23,538)	-	-	-
Gain on disposal of property, plant and equipment		(1,888)	(143,351)	(1,888)	(143,351)
Loss on disposal of rights-of-use asset		26,535	-	26,535	-
Dividend income		-	-	-	(2,799,909)
Interest expense		1,222,317	580,093	1,222,317	580,093
Interest income		(236,962)	(494,263)	(236,962)	(494,263)
Net effect of unwinding of interest from discounting arising from:					
- Trade receivables		(252,541)	(239,209)	(252,541)	(239,209)
- Trade payables		152,275	111,101	152,275	111,101
Share of result of:					
- associate companies		587,072	(1,641,566)	-	-
- joint venture company		(1,341,777)	(325,707)	-	-
Reversal of impairment loss on trade receivables		(38,556)	(405,606)	(38,556)	(405,606)
Operating profit before working capital changes		11,123,368	8,754,228	11,134,896	8,702,626

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

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

		Group		Company	
	Note	2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
Cash Flows from Operating Activities (Cont'd)					
Operating profit before working capital changes (Cont'd)		11,123,368	8,754,228	11,134,896	8,702,626
Changes in working capital					
Contract asset/(liabilities)		(10,318,476)	(5,284,275)	(10,318,476)	(5,284,275)
Receivables		(14,721,315)	20,433,781	(14,737,115)	20,417,981
Payables		1,250,083	(12,638,777)	1,270,620	(12,639,777)
Amount due to related companies		272,381	-	272,381	-
		(23,517,327)	2,510,729	(23,512,590)	2,493,929
Cash (used in)/generated from operations		(12,393,959)	11,264,957	(12,377,694)	11,196,555
Interest paid		(1,170,028)	(509,489)	(1,170,028)	(509,489)
Tax paid		(2,499,506)	(1,807,424)	(2,478,572)	(1,795,424)
Net cash (used in)/from operating activities		(16,063,493)	8,948,044	(16,026,294)	8,891,642
Cash Flows from Investing Activities					
Proceeds from disposal of property, plant and equipment		1,888	143,351	1,888	143,351
Acquisition of investment in joint venture company		-	(330,000)	-	(330,000)
Advances to a subsidiary company		-	-	(770,294)	-
Change in pledge deposit		(159,218)	897,921	(159,218)	897,921
Interest received		236,962	494,263	236,962	494,263
Proceeds from disposal of investment in associate company		200	-	200	-
Purchase of property, plant and equipment		(457,920)	(1,593,282)	(457,920)	(1,593,282)
Purchase of right of use assets		(21,080)	(4,127)	(21,080)	(4,127)
Dividend received		-	2,799,909	-	2,799,909
Net cash (used in)/from investing activities		(399,168)	2,408,035	(1,169,462)	2,408,035

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KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

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

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM (Restated)	RM	RM (Restated)
Cash Flows from Financing Activities					
Dividend paid		-	(1,000,000)	-	(1,000,000)
Net changes in trust receipt		516,132	-	516,132	-
Drawndown of term loan		-	1,080,000	-	1,080,000
Repayment of term loan		(108,000)	-	(108,000)	-
Repayment of lease liabilities		(584,039)	(678,212)	(584,039)	(678,212)
Repayment to directors		(770,294)	-	-	-
Net cash used in financing activities		(946,201)	(598,212)	(175,907)	(598,212)
Net (decrease)/increase in cash and cash equivalents		(17,408,862)	10,757,867	(17,371,663)	10,701,465
Cash and cash equivalents at the beginning of the financial year		18,343,493	7,585,626	18,176,038	7,474,573
Cash and cash equivalents at the end of the financial year		934,631	18,343,493	804,375	18,176,038
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		5,795,349	24,343,476	5,665,093	24,176,021
Fixed deposits with licensed banks	15	12,505,088	12,345,870	12,505,088	12,345,870
Bank overdrafts	17	(4,860,718)	(5,999,983)	(4,860,718)	(5,999,983)
		13,439,719	30,689,363	13,309,463	30,521,908
Less: Deposit pledged with licensed bank		(12,505,088)	(12,345,870)	(12,505,088)	(12,345,870)
		934,631	18,343,493	804,375	18,176,038

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

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

		Group		Company	
	Note	2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
Cash outflows for leases for a lessee					
Included in net cash from operating activities:					
Interest paid in relation to lease liabilities	24	(52,289)	(70,604)	(52,289)	(70,604)
Included in net cash from financing activities:					
Payment of lease liabilities	19	(584,039)	(678,212)	(584,039)	(678,212)
Total cash outflows for leases		(636,328)	(748,816)	(636,328)	(748,816)

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

KAYANGAN KEMAS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

1. **Corporate Information**

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company was located at No. 1060-1A, 1st Floor, Jalan Sentul Pasar, 51000 Kuala Lumpur. With effect from 23 November 2021, the Company's registered office has been changed to Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor.

The principal place of business of the Company is located at No. 7-3, Jalan PJU 5/20E, The Strand Kota Damansara, 47810 Petaling Jaya.

The principal activities of the Company are building and general construction. The principal activities of its subsidiary company are disclosed in Note 7. There have been no significant changes in the nature of these activities during the financial year.

The immediate holding company is Chin Hin Group Property Berhad, a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The ultimate holding company is Chin Hin Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

2. **Basis of Preparation**

(a) Statement of compliance

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

The financial statements, for the year ended 31 December 2021, are the first set of financial statements of the Group and of the Company that have been prepared in accordance with MFRS and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* have been applied.

In the previous financial year, the financial statements of the Group and of the Company were prepared in accordance with Malaysian Private Entities Reporting Standards ("MPERS") in Malaysia.

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

(a) Statement of compliance (Cont'd)

The Group and the Company have prepared financial statements that comply with MFRS applicable as at 31 December 2021, together with the comparative period information for the year ended 31 December 2020, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's and the Company's opening statements of financial position were prepared at 1 January 2020, the date of transition to MFRS Framework.

The financial impact of transition from MPERS Framework to MFRS Framework on the statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows are disclosed below:

Statements of Financial Position

	As per previously reported under MPERS Framework RM	Effect of transitioning to MFRS RM	As restated under MFRS Framework RM
Group			
As at 1 January 2020			
Non-Current Assets			
Property, plant and equipment	1,565,727	(947,209)	618,518
Rights-of-use assets	-	1,557,910	1,557,910
Investment properties	3,735,905	(805,905)	2,930,000
Investment in associate companies	5,228,347	(1,259,800)	3,968,547
Other investments	-	70,000	70,000
Trade receivables	-	8,648,725	8,648,725
Current Assets			
Amount due from contract customers	3,600,866	(3,600,866)	-
Contract assets	-	3,749,397	3,749,397
Trade receivables	57,728,518	(9,621,640)	48,106,878
Other receivables	23,025,516	903,193	23,928,709
Equity			
Retained Earnings	43,845,977	(1,445,419)	42,400,558

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

(a) Statement of compliance (Cont'd)

The financial impact of transition from MPERS Framework to MFRS Framework on the statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows are disclosed below: (Cont'd)

Statements of Financial Position (Cont'd)

	As per previously reported under MPERS Framework RM	Effect of transitioning to MFRS RM	As restated under MFRS Framework RM
Group			
As at 1 January 2020			
Non-Current Liabilities			
Trade payables	-	11,785,365	11,785,365
Finance lease payables	701,511	(701,511)	-
Lease Liabilities	-	1,113,867	1,113,867
Current Liabilities			
Trade payables	59,939,685	(12,268,933)	47,670,752
Other payables	4,466,529	-	4,466,529
Amount due to customers on contracts	63,663	(63,663)	-
Contract liabilities	-	63,663	63,663
Finance lease payables	379,770	(379,770)	-
Lease liabilities	-	590,206	590,206

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

(a) Statement of compliance (Cont'd)

The financial impact of transition from MPERS Framework to MFRS Framework on the statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows are disclosed below: (Cont'd)

Statements of Financial Position (Cont'd)

	As per previously reported under MPERS Framework RM	**Effect of transitioning to MFRS RM**	**As restated under MFRS Framework RM**
Company			
As at 1 January 2020			
Non-Current Assets			
Plant, property and equipment	1,565,727	(947,209)	618,518
Rights-of-use assets	-	1,557,910	1,557,910
Investment properties	635,872	(5,872)	630,000
Investment in subsidiary company	2,613,654	(2,613,654)	-
Investment in associate companies	2,730,000	(1,259,800)	1,470,200
Other investments	-	70,000	70,000
Trade receivables	-	8,648,725	8,648,725
Current Assets			
Amount due from contract customers	3,600,866	(3,600,866)	-
Contract assets	-	3,749,397	3,749,397
Amount due from subsidiary company	-	2,476,750	2,476,750
Trade receivables	57,728,518	(9,621,640)	48,106,878
Other receivables	22,982,792	903,193	23,885,985

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

(a) Statement of compliance (Cont'd)

The financial impact of transition from MPERS Framework to MFRS Framework on the statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows are disclosed below: (Cont'd)

Statements of Financial Position (Cont'd)

	As per previously reported under MPERS Framework RM	Effect of transitioning to MFRS RM	As restated under MFRS Framework RM
Company			
As at 1 January 2020			
Equity			
Retained Earnings	41,504,648	(782,290)	40,722,358
Non-Current Liabilities			
Trade payables	-	11,785,365	11,785,365
Finance lease payables	701,511	(701,511)	-
Lease Liabilities	-	1,113,867	1,113,867
Current Liabilities			
Trade payables	59,939,685	(12,268,933)	47,670,752
Amount due to customers on contracts	63,663	(63,663)	-
Contract liabilities	-	63,663	63,663
Finance lease payables	379,770	(379,770)	-
Lease liabilities	-	590,206	590,206

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

(a) Statement of compliance (Cont'd)

The financial impact of transition from MPERS Framework to MFRS Framework on the statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows are disclosed below: (Cont'd)

Statements of Financial Position (Cont'd)

	As per previously reported under MPERS Framework RM	Effect of transitioning to MFRS RM	As restated under MFRS Framework RM
Group			
As at 31 December 2020			
Non-Current Assets			
Property, plant and equipment	2,526,871	(694,525)	1,832,346
Rights-of-use assets	-	1,089,776	1,089,776
Investment properties	3,693,557	(883,557)	2,810,000
Investment in associate companies	4,508,387	(2,099,763)	2,408,624
Investment in joint venture	570,475	-	570,475
Other investments	-	70,000	70,000
Trade receivables	-	6,451,971	6,451,971
Current Assets			
Amount due from contract customers	17,132,050	(17,132,050)	-
Contract assets	-	17,640,853	17,640,853
Trade receivables	37,911,115	(7,019,278)	30,891,837
Other receivables	20,148,345	856,646	21,004,991
Equity			
Retained Earnings	43,635,409	(1,759,828)	41,875,581

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

(a) Statement of compliance (Cont'd)

The financial impact of transition from MPERS Framework to MFRS Framework on the statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows are disclosed below: (Cont'd)

Statements of Financial Position (Cont'd)

	As per previously reported under MPERS Framework RM	Effect of transitioning to MFRS RM	As restated under MFRS Framework RM
Group			
As at 31 December 2020			
Non-Current Liabilities			
Trade payables	-	8,900,250	8,900,250
Finance lease payables	509,127	(509,127)	-
Lease Liabilities	-	713,564	713,564
Current Liabilities			
Trade payables	49,150,861	(9,272,718)	39,878,143
Amount due to customers on contract	8,670,844	(8,670,844)	-
Contract liabilities	-	8,670,844	8,670,844
Finance lease payables	289,669	(289,669)	-
Lease liabilities	-	497,601	497,601
Company			
As at 31 December 2020			
Non-Current Assets			
Property, plant and equipment	2,526,871	(694,525)	1,832,346
Rights-of-use assets	-	1,089,776	1,089,776
Investment properties	627,948	(17,948)	610,000
Investment in subsidiary company	2,613,654	(2,613,654)	-
Investment in associate companies	2,730,000	(1,259,800)	1,470,200
Other investments	-	70,000	70,000
Trade receivables	-	6,451,971	6,451,971

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

(a) Statement of compliance (Cont'd)

The financial impact of transition from MPERS Framework to MFRS Framework on the statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows are disclosed below: (Cont'd)

Statements of Financial Position (Cont'd)

	As per previously reported under MPERS Framework RM	Effect of transitioning to MFRS RM	As restated under MFRS Framework RM
Company			
As at 31 December 2020			
Current Assets			
Amount due from contract customers	17,132,050	(17,132,050)	-
Contract assets	-	17,640,853	17,640,853
Amount due from subsidiary company	-	2,476,750	2,476,750
Trade receivables	37,911,115	(7,019,278)	30,891,837
Other receivables	20,121,421	856,646	20,978,067
Equity			
Retained Earnings	41,774,963	(191,160)	41,583,803
Non-Current Liabilities			
Trade payables	-	8,900,250	8,900,250
Finance lease payables	509,127	(509,127)	-
Lease Liabilities	-	713,564	713,564
Current Liabilities			
Trade payables	49,150,861	(9,272,718)	39,878,143
Amount due to customers on contract	8,670,844	(8,670,844)	-
Contract liabilities	-	8,670,844	8,670,844
Finance lease payables	289,669	(289,669)	-
Lease liabilities	-	497,601	497,601

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

(a) Statement of compliance (Cont'd)

The financial impact of transition from MPERS Framework to MFRS Framework on the statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows are disclosed below: (Cont'd)

Statements of Profit or Loss and Other Comprehensive Income

	As per previously reported under MPERS Framework RM	Effect of transitioning to MFRS RM	As restated under MFRS Framework RM
Group			
As at 31 December 2020			
Revenue	89,035,996	5,284,276	94,320,272
Cost of sales	(77,061,354)	(4,924,003)	(81,985,357)
Administrative expenses	(4,755,176)	(57,900)	(4,813,076)
Other operating expenses	(2,500,000)	2,500,000	-
Net loss on impairment on financial instruments	-	(2,140,941)	(2,140,941)
Finance costs	(555,316)	(135,878)	(691,194)
Share of results of associate companies	2,079,949	(438,383)	1,641,566
Share of results of joint venture company	240,475	85,232	325,707
Taxation	(1,717,939)	(486,812)	(2,204,751)
Company			
As at 31 December 2020			
Revenue	88,955,496	5,284,276	94,239,772
Cost of sales	(77,061,354)	(4,924,003)	(81,985,357)
Administrative expenses	(4,691,854)	7,676	(4,684,178)
Other operating expenses	(2,500,000)	2,500,000	-
Net loss on impairment on financial instruments	-	(2,140,941)	(2,140,941)
Finance costs	(555,316)	(135,878)	(691,194)

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

(a) Statement of compliance (Cont'd)

The financial impact of transition from MPERS Framework to MFRS Framework on the statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows are disclosed below: (Cont'd)

Statements of Cash Flows

	As per previously reported under MPERS Framework RM	Effect of transitioning to MFRS RM	As restated under MFRS Framework RM
Group			
As at 31 December 2020			
Net cash from operating activities	10,161,280	(1,213,236)	8,948,044
Net cash from investing activities	1,799,072	608,963	2,408,035
Net cash used in financing activities	(702,485)	104,273	(598,212)
Company			
As at 31 December 2020			
Net cash from operating activities	10,104,878	(1,213,236)	8,891,642
Net cash from investing activities	1,799,072	608,963	2,408,035
Net cash used in financing activities	(702,485)	104,273	(598,212)

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

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs 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
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvements to MFRSs Standards 2018 - 2020 • Amendments to MFRS 1 • Amendments to MFRS 9 • Amendments to MFRS 16 • Amendments to MFRS 141		1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
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	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

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

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than as disclosed in Note 3.

(c) 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 thousand except when otherwise stated.

(d) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, 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 and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contracts with customers

The Group and the Company are 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.

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

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

Judgements (Cont'd)

Satisfaction of performance obligations in relation to contracts with customers (Cont'd)

The Group and the Company recognise revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;

(b) the Group and the Company do not create an asset with an alternative use to the Group and the Company and has an enforceable right to payment for performance completed to date; and

(c) the Group's and the Company's do performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

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

Determining the lease term of contracts with renewal and termination options – Group as lessee

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

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

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

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

Judgements (Cont'd)

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

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

Key sources of estimation uncertainty

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

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

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

Fair value of investment properties

The Group and the Company engaged an independent valuation specialist to assess fair value of investment properties as at 31 December 2021. Investment properties are carried at fair value, with changes in fair value being recognised in profit or loss. The fair values of the investment properties have been derived using the sales comparison approach.

The key assumptions used to determine the fair value of the investment properties is disclosed in Note 6.

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

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

Key sources of estimation uncertainty (Cont'd)

Impairment of investment in subsidiary company

The Company reviews its investment in subsidiary company when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary company is disclosed in Note 7.

Determination of transaction prices

The Group and the Company are required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

Revenue from construction contracts

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

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

The details of construction contracts are disclosed in Note 12.

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

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

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its receivables, include trade and other receivables, contract assets and amounts due from subsidiary company at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and on the Company's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 11, 13 and 14.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Company 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 and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

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

The Group and the Company 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 deferred tax provisions in the period in which such determination is made. As at 31 December 2021, the Group has tax recoverable of RM10,500 (31.12.2020: Nil; 1.1.2020: Nil) and tax payable of RM400,044 (31.12.2020: RM446,231; 1.1.2020: RM474,153) respectively. The Company has tax payable of RM400,044 (31.12.2020: RM435,775; 1.1.2020: RM470,273).

3. **Significant Accounting Policies**

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

(a) Basis of consolidation

(i) Subsidiary companies

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

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

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

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

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

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

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

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

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

(a) Basis of consolidation (Cont'd)

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. The policy of recognition and measurement of impairment losses is in accordance to Note 3(o)(i).

(b) Investments in associate companies

An associate company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate company, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associated company's profit or loss for the period in which the investment is acquired.

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

(b) Investments in associate companies (Cont'd)

An associate company is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate company. Under the equity method, on initial recognition the investment in an associate company is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate company after the date of acquisition. When the Group's share of losses in an associate company equals or exceeds its interest in the associate company, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate company.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate company are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate company. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associate companies are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associated company. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

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

(c) Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in a joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of joint venture's profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amounts is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirement of MFRS 136 Impairment of Assets are applied determines whether it is necessary to recognise any impairment loss with respect to its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the carrying amount of the investment in the joint venture is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

(c) Investment in joint ventures (Cont'd)

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(d) 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.

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

(e) 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(o)(i).

(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. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Land and buildings are measured at fair value less accumulated depreciation on leasehold land and buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every two to five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

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

(e) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Capital work-in-progress are not depreciated until the assets are ready for its intended use.

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

(e) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

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

Machinery	5 years
Office equipment	5 years
Furniture and fittings	10 years
Motor vehicles	5 years
Renovation	10 years

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

(f) 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(o)(i) to the financial statements.

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

(f) Leases (Cont'd)

As lessee (Cont'd)

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:

Motor vehicles	5 years
Lease of office and factory	4 years

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.

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.

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

(f) Leases (Cont'd)

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 statement 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.

(g) Investment properties

Investment properties 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.

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

(g) Investment properties (Cont'd)

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.

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 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 professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties 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. **Significant Accounting Policies (Cont'd)**

(h) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, contract assets, amounts due from subsidiary companies and cash and bank balances.

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 (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and the Company have not designated any financial assets at FVOCI and FVTPL.

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

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

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

(i) Financial liabilities

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

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

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

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

(k) Offsetting of financial instruments

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

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

(l) Construction contracts

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

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

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

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

(m) 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.

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

(m) Contract assets and contract liabilities (Cont'd)

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.

(n) Cash and cash equivalents

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

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and investment property measured at fair value) 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 that have indefinite useful lives, 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.

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

(o) Impairment of assets (Cont'd)

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

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.

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.

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

(o) Impairment of assets (Cont'd)

(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, other receivables and inter-company balances, 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, adjusted for forward-looking factors specific to the debtors and the economic environment.

(p) Share capital

(i) Ordinary shares

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

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

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

(q) Provisions

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

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

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

(r) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). The Group's foreign subsidiary company also make contributions to its country statutory pension scheme. Such contributions are recognised as an expense in the profit and loss as incurred. Once the contribution has been paid, the Group has no further payment obligation.

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

(s) Revenue Recognition

(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.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

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

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the proportion of contract costs incurred for the work performed up to the end of the reporting period as a percentage of the estimated total costs of the construction contracts.

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

(s) Revenue Recognition (Cont'd)

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

(b) Sale of goods

Revenue from contract with customers is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue from the sale of goods is recognised upon delivery of goods where control of the goods has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

(ii) Rental income

Rental income are recognised on a straight-line basis over lease term.

(iii) Interest income

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

(t) Borrowing costs

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

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

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

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

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

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

(v) Fair value measurement

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

For 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 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.

(w) 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.

Registration No. 199901001146 (476046-U)

4. Property, Plant and Equipment

	Building under construction RM	Freehold agriculture land RM	Furniture and fittings RM	Machinery RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
Group and Company								
31.12.2021								
Cost								
At 1 January	230,283	1,350,000	201,717	2,381,758	2,250,208	316,091	330,833	7,060,890
Additions	251,870	-	23,840	70,410	10,800	101,000	-	457,920
Disposal	-	-	-	-	(42,764)	(2,900)	-	(45,664)
At 31 December	482,153	1,350,000	225,557	2,452,168	2,218,244	414,191	330,833	7,473,146
Accumulated depreciation								
At 1 January	-	-	179,105	2,257,531	2,242,725	265,228	283,955	5,228,544
Charge for the financial year	-	-	6,960	125,400	4,365	19,786	11,280	167,791
Disposal	-	-	-	-	(42,764)	(2,900)	-	(45,664)
At 31 December	-	-	186,065	2,382,931	2,204,326	282,114	295,235	5,350,671
Carrying amount								
At 31 December	482,153	1,350,000	39,492	69,237	13,918	132,077	35,598	2,122,475

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

	Building under construction RM	Freehold agriculture land RM	Furniture and fittings RM	Machinery RM	Motor vehicles RM (Restated)	Office equipment RM	Renovation RM	Total RM
Group and Company								
31.12.2020								
Cost								
At 1 January, as previously reported	-	-	201,717	2,381,758	5,051,523	303,092	330,833	8,268,923
Effect of adopting MFRS	-	-	-	-	(2,317,320)	-	-	(2,317,320)
At 1 January, as restated	-	-	201,717	2,381,758	2,734,203	303,092	330,833	5,951,603
Additions	230,283	1,350,000	-	-	-	12,999	-	1,593,282
Disposal	-	-	-	-	(483,995)	-	-	(483,995)
At 31 December	230,283	1,350,000	201,717	2,381,758	2,250,208	316,091	330,833	7,060,890

Registration No. 199901001146 (476046-U)

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

	Building under construction RM	Freehold agriculture land RM	Furniture and fittings RM	Machinery RM	Motor vehicles RM (Restated)	Office equipment RM	Renovation RM	Total RM
Group and Company								
31.12.2020								
Accumulated depreciation								
At 1 January, as previously reported	-	-	166,663	1,953,500	4,072,255	249,631	261,147	6,703,196
Effect of adopting MFRS	-	-	-	-	(1,370,111)	-	-	(1,370,111)
At 1 January, as restated	-	-	166,663	1,953,500	2,702,144	249,631	261,147	5,333,085
Charge for the financial year	-	-	12,442	304,031	24,576	15,597	22,808	379,454
Disposal	-	-	-	-	(483,995)	-	-	(483,995)
At 31 December	-	-	179,105	2,257,531	2,242,725	265,228	283,955	5,228,544
Carrying amount								
At 31 December	230,283	1,350,000	22,612	124,227	7,483	50,863	46,878	1,832,346

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

(a) Assets pledged as securities to financial institution

The carrying amount of property, plant and equipment of the Group and the Company pledged as securities for bank borrowings as disclosed in Note 17 are:

	Group and Company		
	31.12.2021 RM	31.12.2020 RM	1.1.2020
Building under construction	482,153	230,283	-
Freehold agriculture land	1,350,000	1,350,000	-
	1,832,153	1,580,283	-

5. **Right-of-Use Assets**

	Motor vehicles RM	Lease of shophouse and building RM	Lease of office and factory RM	Total RM
Group and Company				
31.12.2021				
Cost				
At 1 January	2,436,148	56,505	742,346	3,234,999
Additions	317,080	-	-	317,080
Disposals	(106,139)	-	-	(106,139)
At 31 December	2,647,089	56,505	742,346	3,445,940
Accumulated depreciation				
At 1 January	1,741,622	45,205	358,396	2,145,223
Charge for the financial year	276,293	11,300	192,849	480,442
Disposals	(79,604)	-	-	(79,604)
At 31 December	1,938,311	56,505	551,245	2,546,061
Carrying amount				
At 31 December	708,778	-	191,101	899,879

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

	Motor vehicles RM (Restated)	Lease of shophouse and building RM (Restated)	Lease of office and factory RM (Restated)	Total RM (Restated)
Group and Company				
31.12.2020				
Cost				
At 1 January, as previously reported	-	-	-	-
Effect of adopting MFRS	2,317,321	56,505	742,346	3,116,172
At 1 January, as restated	2,317,321	56,505	742,346	3,116,172
Additions	118,827	-	-	118,827
At 31 December	2,436,148	56,505	742,346	3,234,999
Accumulated depreciation				
At 1 January, as previously reported	-	-	-	-
Effect of adopting MFRS	1,370,111	22,603	165,548	1,558,262
At 1 January, as restated	1,370,111	22,603	165,548	1,558,262
Charge for the financial year	371,511	22,602	192,848	586,961
At 31 December	1,741,622	45,205	358,396	2,145,223
Carrying amount				
At 31 December	694,526	11,300	383,950	1,089,776

(a) Assets pledged as securities to financial institution

Motor vehicles with a carrying amount of RM708,778 (31.12.2020: RM694,526; 1.1.2020: RM947,210) of the Group and the Company are pledged as securities for the related lease liabilities.

6. **Investment Properties**

	Group		Company	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
	RM	**RM**	**RM**	**RM**
		(Restated)		**(Restated)**
Buildings				
At fair value				
At 1 January	2,810,000	2,930,000	610,000	630,000
Changes in fair value recognised in profit or loss	-	(120,000)	-	(20,000)
At 31 December	2,810,000	2,810,000	610,000	610,000

Fair value basis of investment properties

The investment properties of the Group and of the Company are valued at fair value based on market values determined by the independent firms of professional valuers amounting to RM2,810,000 (31.12.2020: RM2,810,000; 1.1.2020: RM2,930,000) and RM610,000 (31.12.2020: RM610,000; 1.1.2020: RM630,000) respectively.

The fair values of the investment properties are determined within level 3 of the fair value hierarchy in the financial year ended 31 December 2021.

The fair values of the shop office, freehold buildings and condominium have been derived using the sales comparison approach. The most significant input into this valuation approach is price per square foot of comparable properties. Sales prices of comparable properties in close proximity are adjusted, either positively or negatively for differences in key attributes such as property size, time, age, tenure, level, surrounding, accessibility, visibility, orientation, facing and position of the units.

There was no transfer between fair value hierarchy levels during current and previous financial year.