

PUBLIC PACKAGES HOLDINGS BERHAD
Registration No. 198701003743 (162413-K)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2021

CONTENTS	PAGE
CORPORATE INFORMATION	2 - 3
DIRECTORS' REPORT	4 - 9
DIRECTORS' STATEMENT	10
STATUTORY DECLARATION	10
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	11 - 15
STATEMENTS OF FINANCIAL POSITION	16
STATEMENTS OF COMPREHENSIVE INCOME	17
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	18
STATEMENT OF CHANGES IN EQUITY	19
STATEMENTS OF CASH FLOWS	20 - 22
NOTES TO THE FINANCIAL STATEMENTS	23 - 88

PUBLIC PACKAGES HOLDINGS BERHAD
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CORPORATE INFORMATION

Directors

Koay Chiew Poh
(Executive Chairman)
Koay Chiew Kang
(Executive Director)
Koay Teng Liang
(Executive Director)
Koay Teng Kheong
(Executive Director)
Nurjannah Binti Ali
(Executive Director)
Ng Thim Fook
(Independent Non-Executive Director)
Ong Eng Choon
(Independent Non-Executive Director)
Tang Boon Lee
(Independent Non-Executive Director)
Koay Chue Beng
(Alternate director to Koay Chiew Poh)

Secretaries

Lee Peng Loon
P'ng Chiew Keem

**Audit and Risk Management
Committee**

Ng Thim Fook (Chairman)
Ong Eng Choon
Tang Boon Lee

**Registered Office And
Business Address**

Wisma Public Packages
Plot 67 Lintang Kampong Jawa
Bayan Lepas Industrial Estate
11900 Bayan Lepas
Penang
Malaysia

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CORPORATE INFORMATION

Share Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01 Level 32 Tower A
Vertical Business Suite
Avenue 3 Bangsar South
No 8 Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Malaysia

Auditors

Grant Thornton Malaysia PLT
Chartered Accountants

Bankers

Malayan Banking Berhad
AmBank (M) Berhad
Al Rajhi Banking & Investment Corporation
(Malaysia) Berhad
RHB Bank Berhad
CIMB Bank Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

PUBLIC PACKAGES HOLDINGS BERHAD
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DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors have pleasure in submitting their report and the 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 are investment holding and the provision of financial, administrative and advisory services to its subsidiaries.

The principal activities of its subsidiaries 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.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the financial year	23,672	11,088

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the Company has declared a single tier interim dividend of RM0.0025 per ordinary share amounting to RM471,559 in respect of the financial year ended 31 December 2020 and paid on 30 March 2021.

The Directors do not recommend the payment of any final dividend for the current financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company had increased its issued and fully paid up ordinary share capital by way of:

- (i) Issuance of **81,000** new ordinary shares pursuant to the exercise of ESOS at an exercise price of **RM0.785** and **RM0.75** per ESOS for a total cash consideration of **RM61,905**; and

- (ii) Issuance of **211,500** new ordinary shares pursuant to the exercise of ESGS at an exercise price of **RM0.785** and **RM0.83** per ESGS for a total amount of **RM173,768**.

EMPLOYEE SHARE OPTION SCHEME ("ESOS") AND EMPLOYEE SHARE GRANT SCHEME ("ESGS")

The Company's ESOS and ESGS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting held on 29 August 2017. The ESOS and ESGS will be in force for a maximum period of five years till 6 October 2022.

The salient features of the ESOS and ESGS are disclosed in Note 38 to the financial statements.

The movement of the share options and share grants during the financial year is as follows:

Grant date	Exercise price RM	Number of share options			
		Balance at 1.1.2021	Granted	Exercised	Balance at 31.12.2021
21.7.21	0.785	-	39,500	(33,000)	6,500
26.10.21	0.75	-	52,000	(48,000)	-

Grant date	Exercise price RM	Number of share grants		
		Balance at 1.1.2021	Granted	Balance at 31.12.2021
21.7.21	0.785	-	39,500	-
26.10.21	0.83	-	172,000	-

As required by Paragraph 5 of Schedule 5 (Part 1) of the Companies Act, 2016, the Company is required to disclose in this report the names of option holders and details of their holdings. The details of holders other than directors are as follows:

Name	Number of Share Options	Number of Share Grants
Che Puan Bt. Abdullah	1,000	3,000
Chiang Pei Se	3,000	10,000
Chuah Tin Nee	3,000	3,000
Gooi Chye Soon	8,000	15,000
Koay Chiew Lee	3,000	10,000
Koay Sze-Lynn	6,000	20,000
Koay Teng Kwang	3,000	10,000
Lau Chee Pong	8,000	15,000
Lee Suet Fong	-	3,000
Loo Weng Keen	8,000	15,000
Ooi Siew Hong	37,000	76,000
Tan Peck Sian	1,500	11,500

Details of options granted to Directors are disclosed in the section of Directors' Interests In Shares in this report.

DIRECTORS

The directors of the Company in office since the end of the previous financial year to the date of this report are:

Directors of the Company:

- * Koay Chiew Poh
- * Koay Chiew Kang
- * Koay Teng Liang
- * Koay Teng Kheong
- Nurjannah Binti Ali
- Ng Thim Fook
- Ong Eng Choon
- * Koay Chue Beng (alternate director to Koay Chiew Poh)
- Tang Boon Lee (appointed on 29.11.2021)

Directors of the subsidiaries:

Koay Chiew Lee
 Ooi Siew Hong
 Loo Weng Keen
 Gooi Chye Soon
 Che Puan Bt Abdullah
 Wong Lai Chuen
 Tan Peck Sian
 Tay Gee Lang

* The directors are also directors of the Company's subsidiaries

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

----- Number of ordinary shares -----				
	Balance at 1.1.2021	Bought	Sold	Balance at 31.12.2021
The Company:				
Direct Interest:				
Koay Chiew Poh	7,283,394	-	-	7,283,394
Koay Chiew Kang	1,834,107	-	-	1,834,107
Koay Teng Liang	99,995	13,000	-	112,995
Koay Teng Kheong	20,000	13,000	-	33,000
Koay Chue Beng	634,900	-	-	634,900
Tang Boon Lee	8,228	-	-	8,228
Deemed Interest:				
¹ Koay Chiew Poh	84,289,148	126,000	-	84,415,148
² Koay Chiew Kang	6,949,423	26,000	-	6,975,423
³ Koay Chue Beng	6,745,714	-	-	6,745,714

	Number of share options		
	Balance at 1.1.2021	Granted	Balance at 31.12.2021
The Company:			
Direct Interest:			
Koay Teng Liang	-	3,000	(3,000)
Koay Teng Kheong	-	3,000	(3,000)

	Number of share grants		
	Balance at 1.1.2021	Granted	Balance at 31.12.2021
The Company:			
Direct Interest:			
Koay Teng Liang	-	10,000	(10,000)
Koay Teng Kheong	-	10,000	(10,000)

- ¹ Deemed interest pursuant to Section 8 and Section 59(11)(c) of the Companies Act 2016 by virtue of shares held through Fame Pack Holding Sdn. Bhd., Koay Boon Pee Holding Sdn. Bhd., his spouse and son respectively.
- ² Deemed interest pursuant to Section 8 and Section 59(11)(c) of the Companies Act 2016 by virtue of shares held through Koay Boon Pee Holding Sdn. Bhd., his spouse and daughter respectively.
- ³ Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of shares held through Koay Boon Pee Holding Sdn. Bhd.

By virtue of his shareholding in the Company, **Mr. Koay Chiew Poh** is also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

Other than the above, none of the other directors holding office at the end of the financial year had any interests in shares in the Company and its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Group and of the Company are as follows:

	COMPANY RM'000	SUBSIDIARIES RM'000	GROUP RM'000
Directors' fees	78	-	78
Salaries, allowance and bonus	-	2,314	2,314
EPF	-	432	432
SOCSSO and EIS	-	7	7
ESOS and ESGS	1	16	17
Benefits-in-kind	-	91	91
	79	2,860	2,939

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the 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, other than the share options and share grants awarded pursuant to the ESOS and ESGS.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown above) by reason of a contract made by the Company or a related corporation with a 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 those related party transactions disclosed in the notes to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS OR AUDITORS

There were no indemnity given to or insurance effected for any of the directors, officers or auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or
- (iv) that have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, and
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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 as and when they fall due.
- (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 Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENT

Details of the significant event are disclosed in Note 39 to the financial statements.

AUDITORS

The total amount of fees paid to or receivable by the auditors, **Grant Thornton Malaysia PLT**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 December 2021 are RM154,700 and RM26,000 respectively.

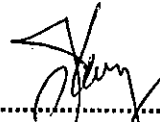
The Group and the Company have agreed to indemnify the auditors, **Grant Thornton Malaysia PLT** as permitted under the requirements of the Companies Act 2016 in Malaysia. No payment has been made to indemnify **Grant Thornton Malaysia PLT** for the financial year ended 31 December 2021.

The auditors, **Grant Thornton Malaysia PLT**, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:



.....
Koay Chiew Poh



.....
Koay Teng Liang

Penang,

Date: 5 April 2022

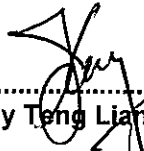
PUBLIC PACKAGES HOLDINGS BERHAD
Registration No. 198701003743 (162413-K)
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DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 16 to 88 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2021** and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:


.....
Koay Chiew Poh

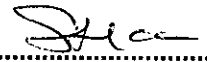

.....
Koay Teng Liang

Date: 5 April 2022

STATUTORY DECLARATION

I, **Ooi Siew Hong**, the officer primarily responsible for the financial management of **Public Packages Holdings Berhad** do solemnly and sincerely declare that the financial statements set out on pages 16 to 88 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 Penang, this 5th)
day of April 2022.)


.....
Ooi Siew Hong

Before me,

.....
Commissioner for Oaths



20 Lebuhraya
10200 Pulau Pinang

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PUBLIC PACKAGES HOLDINGS BERHAD**
Registration No. 198701003743 (162413-K)
(Incorporated in Malaysia)

Grant Thornton Malaysia PLT
Level 5, Menara BHL
51 Jalan Sultan Ahmad Shah
10050 Penang
Malaysia

Report on the Audit of the Financial Statements

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F +604 227 9828

Opinion

We have audited the financial statements of **Public Packages Holdings Berhad**, which comprise the statements of financial position as at **31 December 2021** of the Group and of the Company, and the statements of 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 accounting policies, as set out on pages 16 to 88.

In our opinion, the 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 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.

Key Audit Matters

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

**Independent Auditors' Report To The Members Of
Public Packages Holdings Berhad (cont'd)
Registration No. 198701003743 (162413-K)
(Incorporated in Malaysia)**

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition <i>(Note 26 to the financial statements)</i> The Group's revenue is mainly derived from the manufacturing of paper packaging products. We focus on this area due to the magnitude and voluminous transactions which may give rise to a higher risk of material misstatements in respect of the timing and amount of revenue recognised.	Our audit procedures in relation to the revenue recognition included, amongst others, the following: • Obtaining an understanding of the Group's revenue recognition process and application and thereafter testing key controls on the occurrence of revenue; • Performing analytical procedures on the trend of revenue recognised to identify for any abnormalities; • Performing substantive testing on a sampling basis to verify that revenue recognition criteria are properly applied by checking to the documents which evidenced the delivery of goods to the customers; and • Assessing whether revenue is recognised in the correct period by testing cut-off through assessing sales transaction taking place at either side of the reporting date as well as reviewing credit notes and sales returns issued after the reporting date.

There is no key audit matter to be communicated in the audit of the separate financial statements of the Company.

**Independent Auditors' Report To The Members Of
Public Packages Holdings Berhad (cont'd)
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Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

**Independent Auditors' Report To The Members Of
Public Packages Holdings Berhad (cont'd)
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- 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 the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

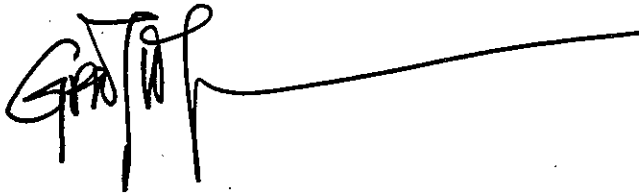
**Independent Auditors' Report To The Members Of
Public Packages Holdings Berhad (cont'd)
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Report on Other Legal and Regulatory Requirements

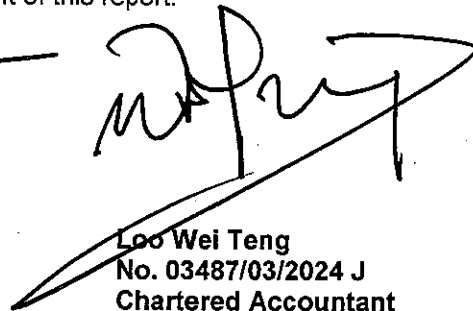
In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 7 to the financial statements.

Other Matter

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.



**Grant Thornton Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants**



**Loo Wei Teng
No. 03487/03/2024 J
Chartered Accountant**

Penang

Date: 5 April 2022

PUBLIC PACKAGES HOLDINGS BERHAD
Registration No. 198701003743 (162413-K)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		GROUP		COMPANY	
	NOTE	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	143,406	156,229	1	1
Investment properties	5	21,310	4,910	-	-
Right-of-use assets	6	1,089	1,166	-	-
Investment in subsidiaries	7	-	-	126,884	126,884
Investment in joint ventures	8	29,959	28,794	15,100	15,100
Amount due from subsidiaries	9	-	-	2,333	2,602
Other investments	10	1,609	1,573	*	*
		<u>197,373</u>	<u>192,672</u>	<u>144,318</u>	<u>144,587</u>
Current assets					
Inventories	11	17,019	13,891	-	-
Trade receivables	12	44,341	49,502	-	-
Other receivables, deposits and prepayments	13	3,408	3,306	2	2
Amount due from subsidiaries	9	-	-	1,344	515
Current tax assets		814	336	19	10
Other investments	10	25,149	-	-	-
Cash and bank balances	14	75,166	80,121	24,458	13,878
		<u>165,897</u>	<u>147,156</u>	<u>25,823</u>	<u>14,405</u>
TOTAL ASSETS		<u>363,270</u>	<u>339,828</u>	<u>170,141</u>	<u>158,992</u>
EQUITY AND LIABILITIES					
Share capital	15	94,787	94,361	94,787	94,361
Revaluation reserve	16	4,929	482	-	-
ESOS and ESGS reserve	17	2	-	2	-
Fair value adjustment reserve	18	342	322	-	-
Foreign translation reserve	19	1,424	1,304	-	-
Retained profits	20	199,895	176,868	74,903	64,460
Total equity		<u>301,379</u>	<u>273,337</u>	<u>169,692</u>	<u>158,821</u>
Non-current liabilities					
Borrowings	21	7,351	8,530	-	-
Lease liabilities	6	375	464	-	-
Deferred tax liabilities	22	10,709	9,121	-	-
		<u>18,435</u>	<u>18,115</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade payables	23	13,179	9,315	-	-
Other payables and accruals	24	9,594	10,808	31	34
Contract liabilities	25	4,749	2,460	-	-
Borrowings	21	14,083	21,722	418	137
Lease liabilities	6	714	702	-	-
Current tax liabilities		1,137	3,369	-	-
		<u>43,456</u>	<u>48,376</u>	<u>449</u>	<u>171</u>
Total liabilities		<u>61,891</u>	<u>66,491</u>	<u>449</u>	<u>171</u>
TOTAL EQUITY AND LIABILITIES		<u>363,270</u>	<u>339,828</u>	<u>170,141</u>	<u>158,992</u>

* Represents RM1

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

PUBLIC PACKAGES HOLDINGS BERHAD
Registration No. 198701003743 (162413-K)
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		GROUP		COMPANY	
	NOTE	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	26	196,808	190,276	11,271	11,239
Cost of sales	27	(135,519)	(130,379)	-	-
Gross profit		61,289	59,897	11,271	11,239
Other income		2,475	4,797	107	-
Selling and distribution expenses		(16,739)	(16,783)	-	-
Administrative expenses		(16,681)	(17,669)	(266)	(229)
Operating profit		30,344	30,242	11,112	11,010
Finance costs		(1,284)	(1,907)	(24)	(538)
Share of results of joint ventures		2,165	7,646	-	-
Profit before tax	28	31,225	35,981	11,088	10,472
Tax (expense)/income	29	(7,553)	(8,858)	-	3
Profit for the financial year		23,672	27,123	11,088	10,475
Other comprehensive income/(loss), net of tax:					
Item that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		120	7	-	-
Items that will not be reclassified subsequently to profit or loss:					
Net change in fair value of equity investments designated of fair value through other comprehensive income		20	(124)	-	-
Revaluation of land and buildings		4,447	-	-	-
Deferred tax impact on revaluation reserve		-	96	-	-
Total other comprehensive income/(loss) for the financial year		4,587	(21)	-	-
Total comprehensive income for the financial year, attributable to owners of the Company		28,259	27,102	11,088	10,475
Earnings per share attributable to owners of the Company (sen)	30				
- Basic		12.55	14.38		
- Diluted		12.55	14.38		

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

PUBLIC PACKAGES HOLDINGS BERHAD
Registration No. 198701003743 (162413-K)
(Incorporated in Malaysia)

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

NOTE	Attributable to Owners of the Company						
	Share Capital RM'000	Revaluation Reserve RM'000	Non-distributable			Distributable Retained Profits RM'000	Total Equity RM'000
			ESOS and ESGS Reserve RM'000	Fair Value Adjustment Reserve RM'000	Foreign Translation Reserve RM'000		
2021							
Balance at beginning	94,361	482	-	322	1,304	176,868	273,337
Total comprehensive income for the financial year	-	4,447	-	20	120	23,672	28,259
<i>Transactions with owners of the Company</i>							
Grant of ESOS to employees	-	-	20	-	-	-	20
Recognition of equity-settled share-based payment	-	-	173	-	-	-	173
Issuance of shares pursuant to:							
- Exercise of ESOS 15	62	-	-	-	-	-	62
- Exercise of ESGS 15	173	-	-	-	-	(173)	-
Transfer of ESOS reserve upon exercised 15	18	-	(18)	-	-	-	-
Transfer of ESGS reserve upon exercised 15	173	-	(173)	-	-	-	-
Dividend 31	-	-	-	-	-	(472)	(472)
Total transactions with owners of the Company	426	-	2	-	-	(645)	(217)
Balance at end	94,787	4,929	2	342	1,424	199,895	301,379
2020							
Balance at beginning	94,361	386	-	446	1,297	150,217	246,707
Total comprehensive income for the financial year	-	96	-	(124)	7	27,123	27,102
<i>Transaction with owners of the Company</i>							
Dividend 31	-	-	-	-	-	(472)	(472)
Balance at end	94,361	482	-	322	1,304	176,868	273,337

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

PUBLIC PACKAGES HOLDINGS BERHAD
Registration No. 198701003743 (162413-K)
(Incorporated in Malaysia)

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

		Share Capital RM'000	Non-distributable ESOS and ESGS Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
NOTE					
2021					
	Balance at beginning	94,361	-	64,460	158,821
	Total comprehensive income for the financial year	-	-	11,088	11,088
	<i>Transactions with owners of the Company</i>				
	Grant of ESOS to employees	-	20	-	20
	Recognition of equity-settled share-based payment	-	173	-	173
	Issuance of shares pursuant to:				
15	- Exercise of ESOS	62	-	-	62
15	- Exercise of ESGS	173	-	(173)	-
15	Transfer of ESOS reserve upon exercised	18	(18)	-	-
15	Transfer of ESGS reserve upon exercised	173	(173)	-	-
31	Dividend	-	-	(472)	(472)
	Total transactions with owners of the Company	426	2	(645)	(217)
	Balance at end	94,787	2	74,903	169,692
2020					
	Balance at beginning	94,361	-	54,457	148,818
	Total comprehensive income for the financial year	-	-	10,475	10,475
	<i>Transaction with owners of the Company</i>				
31	Dividend	-	-	(472)	(472)
	Balance at end	94,361	-	64,460	158,821

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

PUBLIC PACKAGES HOLDINGS BERHAD
Registration No. 198701003743 (162413-K)
(Incorporated in Malaysia)

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

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	31,225	35,981	11,088	10,472
Adjustments for:				
Accretion of interest on amount due from a subsidiary	-	-	(101)	-
Accretion of interest on lease liabilities	185	61	-	-
Allowance for expected credit losses				
- current year	-	195	-	-
- reversal	(156)	-	-	-
Bad debts	-	19	9	-
Depreciation of property, plant and equipment	9,349	9,690	-	-
Depreciation of right-of-use assets	856	878	-	-
Dividend income	(1,504)	(1,093)	(11,271)	(11,239)
Equity-settled share-based payments	193	-	20	-
Fair value loss on investment properties	100	5	-	-
Gain on disposal of property, plant and equipment, net	(60)	(23)	-	-
Impairment loss on property, plant and equipment	-	1,004	-	-
Interest expense	1,226	1,846	24	10
Interest income	(26)	(45)	-	-
Inventories written down	118	-	-	-
Property, plant and equipment written off	-	199	-	-
Share of results of joint ventures	(2,165)	(7,646)	-	-
Unwinding discount on amount due from a subsidiary	-	-	-	528
Operating profit/(loss) before working capital changes	39,341	41,071	(231)	(229)
Changes in:				
Inventories	(3,246)	4,014	-	-
Receivables	5,238	1,528	-	-
Payables	3,065	630	(3)	8
Contract liabilities	2,289	788	-	-
Cash generated from/(used in) operations	46,687	48,031	(234)	(221)
Interest paid	(1,226)	(1,846)	(24)	(10)
Interest received	21	39	-	-
Income tax paid	(10,080)	(5,350)	(9)	(10)
Income tax refunded	-	372	-	32
Net cash from/(used in) operating activities	35,402	41,246	(267)	(209)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(7,980)	(2,992)	-	-
Dividend received	1,504	1,093	10,271	10,139
Dividend received from joint ventures	1,000	1,100	1,000	1,100
Placement of other investments	(25,149)	-	-	-
Proceeds from disposal of property, plant and equipment	532	76	-	-
Withdrawal of fixed deposits with licensed banks	-	3,000	-	-
Net change in subsidiaries' balances	-	-	(295)	(1,693)
Net cash (used in)/from investing activities	(30,093)	2,277	10,976	9,546
Balance carried forward	5,309	43,523	10,709	9,337

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

PUBLIC PACKAGES HOLDINGS BERHAD
Registration No. 198701003743 (162413-K)
(Incorporated in Malaysia)

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

	NOTE	GROUP		COMPANY	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance brought forward		5,309	43,523	10,709	9,337
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(472)	(472)	(472)	(472)
Proceeds from issuance of shares		62	-	62	-
Repayment of bill payables	B	(6,924)	(4,517)	-	-
Repayment of finance lease liabilities	B	(2,613)	(2,434)	-	-
Repayment of term loans	B	(311)	(5,047)	-	-
Net changes of Murabahah financing	B	1,082	(839)	-	-
Repayment of lease liabilities	B	(1,041)	(939)	-	-
Net cash used in financing activities		(10,217)	(14,248)	(410)	(472)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,908)	29,275	10,299	8,865
CASH AND CASH EQUIVALENTS AT BEGINNING		78,450	49,175	13,741	4,876
CASH AND CASH EQUIVALENTS AT END	A	73,542	78,450	24,040	13,741
A. Represented by:					
Cash and bank balances		75,166	80,121	24,458	13,878
Less: Fixed deposits pledged with licensed banks		(228)	(223)	-	-
Bank overdrafts		(1,396)	(1,448)	(418)	(137)
		73,542	78,450	24,040	13,741

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

PUBLIC PACKAGES HOLDINGS BERHAD
Registration No. 198701003743 (162413-K)
(Incorporated in Malaysia)

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

B. Reconciliation of liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM'000	Net cash flows RM'000	Others RM'000	Balance at end RM'000
GROUP				
2021				
Borrowings excluding bank overdrafts	28,804	(8,766)	-	20,038
Lease liabilities	1,166	(1,041)	964	1,089
Total liabilities arising from financing activities	<u>29,970</u>	<u>(9,807)</u>	<u>964</u>	<u>21,127</u>
2020				
Borrowings excluding bank overdrafts	41,641	(12,837)	-	28,804
Lease liabilities	1,575	(939)	530	1,166
Total liabilities arising from financing activities	<u>43,216</u>	<u>(13,776)</u>	<u>530</u>	<u>29,970</u>

¹ Others consist of non-cash movement as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Accretion of interest on lease liabilities	185	61
Additions of lease liabilities	779	524
Derecognition of lease liabilities	-	(55)
	<u>964</u>	<u>530</u>

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

PUBLIC PACKAGES HOLDINGS BERHAD
Registration No. 198701003743 (162413-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

1. CORPORATE INFORMATION

General

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

The registered office and principal place of business of the Company are located at Wisma Public Packages, Plot 67, Lintang Kampong Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 April 2022.

Principal Activities

The principal activities of the Company are investment holding and the provision of financial, administrative and advisory services to its subsidiaries.

The principal activities of its subsidiaries 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.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies under Note 3 to the financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

Ringgit Malaysia is the presentation currency of the Group and of the Company and the amounts in the financial statements are rounded-up to the nearest RM'000, except where otherwise stated.

Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

2.4 Adoption of Amendments to MFRSs

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following amendments to MFRSs that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 June 2020

Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases: Interest Rate Benchmark Reform - Phase 2

Initial application of the above amendments to MFRSs did not have any material impact to the financial statements of the Group and of the Company.

2.5 Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 April 2021

Amendments to MFRS 16 Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption.

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements 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 estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

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

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

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group has not included the extension options period as part of the lease term for lease of premises and motor vehicles as it is not reasonably certain that the extension options will be exercised. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

2.6.2 Key sources of estimation uncertainty

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

(i) Useful lives of depreciable assets

Plant and machinery are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the plant and machinery to be within 5 to 35 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and machinery. A reduction in the estimated useful lives of the plant and machinery would increase the depreciation charge and decrease the non-current assets.

(ii) Fair value of investment properties

The Group measures its investment properties at fair value amount with changes in fair value being recognised in profit or loss. The Group engaged independent external valuers to determine fair value as at the end of reporting period.

The carrying amount of the investment properties as at the end of reporting period and the relevant fair value are disclosed in Notes 5 to the financial statements.

(iii) Inventories

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories as at the end of the reporting period is disclosed in Note 11 to the financial statements.

(iv) **Provision for expected credit losses (“ECL”) of receivables**

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECL on the Group's trade receivables is disclosed in Note 35.3.1 to the financial statements.

(v) **Leases - Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. **ACCOUNTING POLICIES**

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below:

3.1 **Consolidation**

(i) **Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of an investment in a subsidiary, the difference between the net disposal proceed and its carrying amount is recognised in profit or loss.

(ii) Basis of consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.13 to the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(iii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date which is the date on which control is transferred to the Group.

The Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iv) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a fair value through other comprehensive income depending on the level of influence retained.

(vi) Joint arrangements

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

The Group's investments in joint venture are accounted for using the equity method. Under the equity method, investment in a joint venture is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of a joint venture is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of a joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statements of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its joint venture. The Group determines at each end of the reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the 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 significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in a joint venture decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investments in a joint venture are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(vii) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised profits arising on transactions between the Group and its joint ventures which are included in the carrying amount of the related assets and liabilities are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses on such transactions are also eliminated unless cost cannot be recovered.

3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Leasehold land	Amortise over lease period of 45 to 52 years
Buildings	2% to 3%
Apartments	Amortise over lease period of 85 years
Plant and machinery	2.86% - 20%
Hotel equipment	10% - 20%
Motor vehicles	10% - 14%
Furniture, fittings and office equipment	10% - 20%
Electrical installations	10%
Renovation	10%

Freehold land is not depreciated as it has an infinite life.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items 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 in the financial year in which the asset is derecognised.

3.3 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 initially measured at cost, including transaction cost. Cost includes expenditures that are 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 to initial recognition, investment properties are measured at fair value and are revalued annually and are included in the statements of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the period in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence. 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.

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 financial year 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. When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained profits; the transfer is not made through profit or loss.

3.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. It is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities for lease payments made and/or to be made, and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Motor vehicles	3 years
Premises	2 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use asset is also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, lease liabilities are recognised and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short term leases and leases of low-value assets

The Group applies the short-term lease and leases of low-value assets recognition exemption to its short-term leases of premise, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue and other income in the statements of comprehensive 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 other income in the period in which they are earned.

3.5 Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period whether there is an indication that the asset other than inventories may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's 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, 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.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials and consumables comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition and is determined on the first-in, first-out basis.

Cost of work-in-progress and finished goods include raw materials, direct labour and attributable production overheads.

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

3.7 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.7.1 Financial assets

(i) Initial recognition and measurement

Financial assets are measured at initial recognition at fair value and subsequently measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exceptions of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, at its transaction costs.

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at AC are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

(ii) **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are recognised as other income in the statements of comprehensive income when the right of payment has been established.

The Group's financial assets at FVTPL includes investment in unit trusts.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate ("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's and the Company's financial assets at amortised cost include cash and bank balances, amount due from subsidiaries and trade and other receivables.

Financial assets at fair value through other comprehensive income (equity instruments) ("FVOCI")

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statements of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

(iii) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(iv) Impairment

The Group and the Company recognise an allowance for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

3.7.2 Financial liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and borrowings.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

The Group and the Company do not have any financial liabilities measured at fair value through profit or loss as at the end of the reporting period.

Financial liabilities at amortised cost

This is the category most relevant to the Group and the Company. After initial recognition, trade and other payables and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

(iii) **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

3.7.3 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 currently a legally enforceable 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.

3.7.4 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 if incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in statements of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.8 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.9 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

3.10 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The performance obligations to recognise revenue are as follows:

(i) **Revenue from sale of goods**

Revenue is recognised at a point in time when control of the goods is transferred to the customer, generally on the delivery of the goods.

(ii) **Revenue from hotel and restaurant operations**

Revenue from hotel and restaurant operations comprise rental of rooms, sales of food and beverage and other hotel business related income, is recognised at a point in time upon the satisfaction of performance obligation, generally upon the services have been performed and completed.

(iii) **Interest income**

Interest income is recognised as it accrues using the effective interest rate method in profit or loss.

(iv) **Dividend income**

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

(v) **Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.10.1 Contract balances

This refers to the closing balances of the trade receivables and contract liabilities as at the end of reporting period.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.11 Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

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

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 undertakes 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.

3.12 **Employee Benefits**

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year 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 compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Some of the Group's foreign subsidiaries also make contributions to their respective country's statutory pension schemes.

Employees' share options scheme and employees' share grant scheme

Eligible employees of the Group and of the Company received remuneration in the form of share options and share grants as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options and grants at the date on which the options and grants are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share options reserve and employee share grants reserve over the vesting period.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options and grants that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for options and grants that do not ultimately vest, except for options and grants where vesting is conditional upon market or non-vesting condition, which are tested as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share options reserve and employee share grants reserve are transferred to retained profits upon expiry of the share options and share grants.

The proceeds received net of directly attributable transaction costs are credited to share capital when the options and grants are exercised.

3.13 **Income Tax**

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 years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from 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.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date, except for investment properties carried at fair value model. Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.3 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value 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 offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

3.14 **Goods and Services Tax ("GST") and Sales and Service Tax ("SST")**

Revenue, expenses and assets are recognised net of GST or SST except:

- when the GST or SST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST or SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with GST or SST inclusive.

The net GST or SST payable to the taxation authority is included as part of payables in the statements of financial position.

3.15 **Foreign Currency**

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

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

Foreign operations

The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

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

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FTR in equity.

3.16 Share Capital, Share Issuance Costs and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared or approved.

3.17 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Directors, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.18 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 not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.19 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) Has control or joint control over the Group.
 - (ii) Has significant influence over the Group.
 - (iii) Is a member of the key management personnel of the Group or of the ultimate holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity.
 - (iii) Both the Group and the Company entity are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a) (i) above has significant influence over the Group or is a member of the key management personnel of the ultimate holding company or the Group.
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Apartments RM'000	Plant and machinery RM'000	Hotel equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Electrical installations RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
2021												
At cost												
Balance at beginning	25,583	17,569	85,211	565	104,685	13,535	4,888	10,963	889	3,489	338	267,715
Additions	-	-	11	-	6,827	20	-	199	-	23	900	7,980
Disposals	-	-	-	-	(2,323)	-	(67)	-	-	-	-	(2,390)
Written off	-	-	-	-	(122)	-	-	-	-	-	-	(122)
Transfer to investment properties (Note 5)	(9,050)	-	(2,132)	-	-	-	-	-	-	-	-	(11,182)
Reclassification	-	-	-	-	533	-	-	-	-	-	(533)	-
Reversal	-	-	(333)	-	-	-	-	-	-	-	-	(333)
Balance at end	16,533	17,569	82,757	565	109,600	13,555	4,821	11,162	889	3,512	705	261,668
Accumulated depreciation												
Balance at beginning	-	4,931	10,806	306	74,319	2,355	3,410	10,610	771	2,355	-	109,863
Current charge	-	329	2,765	7	3,985	1,582	291	190	30	170	-	9,349
Disposals	-	-	-	-	(848)	-	(66)	-	-	-	-	(914)
Written off	-	-	-	-	(122)	-	-	-	-	-	-	(122)
Transfer to investment properties (Note 5)	-	-	(533)	-	-	-	-	-	-	-	-	(533)
Balance at end	-	5,260	13,038	313	77,334	3,937	3,635	10,800	801	2,525	-	117,643
Accumulated impairment losses												
Balance at beginning	-	-	-	-	1,623	-	-	-	-	-	-	1,623
Disposal	-	-	-	-	(1,004)	-	-	-	-	-	-	(1,004)
Balance at end	-	-	-	-	619	-	-	-	-	-	-	619
Carrying amount	16,533	12,309	69,719	252	31,647	9,618	1,186	362	88	987	705	143,406

2020	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Apartments RM'000	Plant and machinery RM'000	Hotel equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Electrical installations RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
At cost												
Balance at beginning	25,583	12,494	82,692	565	104,247	13,427	5,244	10,902	889	3,372	225	259,640
Additions	-	-	1,794	-	548	108	20	72	-	117	333	2,992
Disposals	-	-	-	-	(47)	-	(376)	-	-	-	-	(423)
Written off	-	-	-	-	(283)	-	-	(11)	-	-	-	(294)
Transferred from investment properties (Note 5)	-	5,075	725	-	-	-	-	-	-	-	-	5,800
Reclassification	-	-	-	-	220	-	-	-	-	-	(220)	-
Balance at end	25,583	17,569	85,211	565	104,685	13,535	4,888	10,963	889	3,489	338	267,715
Accumulated depreciation												
Balance at beginning	-	4,569	8,065	299	70,144	783	3,409	10,437	739	2,193	-	100,638
Current charge	-	362	2,741	7	4,265	1,572	365	184	32	162	-	9,690
Disposals	-	-	-	-	(6)	-	(364)	-	-	-	-	(370)
Written off	-	-	-	-	(84)	-	-	(11)	-	-	-	(95)
Balance at end	-	4,931	10,806	306	74,319	2,355	3,410	10,610	771	2,355	-	109,863
Accumulated impairment losses												
Balance at beginning	-	-	-	-	619	-	-	-	-	-	-	619
Current charge	-	-	-	-	1,004	-	-	-	-	-	-	1,004
Balance at end	-	-	-	-	1,623	-	-	-	-	-	-	1,623
Carrying amount	25,583	12,638	74,405	259	28,743	11,180	1,478	353	118	1,134	338	156,229

COMPANY

	Furniture, fittings and office equipment	
	2021 RM'000	2020 RM'000
At cost	171	171
Accumulated depreciation	170	170
Carrying amount	1	1

- (i) The information of right-of-use assets of the Group which are included in the property, plant and equipment is as follows:

GROUP

	Carrying amount RM'000	Current depreciation RM'000
2021		
Leasehold land	12,309	329
Plant and machinery	7,045	1,133
Motor vehicles	982	192
2020		
Leasehold land	12,638	362
Plant and machinery	8,178	1,138
Motor vehicles	1,174	196

- (ii) The carrying amount of leased assets of the Group which are pledged as securities for the finance lease liabilities as disclosed in Note 21 to the financial statements are as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Plant and machinery	7,045	8,178
Motor vehicles	982	1,174
	8,027	9,352

- (iii) The carrying amount of property, plant and equipment of the Group which are pledged as securities to licensed banks for banking facilities granted to certain subsidiaries as disclosed in Note 21 to the financial statements are as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Freehold land	9,955	19,005

- (iv) In the prior financial year, a subsidiary had impaired plant and machinery amounting to RM1,004,242 as a result of technology obsolescence. Such plant and machinery has been disposed of during the financial year.

5. INVESTMENT PROPERTIES

	GROUP	
	2021 RM'000	2020 RM'000
Investment properties at fair value:		
Balance at beginning	4,910	10,715
Transfer from property, plant and equipment (Note 4)	10,649	-
Fair value gain to other comprehensive income at the date of change in used	5,851	-
Fair value loss recognised in profit or loss	(100)	(5)
Transfer to property, plant and equipment (Note 4)	-	(5,800)
	21,310	4,910

The reconciliation of the fair value is shown above.

The investment properties consist of the following:

	GROUP	
	2021 RM'000	2020 RM'000
Freehold land and buildings	17,570	1,050
Apartments	3,740	3,860
	21,310	4,910

- (i) The carrying amount of investment properties of the Group which are pledged to licensed banks as securities for banking facilities granted to a subsidiary as disclosed in Note 21 to the financial statements is **RM9,050,000** (2020: RM Nil).
- (ii) The fair values of investment properties were measured based on valuations performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2). Please refer to Note 2.2 to the financial statements for definition of Level 1 to 3 of the fair value hierarchy.
- (iii) **Group as lessor**

The Group has entered into operating leases on its investment properties. These leases have terms of between one to three years.

The following are recognised in profit or loss in respect of investment properties:

	GROUP	
	2021 RM'000	2020 RM'000
Rental income from income generating properties	99	104
Direct operating expenses		
- Rental income generating	22	37
- Non-rental income generating	105	11

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Within one year	226	78
More than one year and less than five years	114	2
	340	80

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for motor vehicles and premises used in its operations that have lease term of between 2 to 3 years. The lease contracts restrict the Group from assigning and subleasing the leased assets.

The Group also has certain leases of premise, machinery and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Such lease payments are charged to profit or loss on the straight-line basis over the lease term.

Right-of-use assets

Set out below are the carrying amount of right-of-use assets recognised and the movements during the financial year:

	Motor vehicles RM'000	Premises RM'000	Total RM'000
2021			
Balance at beginning	705	461	1,166
Additions	556	223	779
Depreciation	(589)	(267)	(856)
Balance at end	672	417	1,089
2020			
Balance at beginning	1,113	462	1,575
Additions	263	261	524
Depreciation	(616)	(262)	(878)
Derecognition	(55)	-	(55)
Balance at end	705	461	1,166

Lease liabilities

Set out below are the carrying amount of lease liabilities recognised and the movements during the financial year:

	Motor vehicles RM'000	Premises RM'000	Total RM'000
2021			
Balance at beginning	705	461	1,166
Additions	556	223	779
Accretion of interest	24	161	185
Payments	(613)	(428)	(1,041)
Balance at end	<u>672</u>	<u>417</u>	<u>1,089</u>
2020			
Balance at beginning	1,113	462	1,575
Additions	263	261	524
Accretion of interest	30	31	61
Payments	(646)	(293)	(939)
Derecognition	(55)	-	(55)
Balance at end	<u>705</u>	<u>461</u>	<u>1,166</u>
		2021 RM'000	2020 RM'000
Represented by:			
Non-current		375	464
Current		<u>714</u>	<u>702</u>
		1,089	1,166

The maturity analysis of lease liabilities is disclosed in Note 35.4 to the financial statements.

The following are the amounts recognised in profit or loss:

	2021 RM'000	2020 RM'000
Depreciation of right-of-use assets	856	878
Accretion of interest on lease liabilities	185	61
Expenses relating to short term leases	773	678
Expenses relating to lease of low value assets	<u>37</u>	<u>25</u>
Total amount recognised in profit or loss	<u>1,851</u>	<u>1,642</u>

The total cash outflows for leases during the year are **RM4,464,000** (2020: RM4,076,000).

7. INVESTMENT IN SUBSIDIARIES

	COMPANY 2021 RM'000	2020 RM'000
Unquoted shares, at cost	<u>126,884</u>	<u>126,884</u>

The details of the subsidiaries, all of which were incorporated in Malaysia except where indicated, are as follows:

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2021	2020	
Public Packages Sdn. Bhd.	100%	100%	Manufacturing and retailing of corrugated cartons and packing materials.
PPH Printing & Packaging (Penang) Sdn. Bhd.	100%	100%	Manufacturing of offset printed display boxes.
PPH Printing & Packaging (Kulim) Sdn. Bhd.	100%	100%	Manufacturing of gift and display boxes.
Public Packages Properties Sdn. Bhd.	100%	100%	Property investment.
PPASIA Media Packaging Sdn. Bhd.	100%	100%	Design and sale of paper products.
PPH Plaza Sdn. Bhd.	100%	100%	Hotel owner and operating of hotel and managing of properties.
PPH Resources Sdn. Bhd.	100%	100%	Investment holding.
PPH Management (M) Sdn. Bhd.	100%	100%	Provision of management services.
Indirect - held through Public Packages Sdn. Bhd.			
Public Packages (NT) Sdn. Bhd.	100%	100%	Manufacturing of corrugated cartons.
Public Packages (Prai) Sdn. Bhd.	100%	100%	Manufacturing and retailing of corrugated cartons and packing materials.
Indirect - held through Public Packages Properties Sdn. Bhd.			
Quay Hotel Sdn. Bhd.	100%	100%	Dormant.
Indirect - held through PPH Resources Sdn. Bhd.			
Public Packages (Shah Alam) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated cartons and packing materials.
PPH Display Design Sdn. Bhd.	100%	100%	Trading of paper products and providing poster printing services.
Public Packages Asia Sdn. Bhd.	100%	100%	Manufacturing of paper products and packaging materials.
* Public Packages Asia (S) Pte. Ltd. (Incorporated in Singapore)	100%	100%	Total packaging solution provider.

* Not audited by Grant Thornton Malaysia PLT.

8. INVESTMENT IN JOINT VENTURES

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, at cost	19,112	19,112	15,100	15,100
Share of post-acquisition results	11,847	10,782	-	-
Less: Dividend received	(1,000)	(1,100)	-	-
	29,959	28,794	15,100	15,100

The details of the joint ventures, all of which were incorporated in Malaysia, except where indicated, are as follows:

Name of Entities	Effective Equity Interest		Principal Activities
	2021	2020	
^ PPH Teckwah Value Chain Sdn. Bhd. ("PTVC")	50%	50%	Investment holding and the provision of management services to related companies.
New Merit Development Sdn. Bhd. ("NMD")	50%	50%	Investment holding.
Indirect held through PPH Resources Sdn. Bhd.			
^ Kyaw Tha PPH Co., Ltd. (Incorporated in Myanmar)	25%	25%	Manufacturing, sale and export of paper products and packaging.

^ Not audited by Grant Thornton Malaysia PLT.

In the prior financial years, the Group had fully impaired its investment in Kyaw Tha PPH Co., Ltd. and no financial information is presented due to insignificance and immateriality of this investment to the Group.

The following table summarises the financial information of PTVC and NMD, adjusted for entries to facilitate the equity method by the Group, any differences in accounting policies and reconciled the information to the carrying amount of the Group's interest in the joint ventures, which are accounted for using the equity method.

GROUP

	PTVC RM'000	NMD RM'000	Total RM'000
As at 31 December 2021			
Assets and liabilities			
Non-current assets	11,333	45,000	56,333
Current assets excluding cash and bank balances	16,830	140	16,970
Cash and bank balances	6,651	1,908	8,559
Non-current liabilities	(1,495)	(13,853)	(15,348)
Current liabilities	(5,686)	(909)	(6,595)
Net assets	27,633	32,286	59,919
Reconciliation of net assets to carrying amount			
Group's share of net assets, representing carrying amounts in the statements of financial position	13,816	16,143	29,959
Year ended 31 December 2021			
Results			
Revenue	39,725	2,166	41,891
Cost of sales excluding depreciation	(22,808)	-	(22,808)
Depreciation	(1,781)	-	(1,781)
Other income excluding interest income	871	2,000	2,871
Interest income	26	-	26
Interest expense	(53)	(464)	(517)
Other expenses	(14,624)	(209)	(14,833)
Profit before tax	1,356	3,493	4,849
Tax expense	(175)	(344)	(519)
Profit for the financial year, representing total comprehensive income for the financial year	1,181	3,149	4,330
Group's share of total comprehensive income	591	1,574	2,165
Contingent liabilities			
Corporate guarantee extended by PTVC to licensed banks for banking facilities granted to a subsidiary of PTVC	5,100	-	5,100

	PTVC RM'000	NMD RM'000	Total RM'000
As at 31 December 2020			
Assets and liabilities			
Non-current assets	10,680	43,000	53,680
Current assets excluding cash and bank balances	15,773	970	16,743
Cash and bank balances	9,893	688	10,581
Non-current liabilities	(1,361)	(14,777)	(16,138)
Current liabilities	(6,534)	(744)	(7,278)
Net assets	28,451	29,137	57,588
Reconciliation of net assets to carrying amount			
Group's share of net assets, representing carrying amounts in the statements of financial position	14,226	14,568	28,794
Year ended 31 December 2020			
Results			
Revenue	41,100	1,862	42,962
Cost of sales excluding depreciation	(22,725)	-	(22,725)
Depreciation	(1,739)	-	(1,739)
Other income excluding interest income	497	11,073	11,570
Interest income	27	-	27
Interest expense	(13)	(556)	(569)
Other expenses	(14,672)	(348)	(15,020)
Profit before tax	2,475	12,031	14,506
Tax expense	(670)	(1,617)	(2,287)
Profit for the financial year, representing total comprehensive income for the financial year	1,805	10,414	12,219
Group's share of total comprehensive income	903	6,743	7,646
Contingent liabilities			
Corporate guarantee extended by PTVC to licensed banks for banking facilities granted to a subsidiary of PTVC	5,100	-	5,100

9. AMOUNT DUE FROM SUBSIDIARIES

	COMPANY	
	2021 RM'000	2020 RM'000
Non-current	2,333	2,602
Current	1,344	515

The amount due from subsidiaries is non-trade, unsecured, non-interest bearing and classified based on expected timing of realisation.

10. OTHER INVESTMENTS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current assets				
Financial assets at fair value through other comprehensive income				
Quoted equity investments				
- In Malaysia	244	227	-	-
- In Singapore	1,365	1,346	-	-
Total carrying amount	1,609	1,573	*	*
Current assets				
Financial assets at fair value through profit or loss				
Investment in unit trusts	25,149	-	-	-

* Represents RM1

11. INVENTORIES

	GROUP	
	2021 RM'000	2020 RM'000
At cost		
Raw materials	8,544	7,018
Work-in-progress	1,548	974
Finished goods	5,916	5,022
Consumables	1,011	877
	17,019	13,891
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	129,291	123,846
Inventories written down	118	-

12. TRADE RECEIVABLES

	GROUP	
	2021 RM'000	2020 RM'000
Trade receivables	44,450	49,844
Less: Allowance for expected credit losses		
Balance at beginning	(342)	(147)
Current year	-	(195)
Reversal	156	-
Written off	77	-
Balance at end	(109)	(342)
	44,341	49,502

The currency profile of trade receivables is as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	34,619	40,072
United States Dollar	8,621	7,871
Singapore Dollar	1,101	1,559
	44,341	49,502

The trade receivables are non-interest bearing and are generally on **30 to 120 days** (2020: 30 to 120 days) credit terms. They are recognised at their original invoice amounts which represent the fair values on initial recognition.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sundry receivables	1,163	1,092	700	700
Less: Allowance for expected credit losses	(782)	(782)	(700)	(700)
	381	310	-	-
Refundable deposits	374	395	2	2
Non-refundable deposits	1,675	1,678	-	-
Prepayments	978	923	-	-
	3,408	3,306	2	2

The currency profile of other receivables, deposits and prepayments is as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	3,370	3,251	2	2
Singapore Dollar	38	55	-	-
	3,408	3,306	2	2

14. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unencumbered:				
Short term funds with a licensed financial institution	43,138	50,497	17,915	7,639
Fixed deposits with licensed banks	500	100	-	-
Cash in hand and at banks	31,300	29,301	6,543	6,239
	74,938	79,898	24,458	13,878
Encumbered:				
Fixed deposits with licensed banks	228	223	-	-
	75,166	80,121	24,458	13,878

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	63,221	71,075	24,458	13,878
United States Dollar	5,974	3,315	-	-
Singapore Dollar	5,956	5,716	-	-
Australian Dollar	15	15	-	-
	75,166	80,121	24,458	13,878

Short term funds with a licensed financial institution of the Group and of the Company are primarily invested in money market. The funds can be redeemed at any point in time upon request.

The encumbered fixed deposits of the Group are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries as disclosed in Note 21 to the financial statements.

The effective interest rates per annum and maturities of the fixed deposits with licensed banks of the Group as at the end of the reporting period range from **0.98% to 2.35%** (2020: 1.80% to 2.37%) per annum and **1 month to 12 months** (2020: 1 month to 12 months) respectively.

15. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
Issued and fully paid with no par value:				
Balance at beginning	188,624	188,624	94,361	94,361
Issuance of shares pursuant to:				
- Exercise of ESOS	81	-	62	-
- Exercise of ESGS	211	-	173	-
Transfer of ESOS reserve upon exercised	-	-	18	-
Transfer of ESGS reserve upon exercised	-	-	173	-
Balance at end	188,916	188,624	94,787	94,361

During the financial year, the Company had increased its issued and fully paid up ordinary share capital by way of:

- (i) Issuance of **81,000** (2020: Nil) new ordinary shares pursuant to the exercise of ESOS at an exercise price of **RM0.785** and **RM0.75** (2020: RM Nil) per ESOS for a total cash consideration of **RM61,905** (2020: RM Nil). Upon the exercise of the ESOS, the related fair value of the ESOS amounting to **RM17,547** (2020: RM Nil) was transferred from the ESOS reserve to share capital.
- (ii) Issuance of **211,500** (2020: Nil) new ordinary shares pursuant to the exercise of ESGS at an exercise price of **RM0.785** and **RM0.83** (2020: RM Nil) per ESGS for a total amount of **RM173,768** (2020: RM Nil). Upon the exercise of the ESGS, the related fair value of the ESGS amounting to **RM173,768** (2020: RM Nil) was transferred from the ESGS reserve to share capital.

16. REVALUATION RESERVE

GROUP

Included in the revaluation reserve of the Group are an amount of:

- (i) RM482,241 (2020: RM482,241) in respect of the surplus on revaluation of property net of deferred tax in prior years and is non-distributable; and
- (ii) RM4,446,471 (2020: RM Nil) in respect of increase in the fair value of property, plant and equipment net of tax, as a result of change in use of the Group's owner-occupied property to investment property that was carried at fair value at the date of change in use.

17. ESOS AND ESGS RESERVE

GROUP AND COMPANY

ESOS and ESGS reserve represent the equity-settled share options and share grants respectively awarded to the employees of certain subsidiaries and the Company's executive directors. This reserve is made up of the cumulative value of services received from the employees recorded on the grant date of share options and share grants, and is reduced by the exercise or lapse of share options and share grants.

18. FAIR VALUE ADJUSTMENT RESERVE

GROUP

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, recognised through other comprehensive income until they are disposed.

19. FOREIGN TRANSLATION RESERVE

GROUP

This is in respect of foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

20. RETAINED PROFITS

COMPANY

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

21. BORROWINGS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current liabilities				
Secured:				
<u>Finance lease liabilities</u>				
Minimum payments:				
Within one year	1,141	2,783	-	-
More than one year and less than two years	408	1,083	-	-
More than two years and less than five years	87	543	-	-
More than five years	-	10	-	-
	<u>1,636</u>	<u>4,419</u>	<u>-</u>	<u>-</u>
Future finance charges	(65)	(235)	-	-
	<u>1,571</u>	<u>4,184</u>	<u>-</u>	<u>-</u>
Amount due within one year included under current liabilities	(1,094)	(2,620)	-	-
	<u>477</u>	<u>1,564</u>	<u>-</u>	<u>-</u>
<u>Term loans</u>				
Total amount repayable	8,095	8,406	-	-
Amount due within one year included under current liabilities	(1,221)	(1,440)	-	-
	<u>6,874</u>	<u>6,966</u>	<u>-</u>	<u>-</u>
	<u>7,351</u>	<u>8,530</u>	<u>-</u>	<u>-</u>

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current liabilities				
Secured:				
Bank overdrafts	1,396	1,448	418	137
Bill payables	6,876	13,800	-	-
Finance lease liabilities	1,094	2,620	-	-
Term loans	1,221	1,440	-	-
Murabahah financing	3,496	2,414	-	-
	14,083	21,722	418	137
Total borrowings	21,434	30,252	418	137

The borrowings are secured by way of:

- legal charge over the freehold land of a subsidiary as disclosed in Note 4 to the financial statements;
- legal charge over the investment properties of a subsidiary as disclosed in Note 5 to the financial statements;
- pledged of fixed deposits with licensed banks of certain subsidiaries as disclosed in Note 14 to the financial statements;
- negative pledge;
- joint and several guarantee of subsidiaries;
- corporate guarantees of the Company; and
- leased assets as disclosed in Note 4 to the financial statements.

A summary of the effective interest rates per annum and the maturities of the borrowings is as follows:

	Effective interest rates per annum (%)	Total RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
GROUP						
2021						
Bank overdrafts	6.45 to 6.95	1,396	1,396	-	-	-
Bill payables	3.00 to 3.60	6,876	6,876	-	-	-
Finance lease liabilities	2.54 to 3.37	1,571	1,094	393	84	-
Term loans	5.60 to 6.60	8,095	1,221	2,086	3,988	800
Murabahah financing	3.15 to 6.75	3,496	3,496	-	-	-
2020						
Bank overdrafts	6.60 to 6.95	1,448	1,448	-	-	-
Bill payables	2.97 to 3.63	13,800	13,800	-	-	-
Finance lease liabilities	2.54 to 3.37	4,184	2,620	1,033	522	9
Term loans	5.60 to 6.60	8,406	1,440	1,677	5,279	10
Murabahah financing	3.15 to 6.75	2,414	2,414	-	-	-

	Effective interest rates per annum (%)	Total RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
COMPANY						
2021						
Bank overdraft	6.95	418	418	-	-	-
2020						
Bank overdraft	6.95	137	137	-	-	-

22. DEFERRED TAX LIABILITIES

	GROUP	
	2021 RM'000	2020 RM'000
Balance at beginning	9,121	8,162
Recognised in profit or loss	143	825
Recognised in other comprehensive income	1,404	(96)
	10,668	8,891
Under provision in prior year	41	230
Balance at end	10,709	9,121

The recognised deferred tax liabilities/(assets), after appropriate offsetting, are as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Deferred tax liabilities	10,709	9,232
Deferred tax assets	-	(111)
	10,709	9,121

The deferred tax liabilities/(assets) as at the end of the reporting period are represented by temporary differences arising from:

	GROUP	
	2021 RM'000	2020 RM'000
Property, plant and equipment	7,395	6,466
Investment properties	337	163
Revaluation reserve	4,240	2,836
Unabsorbed capital allowances	(454)	(292)
Unabsorbed reinvestment allowance	(792)	-
Others	(17)	(52)
	10,709	9,121

23. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	12,984	8,924
United States Dollar	147	351
Singapore Dollar	48	40
	13,179	9,315

The trade payables are non-interest bearing and are normally settled on **30 to 120 days** (2020: 30 to 120 days) credit terms.

24. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other payables	2,954	4,638	-	3
Accruals	5,245	4,802	31	31
Deposits received	412	207	-	-
GST payable	30	46	-	-
SST payable	953	1,115	-	-
	9,594	10,808	31	34

The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	9,301	10,261	31	34
Singapore Dollar	291	417	-	-
United States Dollar	2	130	-	-
	9,594	10,808	31	34

Included in the other payables of the Group is an amount of:

- (i) **RM61,290** (2020: RM16,968) due to a company in which certain directors of the Company have financial interests; and
- (ii) **RM16,713** (2020: RM Nil) due to a company in which certain directors of the Company have directorship.

The amounts are unsecured, non-interest bearing and repayable on demand.

25. CONTRACT LIABILITIES

	GROUP	
	2021 RM'000	2020 RM'000
Balance at beginning	2,460	1,672
Revenue recognised during the year	(1,066)	(1,189)
Deposits received during the year	3,355	1,977
Balance at end	4,749	2,460

Contract liabilities represent deposits received from customers in advance for sales orders before commencing production activity. The deposits will be reversed and recognised as revenue upon satisfying the performance obligation.

All deposits received are expected to be recognised as revenue within one year from the date of receipt.

26. REVENUE

26.1 Disaggregated revenue information

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Types of revenue				
Sales of goods	190,423	182,616	-	-
Hotel operation income	5,620	7,009	-	-
Rental income	494	512	-	-
Total revenue from contracts with customers	196,537	190,137	-	-
Gross dividend from				
- a joint venture	-	-	1,000	1,100
- subsidiaries	-	-	10,000	10,000
- short term funds	271	139	271	139
Other revenue	271	139	11,271	11,239
Total revenue	196,808	190,276	11,271	11,239
Timing of revenue recognition				
At a point in time	196,043	189,625	-	-
Over time	494	512	-	-
Total revenue from contracts with customers	196,537	190,137	-	-

Geographical segments

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	181,524	177,471	-	-
Asia Pacific	13,266	12,016	-	-
United States of America	1,294	302	-	-
Europe	451	338	-	-
Others	2	10	-	-
Total revenue from contracts with customers	196,537	190,137	-	-

26.2 Performance obligations

Performance obligations of respective revenue are disclosed in Note 3.10 to the financial statements.

Unsatisfied performance obligations

The transaction price allocated to the remaining performance obligations of the Group (unsatisfied or partially unsatisfied) to be fulfilled within one year as at the end of the reporting period is **RM4,748,669** (2020: RM2,460,239).

26.3 Variable considerations

There are no material variable considerations noted during the year.

27. COST OF SALES

	GROUP	
	2021 RM'000	2020 RM'000
Direct operating costs from sales of goods	128,825	123,262
Hotel operation expenses	6,694	7,117
	135,519	130,379

28. PROFIT BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
After charging:				
Auditors' remuneration				
- Company's auditors				
- statutory audit - current year	155	155	26	26
- over provision in in prior year	-	(1)	-	-
- other services	10	3	3	3
- Other auditors				
- statutory audit	14	14	-	-
Allowance for expected credit losses	-	195	-	-

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Bad debts	-	19	9	-
Depreciation of property, plant and equipment	9,349	9,690	-	-
Depreciation of right-of-use assets	856	878	-	-
Directors' fees for non-executive directors	78	78	78	78
Expenses relating to short term leases	773	678	-	-
Expenses relating to lease of low value assets	37	25	-	-
Fair value loss on investment properties	100	5	-	-
Impairment loss on property, plant and equipment	-	1,004	-	-
* Interest expenses	1,411	1,907	24	538
Inventories written down	118	-	-	-
Loss on disposal of property, plant and equipment	-	1	-	-
Property, plant and equipment written off	-	199	-	-
Realised loss on foreign exchange	-	16	-	-
** Staff costs	45,113	45,918	20	-
And crediting:				
Accretion of interest on amount due from a subsidiary	-	-	101	-
Interest income	26	45	-	-
Gain on disposal of property, plant and equipment	60	24	-	-
Gross dividend from				
- quoted equity shares	54	50	-	-
- short term funds	1,179	904	-	-
Realised gain on foreign exchange	423	150	-	-
Rental income	296	256	-	-
Reversal of allowance for expected credit losses	156	-	-	-
* Interest expenses				
- Accretion of interest on lease liabilities	185	61	-	-
- Bank overdrafts	108	180	24	10
- Bill payables	300	647	-	-
- Finance lease liabilities	170	283	-	-
- Murabahah financing	148	66	-	-
- Term loans	500	670	-	-
- Unwinding discount on amount due from a subsidiary	-	-	-	528
	1,411	1,907	24	538

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
** Staff costs				
- Director's fee	-	109	-	-
- Salaries, bonus, wages overtime and allowance	40,245	41,070	-	-
- EPF	4,230	4,265	-	-
- SOCSO and EIS	445	474	-	-
- Equity-settled share-based payment	193	-	20	-
	45,113	45,918	20	-

Directors' emoluments

Included in the Group's and the Company's staff costs is directors' emoluments as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive directors of the Company:				
- Salaries, allowance and bonus	2,314	2,414	-	-
- EPF	432	457	-	-
- SOCSO and EIS	7	7	-	-
- Equity-settled share-based payment	18	-	1	-
	2,771	2,878	1	-
- Benefits-in-kind	91	70	-	-
	2,862	2,948	1	-
Executive directors of the subsidiaries:				
- Director's fee	-	109	-	-
- Salaries, allowance and bonus	2,035	2,254	-	-
- EPF	316	323	-	-
- SOCSO and EIS	4	5	-	-
- Equity-settled share-based payment	107	-	13	-
	2,462	2,691	13	-
- Benefits-in-kind	65	74	-	-
	2,527	2,765	13	-
Total executive directors' emoluments	5,389	5,713	14	-

29. TAX (EXPENSE)/INCOME

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Based on results for the financial year				
- Current tax				
- Malaysian income tax	(6,980)	(7,795)	-	-
- Foreign tax	(21)	(200)	-	-
	(7,001)	(7,995)	-	-
- Deferred tax relating to the origination and reversal of temporary differences	(143)	(825)	-	-
	(7,144)	(8,820)	-	-
(Under)/Over provision in prior year				
- Current tax	(368)	192	-	3
- Deferred tax	(41)	(230)	-	-
	(409)	(38)	-	3
	(7,553)	(8,858)	-	3

Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

The reconciliation of tax (expense)/income of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	31,225	35,981	11,088	10,472
Less: Share of results of joint ventures	(2,165)	(7,646)	-	-
	29,060	28,335	11,088	10,472
Income tax at Malaysian statutory tax rate of 24%	(6,974)	(6,800)	(2,661)	(2,513)
Different tax rates in foreign jurisdiction	20	122	-	-
Income not subject to tax	361	262	2,729	2,697
Expenses not deductible for tax purposes	(903)	(756)	(68)	(184)
Effect of double deduction	80	61	-	-
Utilisation of reinvestment allowance	191	316	-	-
Utilisation of unrecognised unused tax losses and unabsorbed capital allowances	5	48	-	-
Balance carried forward	(7,220)	(6,747)	-	-

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance brought forward	(7,220)	(6,747)	-	-
Deferred tax assets not recognised	(629)	(459)	-	-
Reversal of deferred tax assets on unused tax losses previously recognised	-	(1,758)	-	-
Deferred tax assets recognised on unabsorbed reinvestment allowance	792	-	-	-
Effect of Real Property Gains Tax applied on the fair value changes of the investment properties	(174)	(163)	-	-
Annual crystallisation of deferred tax on revaluation reserve	87	307	-	-
	(7,144)	(8,820)	-	-
(Under)/Over provision in prior year	(409)	(38)	-	3
	(7,553)	(8,858)	-	3

The following deferred tax assets (gross amount) have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unused tax losses	8,995	8,986	-	-
Unabsorbed capital allowances	4,869	2,254	190	190
Others	37	60	-	-
	13,901	11,300	190	190

The gross amount and future availability of unused tax losses and unabsorbed capital allowances which are available to be carried forward for set-off against future taxable income are estimated as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unused tax losses	8,995	8,986	-	-
Unabsorbed capital allowances	11,389	11,280	190	190
Unabsorbed reinvestment allowances	3,301	-	-	-

The unused tax losses can be carried forward for ~~ten~~ (2020: seven) consecutive years of assessment immediately following that year of assessment ("YA") of which tax losses was incurred and this is effective from YA 2018. Unabsorbed reinvestment allowance at the end of the qualifying reinvestment allowance period of fifteen years can be carried forward for seven consecutive years of assessment. However, unabsorbed capital allowance can be carried forward indefinitely.

The unabsorbed reinvestment allowance will expire in the YA 2028, while the unused tax losses will expire in the following YAs :

	GROUP	
	2021	2020
	RM'000	RM'000
YA 2025	-	5,216
YA 2026	-	1,790
YA 2027	-	1,980
YA 2028	5,196	-
YA 2029	1,790	-
YA 2030	1,946	-
YA 2031	63	-
	8,995	8,986

30. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2021	2020
Profit for the financial year (RM'000)	23,672	27,123
Weighted average number of ordinary shares in issue ('000)	188,683	188,624
Basic earnings per share (sen)	12.55	14.38

(b) Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted to assume conversion of all dilutive potential ordinary shares arising from shares granted to employees as follows.

	GROUP	
	2021	2020
Profit for the financial year (RM'000)	23,672	27,123

	GROUP	
	2021	2020
Weighted average number of ordinary shares in issue ('000)	188,683	188,624
Adjustment for dilutive effect of ESOS	7	-
	<u>188,690</u>	<u>188,624</u>
Diluted earnings per share (sen)	<u>12.55</u>	<u>14.38</u>

31. **DIVIDEND**

	2021 RM'000	2020 RM'000
In respect of financial year ended 31 December 2020		
- Single tier interim dividend of RM0.0025 per share	472	-
In respect of financial year ended 31 December 2019		
- Single tier interim dividend of RM0.0025 per share	-	472
	<u>472</u>	<u>472</u>

32. **CAPITAL COMMITMENTS**

	GROUP	
	2021 RM'000	2020 RM'000
Property, plant and equipment		
- Contracted but not provided for	4,017	4,800

33. **SEGMENTAL INFORMATION**

Segmental information is presented in respect of the Group's business and geographical segments. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results and assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business Segments

The operations of the Group are organised into the following main business segments:

- | | | |
|-------|---------------|---|
| (i) | Investment | Investment holding and provision of financial, administrative and advisory services. |
| (ii) | Manufacturing | Manufacturing and retailing of corrugated cartons, packing materials, gift and display box. |
| (iii) | Property | Property investment. |

- | | | |
|------|-------------|--|
| (iv) | Trading | Trading of paper products, design and sale of paper. |
| (v) | Hospitality | Management and operation of hotel and restaurant. |

Performance is measured based on segment operating profit as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current financial year and previous financial year.

Segment assets exclude tax assets and unallocated assets.

Segment liabilities exclude tax liabilities and unallocated liabilities.

	Investment RM'000	Manufacturing RM'000	Property RM'000	Trading RM'000	Hospitality RM'000	Eliminations RM'000	Note	Total RM'000
2021								
Revenue								
External sales	271	182,174	99	8,249	6,015	-		196,808
Inter-segment sales	16,458	56,538	630	4	-	(73,630)	A	-
Total revenue	16,729	238,712	729	8,253	6,015	(73,630)		196,808
Result								
Segment results	110	32,064	(390)	300	(1,766)	-		30,318
Interest income								26
Interest expense								(1,284)
Share of results of joint ventures								2,165
Profit before tax								31,225
Tax expense								(7,553)
Profit for the financial year								23,672
Assets								
Segment assets	18,211	216,061	4,835	10,590	82,799	-		332,496
Investment in joint ventures								29,959
Current tax assets								814
Total assets								363,269
Liabilities								
Segment liabilities	453	40,806	63	1,596	7,127	-		50,045
Deferred tax liabilities								10,709
Current tax liabilities								1,137
Total liabilities								61,891
Other segment information								
Additions to non-current assets	-	8,485	-	218	56	-	B	8,759
Depreciation	-	6,961	4	211	3,029	-		10,205
Non-cash (income)/expenses other than depreciation	193	(75)	100	-	(23)	-	C	195

	Investment RM'000	Manufacturing RM'000	Property RM'000	Trading RM'000	Hospitality RM'000	Eliminations RM'000	Note	Total RM'000
2020								
Revenue								
External sales	139	173,057	104	9,559	7,417	-		190,276
Inter-segment sales	<u>16,153</u>	<u>47,431</u>	<u>630</u>	<u>4</u>	<u>19</u>	<u>(64,237)</u>	A	<u>-</u>
Total revenue	<u>16,292</u>	<u>220,488</u>	<u>734</u>	<u>9,563</u>	<u>7,436</u>	<u>(64,237)</u>		<u>190,276</u>
Result								
Segment results	(111)	30,455	(282)	1,659	(1,524)	-		30,197
Interest income								45
Interest expense								(1,907)
Share of results of joint ventures								<u>7,646</u>
Profit before tax								35,981
Tax expense								<u>(8,858)</u>
Profit for the financial year								<u>27,123</u>
Assets								
Segment assets	14,000	200,020	5,008	10,654	81,016	-		310,698
Investment in joint ventures								28,794
Current tax assets								<u>336</u>
Total assets								<u>339,828</u>
Liabilities								
Segment liabilities	175	44,499	59	1,510	7,758	-		54,001
Deferred tax liabilities								9,121
Current tax liabilities								<u>3,369</u>
Total liabilities								<u>66,491</u>
Other segment information								
Additions to non-current assets	-	1,501	-	-	2,015	-	B	3,516
Depreciation	-	6,955	4	87	3,522	-		10,568
Non-cash expenses other than depreciation	-	1,334	5	-	60	-	C	1,399

Notes to segmental information:

A Inter-segment revenue are eliminated on consolidation.

B Additions to non-current assets consist of:

	2021 RM'000	2020 RM'000
Property, plant and equipment	7,980	2,992
Right-of-use assets	779	524
	8,759	3,516

C Other material non-cash (income)/expenses other than depreciation consist of the following items:

	2021 RM'000	2020 RM'000
Allowance for expected credit losses	-	195
Bad debts	-	19
Equity-settled share-based payments	193	-
Fair value loss on investment properties	100	5
Gain on disposal of property, plant and equipment	(60)	(24)
Impairment loss on property, plant and equipment	-	1,004
Inventories written down	118	-
Loss on disposal of property, plant and equipment	-	1
Property, plant and equipment written off	-	199
Reversal of allowance for expected credit losses	(156)	-
	195	1,399

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and non-current assets respectively are as follows:

	Revenue		Non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	181,795	177,610	195,838	191,087
Asia Pacific	13,266	12,016	1,535	1,585
United States of America	1,294	302	-	-
Europe	451	338	-	-
Others	2	10	-	-
	196,808	190,276	197,373	192,672

Information about major customers

There is no single customer that contributed to 10% or more of the Group's revenue during the financial year.

34. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group has related party relationship with its subsidiaries, joint ventures, key management personnel and the following parties:

Related parties	Relationship
Fame Pack Holdings Sdn. Bhd.	A substantial shareholder of the Company and connected to Mr. Koay Chiew Poh.
Koay Boon Pee Holding Sdn. Bhd.	A company in which the directors of the Company, namely Koay Chiew Poh, Koay Chiew Kang and Koay Chue Beng, have substantial financial interests.
Peoples Primary Healthcare Sdn. Bhd.	A company in which the directors of the Company, namely Koay Teng Liang and Koay Teng Kheong, have substantial financial interests.
Peoples Primary Pharmacy Sdn. Bhd.	A company in which person connected to directors of the Company, namely Koay Chiew Poh and Koay Teng Kheong have directorship.

(ii) Related Parties Transactions

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Dividend income from subsidiaries	-	-	10,000	10,000
Dividend income from a joint venture	-	-	1,000	1,100
Accommodation charges by a subsidiary	-	-	-	5
Rental of premises paid to related parties				
- Fame Pack Holdings Sdn. Bhd.	233	215	-	-
- Koay Boon Pee Holdings Sdn. Bhd.	83	84	-	-
Rental of premise paid to certain directors of the Company	60	78	-	-
Rental of premise paid to a director of a subsidiary	24	6	-	-
Rental of motor vehicles paid to a related party				
- Koay Boon Pee Holding Sdn. Bhd.	613	646	-	-

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Medical care and supplies paid to related parties				
- Peoples Primary Healthcare Sdn. Bhd.	269	180	-	-
- Peoples Primary Pharmacy Sdn. Bhd.	68	-	-	-
	<u>337</u>	<u>180</u>	<u>-</u>	<u>-</u>

(iii) **Compensation of key management personnel**

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly.

The remuneration of the directors and other members of key management during the financial year is as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors' fees	78	187	78	78
Salaries and other short-term employee benefits	6,567	6,809	-	-
Defined contribution plan	1,091	1,107	-	-
Equity-settled share-based payment	164	-	18	-
	<u>7,900</u>	<u>8,103</u>	<u>96</u>	<u>78</u>
Analysed as:				
- Directors	5,467	5,791	92	78
- Key management personnel	2,433	2,312	4	-
	<u>7,900</u>	<u>8,103</u>	<u>96</u>	<u>78</u>

35. **FINANCIAL INSTRUMENTS**

35.1 **Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as fair value through profit or loss ("FVTPL"), amortised cost ("AC") and fair value through other comprehensive income ("FVOCI").

	Carrying amount RM'000	FVTPL RM'000	AC RM'000	FVOCI RM'000
GROUP				
2021				
Financial assets				
Other investments	26,758	25,149	-	1,609
Trade receivables	44,341	-	44,341	-
Other receivables and refundable deposits	755	-	755	-
Cash and bank balances	75,166	-	75,166	-
	147,020	25,149	120,262	1,609
Financial liabilities				
Borrowings excluding finance lease liabilities	19,863	-	19,863	-
Trade payables	13,179	-	13,179	-
Other payables and accruals excluding GST and SST payable	8,611	-	8,611	-
	41,653	-	41,653	-
2020				
Financial assets				
Other investments	1,573	-	-	1,573
Trade receivables	49,502	-	49,502	-
Other receivables and refundable deposits	705	-	705	-
Cash and bank balances	80,121	-	80,121	-
	131,901	-	130,328	1,573
Financial liabilities				
Borrowings excluding finance lease liabilities	26,068	-	26,068	-
Trade payables	9,315	-	9,315	-
Other payables and accruals excluding GST and SST payable	9,647	-	9,647	-
	45,030	-	45,030	-
COMPANY				
2021				
Financial assets				
Other investments	*	-	-	*
Other receivables and refundable deposits	2	-	2	-
Amount due from subsidiaries	3,677	-	3,677	-
Cash and bank balances	24,458	-	24,458	-
	28,137	-	28,137	-

	Carrying amount RM'000	FVTPL RM'000	AC RM'000	FVOCI RM'000
Financial liabilities				
Borrowings	418	-	418	-
Other payables and accruals	31	-	31	-
	449	-	449	-
2020				
Financial assets				
Other investments	*	-	-	*
Other receivables and refundable deposits	2	-	2	-
Amount due from subsidiaries	3,117	-	3,117	-
Cash and bank balances	13,878	-	13,878	-
	16,997	-	16,997	-
Financial liabilities				
Borrowings	137	-	137	-
Other payables and accruals	34	-	34	-
	171	-	171	-

* Represents RM1

35.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

35.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to certain subsidiaries.

35.3.1 Trade receivables

The Group extends credit terms to the customers that range between 30 to 120 days. Credit terms extended to its customers is based on careful evaluation on the customers' financial condition and payment history. Receivables are monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts. In order to further minimise its exposure to credit risk, the Group requires deposits from the customers.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

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

	Gross RM'000	Allowance for expected credit losses RM'000	Net RM'000
GROUP			
2021			
Not past due	34,792	-	34,792
1 to 30 days past due	7,000	-	7,000
31 to 60 days past due	1,730	-	1,730
61 to 90 days past due	699	-	699
More than 90 days past due	120	-	120
	9,549	-	9,549
Impaired	109	(109)	-
	44,450	(109)	44,341
2020			
Not past due	36,936	-	36,936
1 to 30 days past due	8,353	-	8,353
31 to 60 days past due	1,697	-	1,697
61 to 90 days past due	1,918	-	1,918
More than 90 days past due	598	-	598
	12,566	-	12,566
Impaired	342	(342)	-
	49,844	(342)	49,502

Trade receivables that are neither past due nor impaired are credit worthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM9,549,272** (2020: RM12,565,656) that are past due but not impaired at the end of the reporting period as the management is of the view that these debts will be collected in due course.

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

As at the end of the reporting period, the Group has no significant concentration of credit risks.

Maximum exposure to credit risk

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross RM'000	Allowance for expected credit losses RM'000	Net RM'000
Credit risk rating			
GROUP			
2021			
Low risk	44,341	-	44,341
Individually impaired	109	(109)	-
	44,450	(109)	44,341
2020			
Low risk	49,502	-	49,502
Individually impaired	342	(342)	-
	49,844	(342)	49,502

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as country risk assessment has been incorporated in determining the expected credit losses.

Trade receivables are usually collectible and the Group does not have much material historical bad debts written off or impairment of trade receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. No expected credit losses is provided during the financial year based on the above assessment as the impact to the Group's financial statements is not material.

35.3.2 Financial guarantees

The Company provides unsecured financial guarantees to financial institutions in respect of banking facilities granted to certain subsidiaries and a joint venture company up to a limit of **RM165,899,803** (2020: RM165,899,803), of which the amount utilised as at the end of the reporting period was **RM34,171,339** (2020: RM43,058,412), representing the credit risk exposure to the Company as at that date.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiaries would default on repayment. The directors considered that the fair value of the financial guarantee contracts on initial recognition is insignificant.

35.3.3 Intercompany advances

The Company provides advances to its subsidiaries and monitors their results regularly.

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of these advances.

35.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period and are based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	More than one year and less than five years RM'000	More than five years RM'000
GROUP					
2021					
<i>Non-derivative financial liabilities</i>					
Borrowings	21,434	23,012	14,974	6,966	1,072
Lease liabilities	1,089	1,259	872	387	-
Trade payables	13,179	13,179	13,179	-	-
Other payables and accruals excluding GST and SST payable	8,611	8,611	8,611	-	-
Total undiscounted financial liabilities	44,313	46,061	37,636	7,353	1,072
2020					
<i>Non-derivative financial liabilities</i>					
Borrowings	30,252	32,009	22,374	8,495	1,140
Lease liabilities	1,166	1,196	856	340	-
Trade payables	9,315	9,315	9,315	-	-
Other payables and accruals excluding GST and SST payable	9,647	9,647	9,647	-	-
Total undiscounted financial liabilities	50,380	52,167	42,192	8,835	1,140

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	More than one year and less than five years RM'000	More than five years RM'000
COMPANY					
2021					
<i>Non-derivative financial liabilities</i>					
Borrowings	418	418	418	-	-
Other payables and accruals	31	31	31	-	-
Financial guarantee *	-	34,171	34,171	-	-
Total undiscounted financial liabilities	449	34,620	34,620	-	-
2020					
<i>Non-derivative financial liabilities</i>					
Borrowings	137	137	137	-	-
Other payables and accruals	34	34	34	-	-
Financial guarantee *	-	43,058	43,058	-	-
Total undiscounted financial liabilities	171	43,229	43,229	-	-

* The financial guarantees are included for illustration purpose only as they have not crystallised as at the end of the reporting period.

35.5 Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on their carrying amount as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate instruments				
Financial assets	728	323	-	-
Financial liabilities	11,943	20,398	-	-
Floating rate instruments				
Financial liabilities	9,491	9,854	418	137

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before tax by the amount shown below and a decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Decrease in profit before tax	27	34	1	1

35.6 Foreign currency risk

The objectives of the Group's foreign exchange policy are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have decreased profit before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect.

	GROUP	
	2021 RM'000	2020 RM'000
USD	1,445	1,071
SGD	(5)	2
Others	2	1
Decrease in profit before tax	1,442	1,074

35.7 Equity price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial assets designated at FVTPL and FVOCI will fluctuate because of changes in market prices. Equity price risk arises from the Group's other investments which are the equity securities quoted in both local and foreign countries and investment in unit trusts.

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Company. While for the investment in unit trusts, the management of the Group monitors the unit trusts and it can be redeemed at any time upon notice given to the financial institution.

Sensitivity analysis for equity price risk

As at the end of the reporting period, if the share prices of the quoted equity securities had been 5% higher/lower, with all other variables held constant, the Group's profit before tax would have been **RM80,429** (2020: RM78,707) higher/lower, arising as a result of higher/lower fair value gain on investments in quoted shares.

As at the end of the reporting period, if the prices of the unit trusts had been 1% higher/lower, with all other variables held constant, the Group's profit before tax would have been **RM251,495** (2020: RM Nil) higher/lower, arising as a result of higher/lower fair value gain on investments in unit trusts.

36. FAIR VALUE MEASUREMENT

The carrying amounts of the Group's and the Company's financial assets (other than investments in quoted financial instruments) and financial liabilities as at the end of the reporting period approximate their fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of the non-current portion of finance lease liabilities is reasonable approximation of fair values due to the insignificant impact of discounting.

36.1 Financial assets that are measured at fair value on a recurring basis

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
GROUP					
2021					
Financial asset					
Other investments	26,758	-	-	26,758	26,758
2020					
Financial asset					
Other investments	1,573	-	-	1,573	1,573

Level 1 fair value

Level 1 fair value of the other investments is derived by reference to their quoted market prices in active markets at the end of reporting period.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between level 1, 2 and level 3 during the financial year.

36.2 Non-financial assets that are measured at fair value

The directors determine the recurring fair values of the Group's investment properties based on the followings:

- (i) With reference to valuation report by external independent qualified property valuer using the market comparison method, being comparison of current price in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, size, present market trends and other differences; and
- (ii) Current market values with reference to the selling prices of similar properties.

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
GROUP					
2021					
Investment properties	-	21,310	-	21,310	21,310
2020					
Investment properties	-	4,910	-	4,910	4,910

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 2 fair value of investment properties have been generally derived using the market comparison approach. Selling price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

37. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management policy is to maintain a strong capital base to support their business and to maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in economic conditions or expansion of the Group and of the Company. The Group and the Company may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The Group and the Company consider their total equity and total loans and borrowings to be the key components of their capital structure. The Group and the Company monitor capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total borrowings	21,434	30,252	418	137
Less: Cash and bank balances	(75,166)	(80,121)	(24,458)	(13,878)
Net cash	(53,732)	(49,869)	(24,040)	(13,741)
Total equity	301,378	273,337	169,692	158,821
Gearing ratio	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾

⁽ⁱ⁾ N/A – Not applicable as net cash position

38. EMPLOYEE SHARE OPTION SCHEME (“ESOS”) AND EMPLOYEE SHARE GRANT SCHEME (“ESGS”)

The Company's ESOS and ESGS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting held on 29 August 2017. The ESOS and ESGS will be in force for a maximum period of five years till 6 October 2022.

The salient features of the ESOS and ESGS are as follows:

- (i) The total number of new ordinary shares which are available to be issued under the ESGS and ESOS shall not in aggregate exceed fifteen percent (15%) of the total issued and share capital (excluding treasury shares) of the Company at any point in time during the duration of the scheme.
- (ii) A person shall be eligible to participate in the ESGS and ESOS if, as at the date of offer, has attained the age of at least eighteen (18) years old; not be an undischarged bankrupt nor subject to any bankruptcy proceedings; is serving in a specific designation under an employment contract, whether on a permanent contract or for a fixed duration. Eligibility to participate in the scheme does not confer on an Eligible Person a claim or right to participate in the scheme unless the ESGS and ESOS Committee has made an offer and the Eligible Person has accepted the offer in accordance with the terms of the offer and the scheme. The selection of any Eligible Person to participate in the scheme shall be at the discretion of the ESGS and ESOS Committee.
- (iii) The aggregate maximum number of shares that may be allocated shall be determined by the Scheme Committee, on an annual basis, provided that the allocation to any individual Eligible Person who, either singly or collectively through persons connected with that Eligible person, holds twenty percent (20%) or more of the issued share capital of the Company, shall not exceed ten percent (10%) of the Maximum Shares Available.
- (iv) The options shall continue to be in force for a period of five (5) years thereafter, provided that the approval of Bursa securities for the listing of and quotation for the new shares to be issue; the approval of the shareholders of the Company; and the fulfilment of all conditions attached to the approvals.
- (v) The new ordinary shares to be allotted upon the exercise of the option will, upon allotment, rank *pari passu* in all respects with the then existing issued and fully paid-up shares of the Company, except that the new ordinary shares so allotted will not be entitled to any rights, dividends, allotments or other forms of distribution, the entitlement date of which is declared prior to the date of allotment of the ordinary shares and will be subject to all the provisions of the Constitution of the Company and the Listing Requirements relating to transfer, transmission and otherwise.

Employee share option scheme

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	Batch 1 Number of share options	WAEP RM	Batch 2 Number of share options	WAEP RM
Offer date	21.7.21		26.10.21	
Granted	39,500	0.785	52,000	0.75
Exercised	(33,000)	0.785	(48,000)	0.75
Rejected	-		(4,000)	0.75
Balance at end	6,500	0.785	-	0.75

The weighted average fair value of share options during the financial year was **RM0.22** (2020: RM Nil).

The weighted average share price at the date of exercise of the share options exercised during the year was **RM1.00** (2020: RM Nil).

Fair value of share options

The fair value of the share options granted were estimated at the grant date using the Black-Scholes Model, taking into account the terms and conditions upon which the share options were granted.

The following table lists the inputs to the Black-Scholes models for the financial year ended 31 December:

	GROUP	
Offer date	21.7.21	26.10.21
Fair value of share options at grant date (RM)	0.2491	0.1943
Expected volatility (%)	72.93	50.38
Risk-free interest rate (% p.a.)	3.48	3.48
Expected dividend yield (%)	0	0
Expected life of options (days)	441	344
Share price (RM)	1.02	1.00
Exercise price (RM)	0.785	0.75

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the share options is indicative of future trends, which may not necessarily be the actual outcome.

Employee share grant scheme

Movement of share grant during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share grant during the financial year:

	Batch 1 Number of share grant	WAEP RM	Batch 2 Number of share grant	WAEP RM
Offer date	21.07.21		26.10.21	
Granted	39,500	0.785	172,000	0.83
Exercised	(39,500)	0.785	(172,000)	0.83
Balance at end	-	0.785	-	0.83

The weighted average fair value of share grants during the financial year was **RM0.82** (2020: RM Nil).

The weighted average share price at the date of exercise of the grants exercised during the year were **RM1.00** (2020: RM Nil).

Fair value of share grant

The fair value of the share grant granted were estimated at the grant date using the Black-Scholes Model, taking into account the terms and conditions upon which the share grant were granted.

The following table lists the inputs to the Black-Scholes models for the financial year ended 31 December:

	GROUP	
Offer date	21.7.21	26.10.21
Fair value of share grants at grant date (RM)	0.785	0.83
Expected volatility (%)	72.93	50.38
Risk-free interest rate (% p.a.)	3.48	3.48
Expected dividend yield (%)	0	0
Expected life of option (days)	-	-
Share price (RM)	1.02	1.00
Exercise price (RM)	0.785	0.83

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the share grants is indicative of future trends, which may not necessarily be the actual outcome.

39. SIGNIFICANT EVENT

The World Health Organisation declared the 2019 Novel Coronavirus ("COVID-19") outbreak a pandemic on 11 March 2020. This was followed by our government issuing a Gazetted Order known as 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 Group operates.

The Group's manufacturing division is achieving better performance in the financial year ended 31 December 2021 following the economic recovery of Malaysia. Furthermore, the Group is neither receiving any cancellation of sales orders nor facing customers' delay in payments, and is not facing major disruption in the supply chain.

On the other hand, the travel restriction has continued to cause the disruption to the Group's hotel operations. However, the hotel operation has recovered gradually in the last quarter of the financial year ended 31 December 2021. With the government's effort to reopen the border to international visitors from 1st April 2022 and to allow the fully vaccinated travelers entering the country without quarantine, the Group can expect a positive recovery in the hotel division in the financial year ending 31 December 2022.

The Group will continue its effort in mitigating the exposure and disruptions in the business operations by strictly adherence to standard operating procedures and guidelines issued by authorities to ensure the health and safety of employees and stakeholders.

