

G Capital

G Capital Berhad

[Registration No. 199501000977 (330171-P)]

(KLSE Stock Code: 7676)

ANNUAL REPORT 2021



**Renewable
Energy**

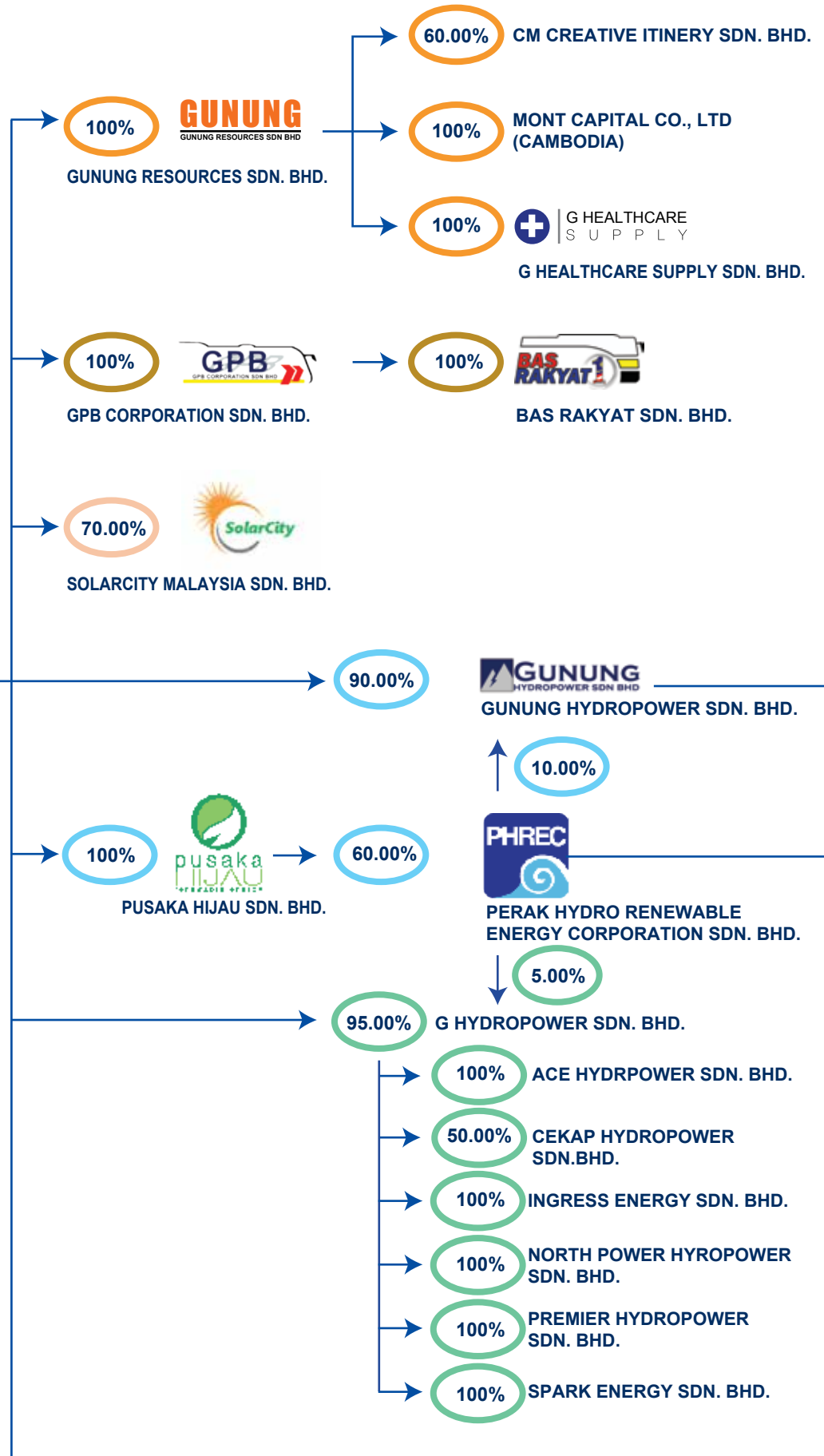
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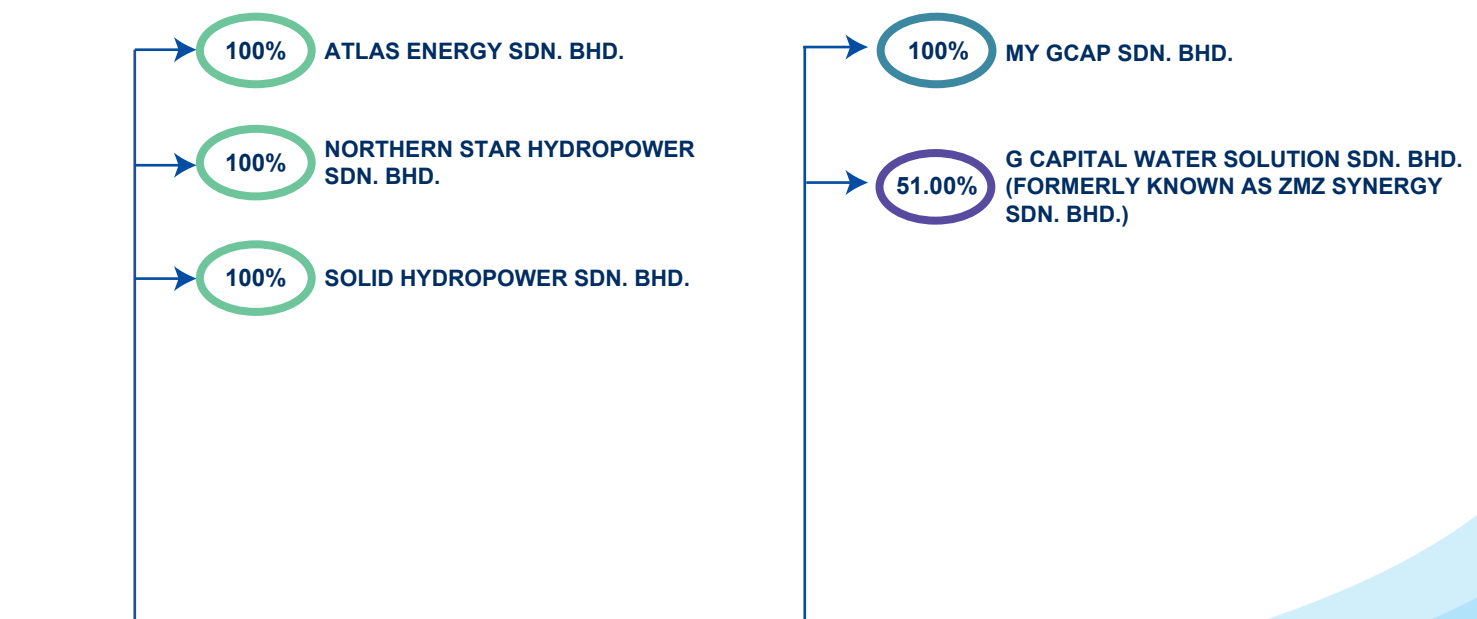
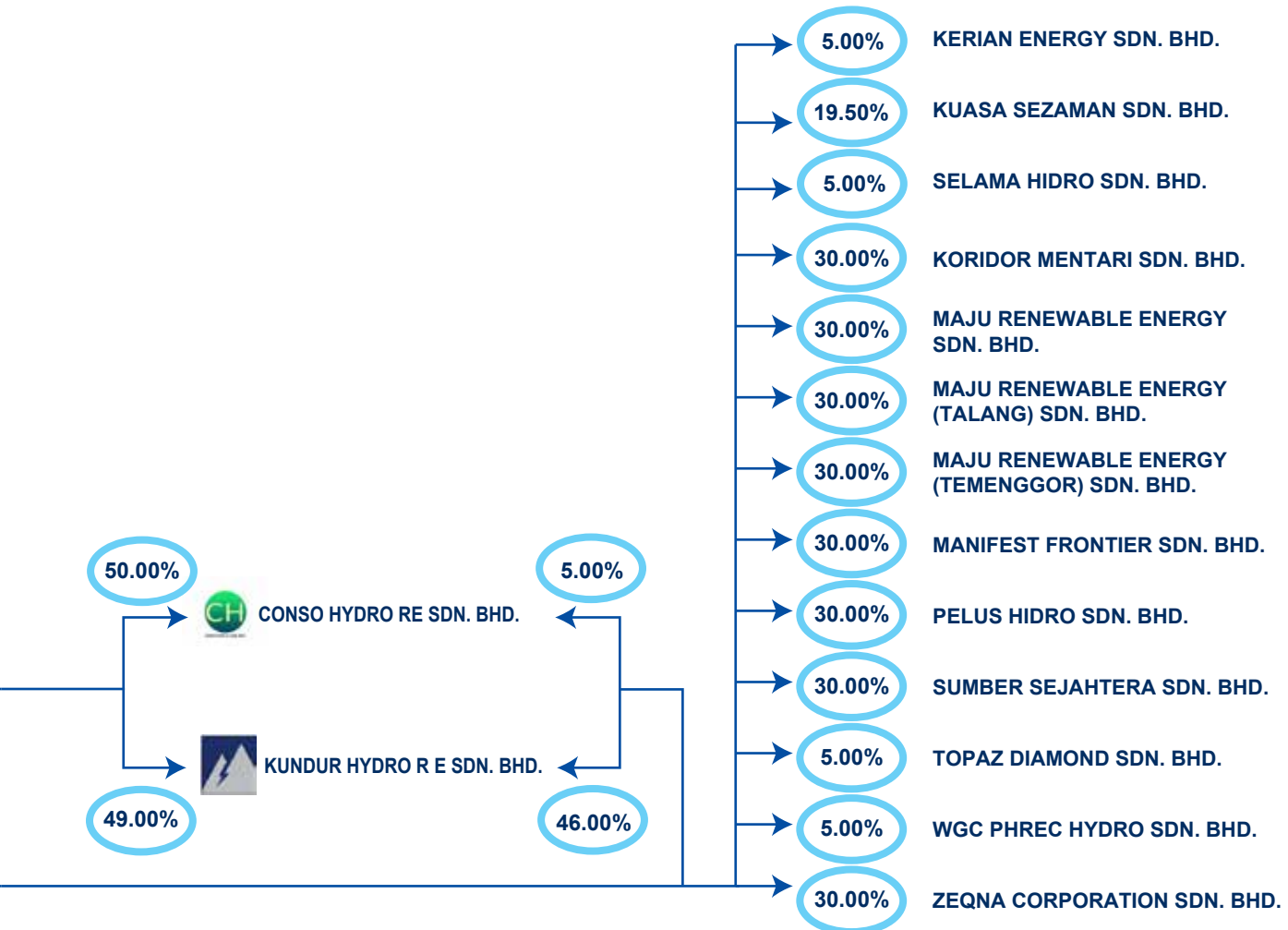
CORPORATE STRUCTURE

AS AT 8 APRIL 2022



CORPORATE STRUCTURE

AS AT 8 APRIL 2022



CORPORATE INFORMATION

Board of Directors

Tan Sri Dr. Ali Bin Hamsa*	Executive Director
Datuk Yap Yee Ping	Executive Director
Dato' Haji Roshidi bin Haji Hashim	Independent Non-Executive Director
Dato' Rosli bin Sharif	Independent Non-Executive Director
Jason Fong Jian Sheng	Independent Non-Executive Director

* Demised on 21 April 2022

Audit and Risk Committee

Dato' Rosli bin Sharif	Chairman
Dato' Haji Roshidi bin Haji Hashim	Member
Jason Fong Jian Sheng	Member

Nomination Committee

Dato' Haji Roshidi bin Haji Hashim	Chairman
Dato' Rosli bin Sharif	Member
Jason Fong Jian Sheng	Member

Remuneration Committee

Dato' Haji Roshidi bin Haji Hashim	Chairman
Dato' Rosli bin Sharif	Member
Jason Fong Jian Sheng	Member

Registered Office

No. 11B, Level 2,
Greentown Business Centre,
Persiaran Greentown 9,
30450 Ipoh, Perak.
Tel : 05-253 8318
Fax : 05-243 8318
Website: www.gcapital.com.my

Stock Exchange Listing

Listed on Main Market of Bursa Malaysia
Securities Berhad

Stock Name : GCAP
Stock Code : 7676

Company Secretaries

Eric Toh Chee Seong (SSM PC 202008002884) (MAICSA 7016178)
Jesslyn Ong Bee Fang (SSM PC 202008002969) (MAICSA 7020672)

Share Registrar

Aldpro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB, Saujana Resort,
Section U2, 40150 Shah Alam, Selangor.

Tel : 603-78900638
Fax : 603-78901032

Auditors

Messrs. UHY (AF 1411)
Chartered Accountants
Suite 11.05, Level 11, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200
Kuala Lumpur

Bankers

United Overseas Bank (Malaysia) Bhd.
Bangkok Bank Berhad

Malayan Banking Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board of Directors of the Company (“GCAP”) and Management are pleased to present the Management Discussion and Analysis (“MD&A”) which contains commentary from the Management to give investors and shareholders a better understanding of the Group’s business, operations and financial position for the financial year ended 31 December 2021 (“FYE 2021”). The MD&A should be read in conjunction with the audited financial statements of the Group and of the Company for FYE 2021.

A) **Business Overview and Operational Update**

During FYE 2021, GCAP and its subsidiary companies (“GCAP Group” or “the Group”) has four (4) reportable segments, as described below, which are the Group’s strategic business units which had contributed to

- (i) Transportation division;
- (ii) Mini-Hydropower division;
- (iii) Solarpower division; and
- (iv) Investment holdings and others

(i) **Transportation division**

The chartering of transportation assets division of the GCAP Group is principally engaged in the chartering of its fleet of land-based transportation assets and specialty vehicles. Through its wholly-owned subsidiary company GPB Corporation Sdn Bhd (“GPB”), the Group is focused on chartering transportation assets to Malaysian Government, companies with substantial fleet requirements, shuttle bus services within university campuses, and ad hoc charters.

Via a strategy of chartering transportation assets, together with drivers, fuel, maintenance costs, and other operational costs, at a fixed rate to our customers, we have been able to consistently secure medium-term service-contracts. Via GPB, we are currently servicing the fleet requirements of the Ministry of Defence for the transportation for the school children of the armed forces personnel nationwide.

On 23 December 2019, GPB was awarded a three (3) year contract from the Ministry of Defence with contract value of up to RM44.2 mil starting year 2020. The scope of services to be provided includes providing transportation to and from nominated schools for the children of armed forces personnel nationwide (“pick-up and drop-off services”). The scope of services is focused only for school children residing within the armed forces quarters.

This contract won is similar with the 3-year service-contract completed on 30 November 2019 after GPB transported the children of armed forces personnel after servicing 33 months of school sessions.

In light that the full delivery of contract value of RM44.2 mil were disrupted by the series of movement restrictions imposed by Malaysian Government starting March 2020 to 2021 to curb the widespread of novel coronavirus (“COVID-19”), GPB is in the midst of negotiation with Ministry of Defence to discuss amongst other, extension of the contract period.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

A) Business Overview and Operational Update (Cont’d)

(ii) **Mini-Hydropower division**

The Mini-Hydropower division – Mini-Hydropower renewable energy (“RE”) was created from the acquisition of an effective fifty one percent (51%) equity stake in Perak Hydro Renewable Energy Corporation Sdn Bhd (“PHREC”) in late 2013. With effect from 15 April 2021, GCAP Group’s equity interest in PHREC rose to sixty percent (60%) with remaining forty percent (40%) stake of PHREC held by Menteri Besar Incorporated (Perak). PHREC is principally involved in developing, maintaining, and operating Mini-Hydropower plants (which is defined by the Sustainable Energy Development Authority (“SEDA”) as hydro plants up to an installed capacity of 30MW). PHREC has been mandated exclusive rights by the State Government of Perak Darul Ridzuan via Water Rights Agreements (“WRA”) to act as the master developer and overall coordinator for the development of Mini-Hydropower plants in the State.

The WRA includes the right to Build, Operate and Own (“BOO”) Mini-Hydropower plants at 31 pre-identified sites approved by the State Government Executive Council, with an estimated total installed capacity of 286.1 MW, for a period of 21 years from the feed-in-tariff (“FiT”) commencement date for each site.

The outlook of the RE Sector is highly linked to the FiT system which was legislated under the Renewable Energy Act 2011. It has dramatically improved the commercial viability of the RE industry in Malaysia. The FiT system supports the developers of RE by supporting a premium tariff range for electricity generated from non-fossil fuel sources, such as Mini-Hydropower schemes, biomass, and solar. Renewable Energy Act 2011 provides a mandatory requirement for Tenaga Nasional Bhd (“TNB”) to buy RE power for a period of 21 years.

In FYE 2019 SEDA moved away from a system of predetermined rates per kilowatt hour (“kWh”) for Mini-Hydropower to an e-bidding system to distribute quota based on competitive bidding (“SEDA e-bidding”). The first e-bidding exercise was held on September 2019 for a total quota of 160 MW installed capacity. The Group, via subsidiary company, Gunung Hydropower Sdn. Bhd. won the e-bidding in year 2020 on 10.00MW low head mini-hydropower. The Group continued participation in 2021 SEDA’s e-bidding for an aggregate capacity of 159.50 MW in Perak Darul Ridzuan (“Perak”) and 9.00 MW in Pahang Darul Makmur (“Pahang”). As at the date of this report, GCAP Group is waiting for the bidding result.

Via PHREC, GCAP inherited a number of joint venture arrangements with various partners involving various Mini-Hydropower sites under PHREC’s portfolio in Perak.

Of the 31 pre-identified sites, a total of 10 sites considered as ‘active’ with a total estimated installed capacity of 86.05 MW. All of these 10 sites have secured FiT approval, and executed RE-Power Purchase Agreements (“RePPA”) with TNB.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

A) Business Overview and Operational Update (Cont’d)

(ii) **Mini-Hydropower division (Cont’d)**

10 Active sites

Of the 10 active sites: -

- (a) 3 sites with total installed capacity of 29.00 MW, owned by associates to GCAP Group have been completed, commissioned, commenced operation and delivering energy to the National Grid. Of which, 1 site with 9.00 MW was commission in April 2022.
- (b) 3 sites with total estimated capacity of 14.25 MW are under construction. Of which, Sungai Geruntum (2.0 MW high-head) is being developed by Conso Hydro R E Sdn. Bhd. (“CHRE”), a company which GCAP owned 51.00% with RePPA with TNB inked at tariff rate of RM0.2600/kwh. The progress of construction was adversely affected by a number of factors, including the series of movement restrictions imposed by Malaysian Government starting March 2020 to 2021 to curb the widespread of COVID-19.
- (c) 4 sites with total estimated capacity of 42.80 MW which FiT approvals and/or Re-PPA have been secured and currently at various stages of engineering, design work, seeking local Government approvals, and tendering out work packages or directly negotiating with suppliers/ contractors.

Of which, Sungai Perak, Salu with low-head 10.00 MW is being developed by Gunung Hydropower Sdn. Bhd., a company which GCAP owned 96.00%. On 12 August 2021, Gunung Hydropower Sdn. Bhd. inked RePPA with TNB at tariff rate of RM0.2898/Kwh for 21-years from commercial operation date, with RM413 million in total and will bring potential revenue of RM19.7 million a year

Other sites under WRA

All other sites identified under the WRA are being continually reviewed by PHREC, and pre-feasibility studies have, or are being carried out, to determine the economic viability of these sites. It is expected that sites with total estimated capacity of at least 200.01 MW pre-identified in the WRA, shall be economically viable for the Group to develop in the near future. Out of which, 159.50 MW was submitted to 2021 SEDA e-Bidding as described above.

It is valuable to understand that upon the commissioning of each Mini-Hydropower site under the Group’s portfolio, and as energy is sold to the national grid, the contribution to Group earnings will depend on the shareholding structure. Those joint venture companies where the Group has 30% (or less) equity stake, earnings will be at the associate level, and via the distribution of single tier dividends (upon fulfilling the requirements for dividend distribution under the Companies Act 2016). For other sites where the Group has 51% (or more), for instance under Gunung Hydropower Sdn. Bhd., CHRE and KHRE, the earnings will be contributed directly to the Group via the consolidation of earnings and via single tier dividends.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

A) Business Overview and Operational Update (Cont’d)

(iii) **Solarpower division**

On 5 February 2021, GCAP entered into a share subscription and joint venture arrangement with existing shareholders of Solarcity Malaysia Sdn. Bhd. (“Solarcity”) to subscribe 3,500,000 new ordinary shares in Solarcity, representing 70% of the enlarged share capital of Solarcity for cash consideration of RM3.5 million. Through this arrangement, the Group has strategically position itself to participate in projects relating to solar energy.

As of this report, Solarcity has secured six (6) 25-years power purchase agreement (“PPA”) of 16.60 MW and in the midst of finalising PPA on letter of award bagged of at least 14.15 MW. The aggregate of 30.75MWp thus far are with potential yearly revenue generation capabilities of approximately RM9million.

Of which, Solarcity has successfully commission 4 Solar PV projects totalling 8.3MWp:-

- (a) 1.1 MWp for De-Luxe Food Services Sdn. Bhd. in Pulau Indah, Selangor on 5 September 2021
- (b) 1.2 MWp for Muda Pasifik Sdn. Bhd. in Senai, Johor on 19 January 2022
- (c) 3.0 MWp for Muda Paper Mills Sdn. Bhd. in Simpang Ampat, Penang on 16 February 2022; and
- (d) 3.0 MWp for Muda Paper Converting Sdn. Bhd. in Simpang Ampat, Penang on 26 March 2022

(iv) **Investment division**

The financial assets investment division was formally structured in FY2019 by GCAP Group management to allocate excess cash reserves to selective short-term and medium-term financial assets (i.e. liquid financial assets) to secure a competitive return above the prevailing cash deposit rates.

Management is continually evaluating financial asset alternatives which secure the Group a competitive return, with low risk profile characteristics. Investment portfolio held has generated a fair value loss of RM5.98 million and gain on divestment of RM0.28 million in FYE 2021 (FYE 2020: fair value gain of RM6.29 million and gain on divestment of RM1.58 million).

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

B) Financial highlights

(ii) Highlights of GCAP Group’s Financial Information (5-years)

	For the financial year ended 31 December (RM’mil)				
	2017	2018	2019	2020	2021
Revenue (RM’000)	40,273	28,438	16,823	11,620	7,497
Profit before tax (RM’000)	(831)	688	(12,613)	364	491
Profit after tax (RM’000)	(371)	(171)	(12,161)	1,209	375
Net profit attributable to owners of GCAP (RM’000)	(2,636)	(214)	(11,624)	1,709	1,231
Shareholders’ equity (RM’000)	99,863	100,229	88,860	119,493	125,020
Total assets (RM’000)	110,424	111,873	99,235	128,790	171,072
Borrowings (excluding lease liabilities) (RM’000)	1,003	2,434	2,161	2,079	21,130
Net debt-to-equity	nm	nm	nm	nm	0.11
Basic EPS (Cent)	(1.12)	(0.09)	(4.92)	0.66	0.39
Diluted EPS (Cent)	(1.07)	(0.09)	(4.92)	0.63	0.39
Net assets per share (RM)	0.43	0.43	0.39	0.40	0.41
Dividend per share (RM)	-	-	-	-	-

(iii) Review of Financial Performance and Financial Position

(a) Revenue Analysis: -

Segments	FYE 2021	FYE 2020	Change	
	RM’000	RM’000	RM’000	%
Transportation segment	7,389	11,620	(4,231)	(36.4%)
Mini-Hydropower segment	-	-	-	-
Solarpower segment	108	-	108	100%
Investment holding and others	29	29	-	-
	<u>7,526</u>	<u>11,649</u>	<u>(4,123)</u>	<u>(35.4%)</u>
Inter-segment adjustments	(29)	(29)	-	-
Total revenue	<u>7,497</u>	<u>11,620</u>	<u>(4,123)</u>	<u>(35.5%)</u>

Group revenue for FYE 2021 was derived mainly from the transportation division. Solar power division started revenue generation this year with the first plant powered up on 5 September. Albeit small at only RM108K but represent a major milestone to the Group. There are 3 more plants powered up subsequently in 1Q2022 and generating revenue to this division as at date of this report as mentioned earlier.

The Group’s portfolio of Mini-Hydropower plants is predominately at the development and construction phase, with no dividend income generated from the hydropower plants commissioned and selling energy to the national grid, at this stage.

Group revenue for FY 2021 declined against that of FYE 2020, down 36.4% to RM7.39 million (FYE 2020: RM11.62 million) due to disruption of delivery schedules and schooling activities resulted from movement restrictions amid COVID-19 pandemic. Revenue directly from this service-contract reached RM7.39 million in FYE 2021 (RM11.62 million in FYE 2020) which comprised of 98.55% of total Group revenue for the financial year (99.49% in FYE 2020).

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

B) Financial highlights (Cont’d)

(iii) Review of Financial Performance and Financial Position (Cont’d)

(b) EBITDA Analysis: -

Segments	FYE 2021	FYE 2020	Change	
	RM’000	RM’000	RM’000	%
Transportation segment	99	(2,823)	2,922	>100%
Mini-Hydropower segment	(1,285)	(890)	(395)	(44.4%)
Solarpower segment	11,976	-	11,976	100%
Investment holding and others	(3,852)	(3,322)	(530)	(16.0%)
	6,938	(7,035)	13,973	>100%
Inter-segment adjustments	(6,097)	7,604	(13,701)	(>100%)
Total EBITDA	841	569	272	47.8%

The Group recorded EBITDA profit of RM0.84 million, higher than EBITDA profit of RM0.57 million in FYE 2020.

Despite lower revenue contributions from temporary suspension of the Ministry of Defence service-contract during movement restrictions during COVID-19 pandemic, transportation segment ended with EBITDA profit of RM99k (FYE 2020: EBITDA loss of RM2.82 million), with the reversal of impairment of trade receivables of RM1.24 million.

EBITDA loss for the Mini-Hydropower division has not change significantly. This loss reflects the cost of in-house engineers, administration expenses, and the costs associated with procuring the necessary approvals from the relevant State Government authorities the Group’s portfolio of Mini-Hydropower sites.

Solarpower division recorded EBITDA profit of RM11.98 million, mainly attributed to bargain purchase of RM12.67 million.

EBITDA loss of Investment holding division has widen compared to FYE 2020 with legal and professional fee incurred for the diversification of business mandated by shareholders at 30 June 2021, coupled with fair value changes on investment portfolio held, evident by the fair value loss of RM5.98 million and smaller gain on divestment of RM0.28 million in FYE 2020 (FYE 2020: fair value gain of RM6.29 million and gain on divestment of RM1.58 million).

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

B) Financial highlights (Cont’d)

(iii) Review of Financial Performance and Financial Position (Cont’d)

(c) **Assets and Liabilities Analysis: -**

Segments assets	FYE 2021	FYE 2020	Change	
	RM’000	RM’000	RM’000	%
Transportation segment	12,599	19,088	(6,489)	(34.0%)
Mini-Hydropower segment	47,868	42,000	5,868	14.0%
Solarpower segment	66,282	-	66,282	100%
Investment holding and others	114,779	157,197	(42,418)	(27.0%)
	<u>241,528</u>	<u>218,285</u>	<u>23,243</u>	<u>10.6%</u>
Inter-segment adjustments	(70,456)	(89,494)	19,038	21.3%
Total assets	171,072	128,791	42,281	32.8%

Lower assets in transportation segment mainly attributable to reduction of receivable from sister companies.

Capitalisation continues with the progress of Mini-Hydropower projects, with capital work-in-progress increased of RM1.97 million (FYE 2020: increase of RM1.50 million).

As at 31 December 2021, assets from solarpower division mainly made up of completed project of solar PV Plant/System and capital work-in-progress (carrying amounts of RM35.61 million), in addition to fair value of contract assets acquired through business combination with carrying amounts of RM23.82 million.

Investment holding segment ended with decreased assets of RM42.42 million when there was settlement of intercompany advances. As of 31 December 2021, the Group owned more than 5% equity interest in some quoted investment listed on Bursa Malaysia Securities Berhad, including, YB Ventures Berhad (5048) and Majuperak Holdings Berhad (8141).

Segments liabilities	FYE 2021	FYE 2020	Change	
	RM’000	RM’000	RM’000	%
Transportation segment	1,900	411	1,489	>100%
Mini-Hydropower segment	36,315	28,657	7,658	26.7%
Solarpower segment	44,237	-	44,237	100%
Investment holding and others	26,434	28,127	(1,693)	(6.0%)
	<u>108,886</u>	<u>57,195</u>	<u>51,691</u>	<u>90.4%</u>
Inter-segment adjustments	(70,456)	(49,479)	(20,977)	(42.4%)
Total liabilities	38,430	7,716	30,714	>100%

Total liabilities continue to be well managed, rising from 22.46% of total assets in FY2021 (5.99% of total assets in FYE 2020), mainly geared up for the growth of solarpower division.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

B) Financial highlights (Cont’d)

(iii) Review of Financial Performance and Financial Position (Cont’d)

(d) Impairment loss on assets: -

Impairment loss on	FYE 2021 RM’000	FYE 2020 RM’000	Change RM’000	%
Goodwill	-	5,544	5,544	100%
Trade receivables	(1,242)	(10)	1,232	>100%

During FYE 2021, the Group provided for impairment in Goodwill of RM NIL (FYE 2020: RM5.54 million) when the carrying amounts of transportation segment is higher than the recoverable amounts.

RM1,242,000 (FYE 2020: RM10,000) reversal of impairment to trade receivables made when collection received on debts previously impaired.

No other material impairment on assets was made during the financial period under review.

(e) Trade receivables: -

Trade receivable credit terms granted to related parties are no different from those granted to non-related parties which are between 30-90 days. 92.00% of trade receivables of the Group as at 31 December 2021 were mainly receivables arising from a government customer (31.12.20: 1 Government customers contributed 100% of total trade receivables).

A trade receivable is deemed past due when the counter party has failed to make payment when the outstanding amount are contractually due.

Aged analysis of trade receivables past due but not impaired:

RM’000	←-----Past due but not impaired-----→					Total past due but not impaired
	<30 days	31-60 days	61-90 days	91-180 days	>180 days	
FYE 2021	-	-	-	-	1,245*	1,245*
FYE 2020	-	-	-	-	11	11

* Included reversal of RM1,242,000 impaired loss. The RM1,242,000 was fully collected in March 2022.

The past due trade receivables above 90 days are collectable.

To recap, management made a material impairment on trade receivables from the Ministry of Defence (“MINDEF”) in FYE 2019 amounting to RM6.21 mil due to significant aging. This was a direct result of the suspension and then cancellation of the National Service Program in August 2018. The collection was delayed due to the Ministry of Finance process of reviewing and verifying the scope of service provided and subsequent invoices for the service-contract carried out during the previous administration. In the 2nd quarter of FYE 2019, a total of RM4.95 million of these past due trade receivables from the Ministry of Finance was collected, leaving a balance of RM6.21 million outstanding. In March 2022, RM1,242,000 was recovered.

The process of collection will continue and upon receipt of payment, management will reverse out the impairment provision.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

B) Financial highlights (Cont’d)

(iii) Review of Financial Performance and Financial Position (Cont’d)

(f) Other payables: -

RM2.62 million (2020: RM2.50 million) of other payables related to an amount due to the majority shareholder of a completed hydropower plant under PHREC.

In the earlier days, the shareholders of such hydropower plant consented capitalisation of shareholders’ advances into equity. It was agreed that PHREC is to contribute accordingly to maintain the shareholding structure and such contribution shall be only made via offset of future dividends to be declared by such hydropower company.

(g) Borrowings: -

Group borrowings are as follows: -

RM’000	Non-current	Current	Total
FYE 2021			
Project financing term loan	16,998	4,132	21,130
FYE 2020			
Project financing term loan	1,755	324	2,079

Term loan of a subsidiary financing the Mini-Hydropower project development is bearing floating interest rate of lender’s Base Lending Rate (“BLR”) plus margin, being 6.40% p.a. as at 31 December 2021 (2020: 6.40% p.a.).

Term loans of a subsidiary financing the solarpower projects are bearing floating interest rate of at lenders’ Cost of Funds (“COF”) plus margin, ranging from 3.23% - 4.52% p.a. as at 31 December 2021 (2020: NIL).

(h) Profit/(loss) before tax: -

Segments	FYE 2021 RM’000	FYE 2020 RM’000	Change RM’000	%
Transportation segment	97	(2,919)	3,016	>100%
Mini-Hydropower segment	(1,691)	(1,038)	(653)	(62.9%)
Solarpower segment	11,643	-	11,643	100%
Investment holding and others	(3,461)	(3,283)	(178)	(5.4%)
	6,588	(7,240)	13,828	>100%
Inter-segment adjustments	(6,097)	7,604	(13,701)	(>100%)
Total profit/(loss) before tax	491	364	127	34.9%

The Group recorded profit before tax of RM0.49 million, compared to profit before tax of RM0.36 million in FYE 2020. This was combination results of reversal of impairment loss on trade receivable amounting to RM1.24 million (transportation division); bargain purchase of RM12.67 million (solarpower division) that cushioned the effect of fair value loss in quoted investments of RM5.98 million, temporary suspension of the Ministry of Defence service-contract during MCO which driven to contraction of revenue of RM4.12 million during the FYE 2021, as well as higher legal and professional fee incurred for the diversification approved by shareholders in 30 June 2021.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

B) Financial highlights (Cont’d)

(iii) Review of Financial Performance and Financial Position (Cont’d)

(i) Profit/(loss) before tax (Cont’d): -

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

	FYE 2021 RM'000	FYE 2020 RM'000	Change RM'000	%
Amortisation of intangible assets	(47)	-	(47)	100%
Bargain purchase	12,668	-	12,668	100%
Depreciation of: -				
- Property, plant and equipment	(105)	(171)	66	38.6%
- Rights-of-use assets	(85)	(57)	(28)	(49.1%)
Dividend income	-	28	(28)	(100%)
Effect of discounting on: -				
- Other receivables	(109)	(51)	(58)	(>100%)
- Other payables	(121)	94	(215)	(>100%)
Employment expenses: -				
- Director fees	(174)	(590)	416	70.5%
- Salaries and allowances	(2,739)	(2,107)	(632)	(30.0%)
- Employees' Provident Fund Contributions	(283)	(185)	(98)	(53.0%)
- Social Security Contributions	(13)	(13)	-	-
- Other emoluments	(22)	(15)	(7)	(46.7%)
- Others	(171)	(118)	(53)	(44.9%)
- Equity settled share-based payments expense	-	(1,050)	1,050	100%
Expenses relating to short term leases	(35)	(225)	190	84.4%
FVTPL	(5,978)	6,291	(12,269)	(>100%)
Gain/(loss) on disposal of: -				
- Property, plant and equipment	-	3,137	(3,137)	(100%)
- Investments	279	1,577	(1,298)	(82.3%)
Government grant	-	32	(32)	(100%)
Impairment loss on: -				
- Goodwill	-	(5,544)	5,544	100%
- trade receivables	1,242	10	1,232	>100%
Interest income	225	121	104	86.0%
Interest expense: -				
- Borrowings	(92)	(129)	37	28.7%
- Lease liabilities	(16)	(11)	(5)	(45.5%)
Write-off: -				
- Property, plant and equipment	-*	(364)	364	100%

* *Insignificant*

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

C) Other highlights

(i) Capital Requirements, Structure & Resources

For Mini-Hydropower projects in FYE 2022, we have budgeted capital expenditure of RM13.58 million from internally generated reserves. A RM9.5 mil financing facility has been secured by the Group, requires the plant to be fully commissioned as a drawdown condition precedent. With this additional borrowings, the Group’s debt-to-equity ratio is expected to rise but remains insignificant to equity of GCAP Group.

Under 60%-owned PHREC, various Mini-Hydropower projects have been assigned to joint venture companies (“JVC”), of which PHREC holds associate and investment equity stakes only. These active JVC’s have secured project financing facilities and any capital shortfall is provided by the majority shareholder. As such, it is unlikely that the Group will be required to provide additional capital for capital expenditure via PHREC.

For FYE 2022 the management does not foresee a requirement to expand or purchase fleet of vehicles for the transportation segment.

As at 31 December 2021, we have committed to RM14.55 million capital expenditures for solarpower projects. Of which, RM5.40 million have been utilised with the commissioning of 3 Solar PV projects in 1Q2022. We are optimistic the growth of solar power division with continuous support from banks.

(ii) Foreign exchange exposure/ hedging policy

The Group does not have any hedging policy or long-term foreign exchange exposure. The Group has minimal one-off foreign exchange exposure to USD when purchasing mechanical and electrical equipment for selected Mini-Hydropower projects (EUR and USD). Our current contingent liability exposure to foreign exchange movements is less than EUR 100,000.

(iii) Known Trends and Events

(a) Transportation division

On 8 March 2022, Prime Minister Datuk Seri Ismail Sabri Yaakob has announced that Malaysia will enter the “Transition to Endemic” phase of COVID-19 starting 1 April 2022, with all restrictions on business operating hours and physical distancing will be removed.

Whilst waiting for announcement by World Health Organisation on such Endemic, Malaysian Government has move ahead to allow Malaysians to return to near-normal life after nearly two years of battling the pandemic.

With vaccination of adolescents (age 12-17) exceeding 90%, we foresee no further disruption of schooling activities resulted from COVID-19 and hence recovery of our earnings capability.

Our existing contract with Ministry of Defence may come to an end on 31 December 2022. We are in discussion the midst of negotiation with Ministry of Defence to discuss amongst other, extension of the contract period.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

C) Other highlights (Cont’d)

(iii) Known Trends and Events (Cont’d)

(b) Mini-Hydropower division

The Group remains committed to completing the construction of the Mini-Hydropower projects in medium term, looking forward to commissioning more Mini-Hydropower projects.

Completion and commissioning of those project owned by subsidiary companies will have sustainable positive contribution directly to the Group’s revenue, earnings, and cash flows.

With WRA in possession for 31-pre-identified sites in Perak (10 sites are currently active), the Group is in upper hand compared to other players that intending to venture into mini-hydropower plants ownership in Perak.

(c) Solarpower division

As of to-date, Solarcity has secured six (6) 25-years power purchase agreement (“PPA”) of 16.60 MW and in the midst of finalising PPA on letter of award bagged of at least 14.15 MW. This makes a total of 30.75 MW secured projects in possession.

Of which, we have commissioned 8.3 MWp thus far and looking forward to commissioning the balance of 22.45 MWp over the coming months and expected to completed all plants by 1Q2023.

We are pivoting on the success stories on RE and continue scaling up our solar power business division. By leveraging on the PPA, we have been able to help with the transition into RE for business owners and corporates. This helps us to move closer towards our national goal of decarbonisation and through the PPA, our corporate clients also benefit from the cost-savings in their electricity bills.

(iv) Anticipated or Known Risks

(a) Transportation division

Risk factors include execution risks such as availability of manpower, fleet capacity, breakdown of coaches/ transportation assets, and/or political, economic and regulatory conditions. The Government has the right to terminate the service-contract in the event that there is a failure by the contractor to execute any of the obligations under the contract, and breach of the terms and conditions of the contract. Notwithstanding, the Group has established a successful track record undertaking Government service-contracts. The Group currently relies on the Ministry of Defence for its service-contracts, with close to 99% of its revenue in FYE 2021 derived from this single customer, and this represents the largest risk for the Group.

Currently, the service-contract tenure is until December 2022. The successful implementation of the Solarpower division will continue to reduce dependency incomes solely from chartering land-based transportation assets & specialty vehicles.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

C) Other highlights (Cont’d)

(iv) Anticipated or Known Risks (cont’d)

(b) Mini-Hydropower division

Risk factors such as market risk, competition risk and pricing fluctuation risks for the Mini-Hydropower schemes has been substantially mitigated by the Feed-in Tariff (FIT) system that offers a premium tariff for electricity generated from non-fossil fuel sources, such as Mini-Hydropower schemes, under the Renewable Energy Act 2011.

The Group has taken into consideration the move of SEDA in year 2019, away from a system of predetermined rates per kilowatt hour (“kWh”) for Mini-Hydropower to an e-bidding system to distribute quota based on competitive bidding, for new proposed Mini-Hydropower projects.

Despite the need for bidding, there is no urgency for the Group to bid the lowest when the Group has sheltered from the WRA. The WRA has allowed PHREC with a non-competition clause/exclusivity in the utilisation of State water and land assets for the purposes of building, operating and owning Mini-Hydropower plants.

Inherent to the RE sector in Malaysia, are both government policies and short-term foreign exchange risks. Changes in existing Government policies regarding RE can greatly affect the commercial viability of RE. The mechanical and electrical equipment for Mini-Hydropower schemes are mainly procured from overseas manufacturers, which poses a short term foreign exchange risk for the Group.

There are business risks associated with the performance of contractors for civil works, mechanical & electrical components of Mini-Hydropower schemes, and the appointed engineers and consultants. Due to potential penalties imposed by TNB (under the RePPA) for delays in the commissioning and export of energy supply and non-delivery of the agreed upon annual energy commitment. The management mitigates these risks, by procuring financial performance guarantees from the relevant contractors and suppliers, equal to or greater than the maximum penalties that can be imposed on the Group. Financing risk must also be considered, including availability of financing and single customer limits of financial institutions. Depending on the type of financing/financing instrument, the borrowing, contingent liabilities, and gearing level of the Group will increase.

Any breach of a debt financing instrument’s covenants, and failure to meet the timely interest and principal payments may result in default. Nevertheless, the management will exercise due care in considering the financing methods and the merits of the financing required. Management does not consider the single customer risk as significant (with TNB), due to the strong credit rating of TNB, and that each RePPA specifically provides for a twenty-one (21) year tenure.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

C) Other highlights (Cont’d)

(iv) Anticipated or Known Risks (Cont’d)

(c) Solarpower division

The Group, via Solarcity, is offering long term energy cost saving program. Under which, a long-term power purchase agreement (“PPA”) will be signed with client, together with operation and maintenance of the Solar PV System.

Throughout credit check shall be carried out before signing PPA to mitigate the credit risks, including but not limiting to request corporate guarantee or collection arrangement via TNB.

Business risks associated with the performance of EPCC contractors is carefully evaluated. EPCC of Solarcity’s project will be awarded to contractor with established track records and financially sound to complete the project to be awarded. We have established project steering committee to monitor the performance and progress of the projects closely. This has thus led to our successful commissioning of 4 Solar PV System as of to-date and positioned the Group as one of the key providers in clean energy. We believe that profitability will be one of the by-products.

D) Business Strategies and Future Development

Federal Government of Malaysia exhausts all means in its continuous effort to strike a balance between Malaysia economies and curb the spread of COVID-19 pandemic with a series of Movement Control Order starting from 18 March 2020 to year 2021. While COVID-19 transmission is still to be managed, public awareness grows stronger and higher vaccines rates across the population, we look forward for better prospects for 2022 compared to 2021 in term of business viability.

Malaysian Prime Minister Datuk Seri Ismail Sabri Yaakob has announced on 8 March 2022 that Malaysia will enter the “Transition to Endemic” phase of COVID-19 starting 1 April 2022, with all restrictions on business operating hours and physical distancing will be removed.

(i) Transportation division

Transportation division remains as one of our key revenue providers in the near-term with the existing “pick-up and drop-off” service-contract from the Ministry of Defence (contract value of up to RM44.2 mil) providing Group revenue until Dec 2022.

Resumption of suspended services shall contribute yearly revenue of approximately RM14.75 million.

We are in discussion the midst of negotiation with Ministry of Defence to discuss amongst other, extension of the contract period. With the good service track record established over the years, we would expect Ministry of Defence will be pleased to have us continuing to serve them.

Despite abovementioned, we expect the transportation division to play a smaller role in contributing to earnings growth in the future when the Mini -hydro and Solar Power division start contributing earning.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont’d)

D) Business Strategies and Future Development (Cont’d)

(ii) Mini-Hydropower division

The Group remains committed to completing the construction of the Mini-Hydropower projects in medium term, looking forward to commissioning more Mini-Hydropower projects.

The Group will see a shift in strategy to accelerate its diversification plans into the renewable (Mini-Hydropower) energy division, in order to ensure the resilience of the Group’s earnings. Back in 2013, the Group has already embarked on a long-term strategy to tap into the renewable energy potential. This shift in strategy is also in line with the government’s push for the development of renewable energy as the ‘fifth national fuel’.

Along with organic growth, the management will also consider consolidate the Group’s position in the Mini-Hydropower segment, via further acquisitions of additional installed capacity.

We are looking forward to the commissioning of a number of Mini-Hydropower projects in Perak. We are excited with our portfolio of Mini-Hydropower scheme in the Perak State, which will contribute to the Group’s earnings growth in the long-term.

(iii) Solarpower division

As of to-date, Solarcity has secured six (6) 25-years power purchase agreement (“PPA”) of 16.60 MW and in the midst of finalising PPA on letter of award bagged of at least 14.15 MW. The aggregate of 30.75MWp thus far are with yearly revenue generation capabilities of approximately RM9.77 million. Of which, we have commissioned 8.3 MWp thus far and looking forward to commissioning the balance of 22.45 MWp over the coming months.

We are optimistic to foresee revenue generation of not less than RM3 million in FYE 2022.

In addition to the solarpower division; management is continually formulating strategies and longer terms plans, including evaluating equity investment proposals, partnerships & joint venture proposals, generating earnings growth through acquisitions and earnings growth organically via unlocking the value of our existing assets, know-how and expertise.

(iv) Returns to shareholders

The Board of Directors has not proposed a dividend/distribution policy as at FYE 2021, based on upcoming capital expenditure requirement for the Mini-Hydropower division and Solarpower division of the Group.

When the Mini-Hydropower division and Solarpower division able to be self-sustained, the Board of Directors may propose to implement and continually revise a dividend/distribution policy.

At the end of another year, management would like to express appreciation to all our staff and our Board of Directors for their continued commitment to drive our growth and maintain our services standards. We would also like to thank our valued customers, suppliers, business associates, bankers, regulatory authorities, and other stakeholders for their continued support and trust. To our shareholders, a special thanks for their continued support and confidence in GCAP Group. With support, we will strive even further to enhance sustainable shareholder value.

SUSTAINABILITY STATEMENT

Sustainability Message

“An integral component of sustainable economic development is a reliable and cost-effective energy solution. GCAP is focused on being part of the solution, and as such will continually put forward solutions which will replace fossil fuels as the main feedstock for power generation in Malaysia. As each of our mini hydropower sites in our portfolio is developed successfully and the successful commissioning of our Solar Photovoltaic (“Solar PV”) projects starting FYE 2021, we recognise that this will encourage all stakeholders in the renewable energy sector in Malaysia to accelerate the adoption of renewable energy solutions. This promotes our aim to conserve our environment and provide an environmentally friendly, sustainable and a conflict-free energy source.

Mini hydropower and solar PV are viable technology enabling the shift towards a zero-emissions power supply, which indirectly enhances the quality of life and living.

We also aim to provide quality services to meet our clients’ expectations and work towards the best interests of our stakeholders through continuous improvement in efficiencies and costs. We remain aggressive in our focus on innovation, but conservative in our implementation to ensure that our solutions are a safe choice for Malaysians. The GCAP Group is committed in ensuring business sustainability and strives to responsibly manage natural resources to contribute to the well-being of society. We have embodied building sustainability within our corporate culture and more recently we have increasingly paid attention to how our business impacts workplace, environment and social aspects. GCAP Group is developing renewable energy plants that are socially, economically and environmentally conducive for a sustainable long-term future. We regard sustainability as a need that we should fulfil, which in turn creates opportunities that we can believe in, and can successfully promote. It is our belief that human, nature and economic elements are interdependent with each other to ensure sustainable development moving forward. Furthermore, our business model considers both sustainability and innovation as an inseparable pairing, which creates integrated value for GCAP Group and its stakeholders and allows GCAP Group more capacity to manifest dreams and opportunities.”

Environmental

As a responsible green technology and renewable energy company, GCAP Group is understandably aware of reducing greenhouse gases via developing and owning mini-hydropower plants and solar PV projects which leads to the reduction of greenhouse gas (GHG) emissions and other pollutants by providing the alternative to conventional power generation plants.

A focus on mini-hydro plants without the requirement of a dam to store water (feedstock) to generate a constant energy output, limits any significant deforestation, and actually promotes responsible land use.

Without the requirement to store water, run-of-the-river hydropower plants generate energy based on existing and future natural flow rates and capacities of the rivers. This means that upstream catchment areas (the ecosystem, forest, tributaries) that collect and feed the river with a continual flow of water must be preserved, not altered, not stressed via a moratorium on future development, imposed by committed local Government authorities. A mandated 21-year Renewable Energy Power Purchase Agreement (“RePPA”) with the national utility goes a long way to protect the existing forest ecosystem which feeds the rivers and which in turn, provides the opportunity to generate a clean energy product.

Similar to mini-hydropower plants, Solar PV Projects are another great means to generate clean and sustainable energy that help preserve environment. Under the Power Purchase Agreement (“PPA”) business model, GCAP Group has 25-year contract relationship with corporate clients in high need for energy saving. By helping such clients harvesting the solar power potential, a lesser reliance will be placed on conventional power generation plants, thus helping the environment at large.

SUSTAINABILITY STATEMENT (cont'd)

Environmental (Cont'd)

Our aim is to be part of the reduction of carbon dioxide emissions from conventional fossil fuel power plants, by gradually replacing capacity of these plants with mini-hydropower capacity as well as solar PV projects. With every 1 MW (Megawatt) of renewable energy we are generating, we have in actual fact replaced 3,300 metric tonnes of greenhouse gases annually (based on a carbon dioxide equivalent method).

Amazingly this is equivalent to: -



726 or **13,423,863**

*Passenger
vehicles Driven
for 1-year*

*kilometres Driven
by an Average
Passenger Car*

Or equivalents to Carbon Dioxide emissions from: -

569 Home's Electricity Use for 1-Year



or

7,783 Barrels of Oil Consumed



This sustainability indicator will provide a benchmark for our positive environmental achievements moving forward.

SUSTAINABILITY STATEMENT (cont'd)

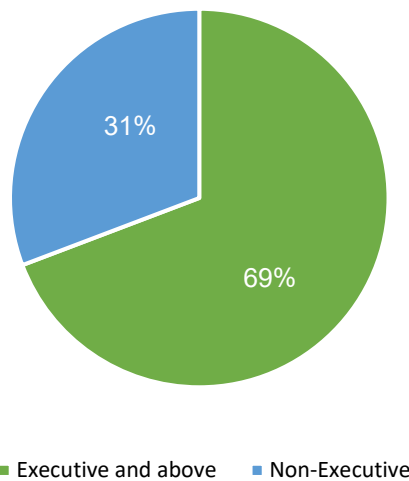
Human Capital

GCAP Group acknowledges the importance of human capital as one of the key drivers to the sustainable success of the business.

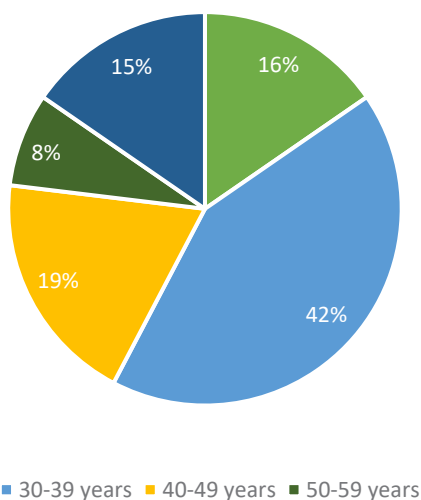
Career advancement opportunities and performance related remuneration packages are offered equally to all genders across all designations and age group. It's an on-going process that GCAP Group review remuneration packages offered and mark-to-market to attract, maintain and motivate talents. In additions to offering intangibles to necessary talents, including but not limited to professional development via trainings, flexible working arrangement and promoting work-life balance.

The followings are some salient features of the human capital composition: -

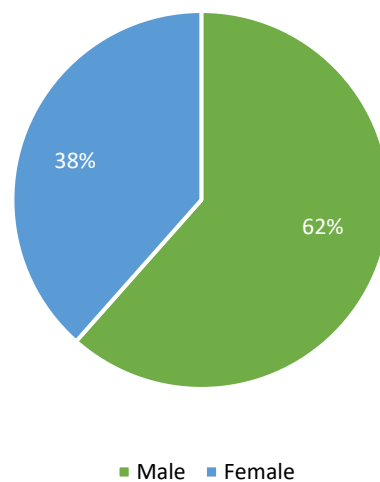
Composition of Human Capital



Employees By Age



Gender



SUSTAINABILITY STATEMENT (cont'd)

Human Capital (Cont'd)

GCAP Group is committed to human capital development. We continue to provide employment and training opportunities for all of our employees. Employees are considered our most important resource for sustainable development, and as such we recognise the need to continuously improve the quality, knowledge and competencies of our workforce. Continual advancement in our industry demand that our employees enhance and update their knowledge on a continual basis. We understand that our employees need to be developed, challenged, and nurtured to be motivated in delivering our business goals. Outstanding contributions and excellent performance by employees are rewarded by the Company.

We believe that members within our organisation must work together and solidify their efforts to manifest the Company's vision and mission. We recognise talents and we recognise potential, and as such we provide the appropriate platform for employees to blossom. It is essential that the Company maximise employee's strengths, whilst improving on any weakness. Interventions, trainings, and human capital building programmes are conducted to bridge gaps between current and expected performance. We also provided continual religious-based training to ensure a balanced lifestyle between work and spiritual well-being. Safety, creativity, and well-being are the elements of GCAP's working environment and we believe these leads to business sustainability.

Acknowledging the importance of on-going training to the human capital, we had arranged virtual seminars attendance for a few of the employees while the battles against novel coronavirus ("COVID-19") continues.

The total cost for trainings incurred for financial year ended 31 December 2021 was RM18,237 (2020: RM6,310) only. This translated into RM701 (2020: RM332) cost per employee for trainings.

SUSTAINABILITY STATEMENT (cont'd)

Community

GCAP Group is committed to build a sustainable, innovative and competitive marketplace which is receptive to the needs of our stakeholders and takes into consideration the key social issues to aid the formulation of best practices. GCAP Group believes that the positive impacts from the industry should be shared and felt by the community and stakeholders directly and indirectly affected by our growth in renewable energy. We believe that we can use our expertise, knowledge, and experience to make a difference to the community. We believe that it is equally important to use our organisational and financial strength to help our employees to serve the community. We have actively engaged our employees in the Company's community and charitable efforts which call for our employees' actions and commitment.

GCAP remained committed to be a responsible corporation and carried out various efforts to make positive contributions to the community via Corporate Social Responsibility ("CSR") initiatives.

In 2021, to the best of our capabilities, we are honoured to play a part and contributed no less than RM281,000 in the following: -

1. Perak Oxygen – Land Bank ("POLB"), a green initiative programme from the Forestry Department of Perak State Government inviting private sector to tree replanting in Forestry Reserve Chikus, Perak.
2. Providing necessities to the "Once in a century" Flood Victims of Malaysia.

On 6 December 2021, a tropical depression made landfall on the eastern coast of Peninsular Malaysia, bringing torrential downpours throughout the peninsula for three days. The resulting floods affected eight states across the peninsula, and left at least 54 dead and 2 missing. During its furthest extent, it caused the concurrent displacement of more than 71,000 residents, and have affected over 125,000 people on the overall.

SUSTAINABILITY STATEMENT (cont'd)

We are delighted to share some of these special moments we have captured in the following photos: -



SUSTAINABILITY STATEMENT (cont'd)

During the MCOs, our mini-hydropower project development and construction progress were halted. Not neglecting the need for Orang Asli community within our mini-hydropower projects in this special moment, we have continuing our support by providing supplies of basic food and necessity items.

Our project development teams continued to engage the Orang Asli community around the project area. Acknowledging the importance of education to everyone, in particular to the Orang Asli community, we took the initiative to donate school uniforms, stationeries and face masks to the children of Orang Asli.



We've taken great effort to ensure that our mini-hydropower projects do not become a detriment to the communities. We believe that through these CSR initiatives, it would create long-term value for society and our business as it continually builds positive relationships by actively engaging with the communities.

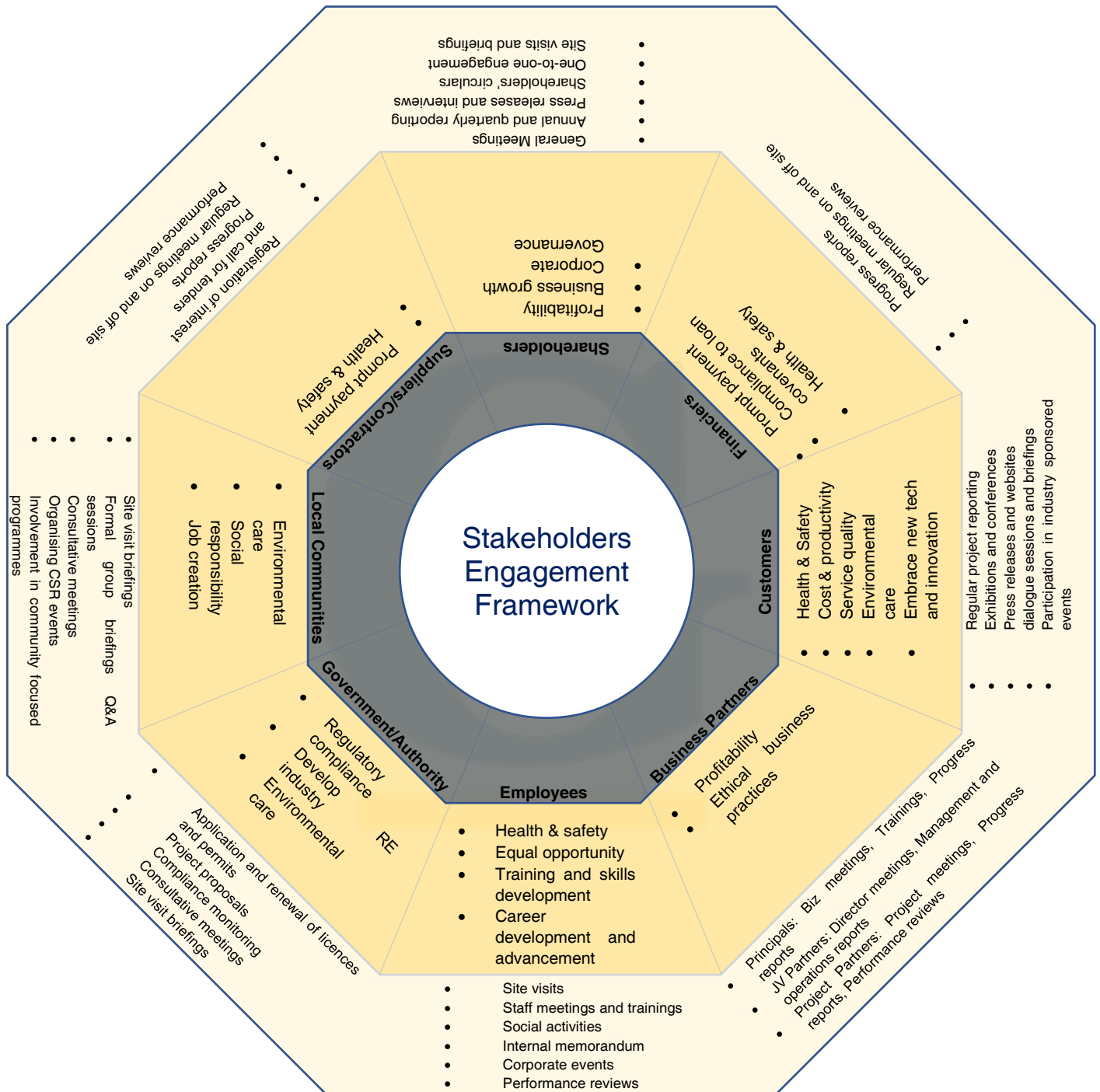
We are dedicated and committed towards expanding on Sustainability for the long-term benefits of GCAP and all stakeholders, with particular focus on: -

- Employee Welfare
- Regulatory Compliance
- Social Responsibility
- Health, Safety and Environment

This Sustainability Statement has enabled us to identify, evaluate & manage material sustainability indicators in the economic, environmental and social aspects of our business.

SUSTAINABILITY STATEMENT (cont'd)

GCAP Group adopted the following Stakeholders Engagement Framework, identifying area of interest of respective stakeholders (inner layer) and communications to each stakeholder (outer layer): -



BOARD OF DIRECTORS' PROFILE

	<p>DATUK YAP YEE PING 47, Malaysian Executive Director</p>
DATE APPOINTED TO THE BOARD :	<ul style="list-style-type: none"> 9 January 2020
MEMBERSHIP OF BOARD COMMITTEES :	<ul style="list-style-type: none"> Member of the Remuneration Committee
QUALIFICATIONS :	<ul style="list-style-type: none"> Bsc (Hons) in Accounting, Queen's University of Belfast, Northern Ireland
MEMBERSHIP OF ASSOCIATIONS:	<ul style="list-style-type: none"> Member of Institute of Chartered Accountants in England and Wales (ICAEW)
WORK EXPERIENCE AND OCCUPATION :	<ul style="list-style-type: none"> She started her career in auditing and has more than 20 years of finance and accounting exposures with local and multi-national corporations. She was appointed as Non Independent and Non-Executive Director of the Company on 9 January 2020 but re-designated as an Executive Director on 27 February 2020 and sits on the Board of several subsidiaries of the Company.
DIRECTORSHIP OF PUBLIC COMPANIES (IF ANY) :	<ul style="list-style-type: none"> None
FAMILY RELATIONSHIPS (IF ANY) :	<ul style="list-style-type: none"> No family relationship with any director and/or substantial shareholder of the Company
NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021:	<ul style="list-style-type: none"> 6/6

BOARD OF DIRECTORS' PROFILE

(cont'd)

DATO' ROSLI BIN SHARIF
68, Malaysian
Independent Non-Executive Director

DATE APPOINTED TO THE BOARD :	<ul style="list-style-type: none"> 21 February 2017
MEMBERSHIP OF BOARD COMMITTEES :	<ul style="list-style-type: none"> Chairman of the Audit & Risk Committee Member of the Nomination Committee
QUALIFICATIONS :	<ul style="list-style-type: none"> Fellowship of Certified Accountants
MEMBERSHIP OF ASSOCIATIONS:	<ul style="list-style-type: none"> Member of Malaysian Institute of Accountants (MIA)
WORK EXPERIENCE AND OCCUPATION :	<p>Dato' Rosli bin Sharif had served with the Government of Malaysia in various capacities at the Treasury Department of the Accountant General's Office, Accountant at the Department of Civil Aviation and as the State Treasurer of Negeri Sembilan from 1980 to 1982. Since 1982, he had served as a Director in private limited companies involving in construction and property development. He joined Cement Industries of Malaysia Berhad (CIMA) in 1988 as the Group Finance Manager and was subsequently promoted to General Manager, then Chief Operating Officer and Managing Director in 2002. Between 1998 to 2005, he led CIMA to grow its business and in particular involved to acquire and restructure Negeri Sembilan Cement Industries Sdn Bhd, which resulted in CIMA expanding its production capacity and market share especially in Singapore. He was the Chairman of the Cement and Concrete Association of Malaysia from 1998 to 2000. In 2006, he was appointed as the Senior Director of International Business West Asia at UEM Group Berhad and from 2009 to 2011, he was the Senior Director, Corporate Services of UEM Group Berhad. He was the Independent Non-Executive Director of Konsortium Logistik Berhad, a public listed company from 2011 to 2013. He was also the Managing Director of another public company from 2012 to 1 February 2017.</p>
DIRECTORSHIP OF PUBLIC COMPANIES (IF ANY) :	<ul style="list-style-type: none"> None
FAMILY RELATIONSHIPS (IF ANY) :	<ul style="list-style-type: none"> No family relationship with any director and/or substantial shareholder of the Company
NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021:	<ul style="list-style-type: none"> 6/6

BOARD OF DIRECTORS' PROFILE

(cont'd)

	<p>DATO' HAJI ROSHIDI BIN HAJI HASHIM 67, Malaysian Independent Director</p>
DATE APPOINTED TO THE BOARD :	<ul style="list-style-type: none"> • 21 May 2020
MEMBERSHIP OF BOARD COMMITTEES :	<ul style="list-style-type: none"> • Chairman of the Remuneration Committee & Nomination Committee • Member of the Audit & Risk Committee
QUALIFICATIONS :	<ul style="list-style-type: none"> • Degree- Social Sciences, (Political Sciences) University Sciences Malaysia • Diploma- Pentadbiran Awam (Diploma in Public Administration) INTAN Malaysia
MEMBERSHIP OF ASSOCIATIONS:	<ul style="list-style-type: none"> • None
WORK EXPERIENCE AND OCCUPATION :	<ul style="list-style-type: none"> • 1975-1979- Clerical Staff Hospital Daerah Butterwoth • 1979-1995- Investigation Officer Anti Corruption Agency Malaysia • 1995-1996-Assistant Director Procurement division, Ministry of Finance • 1996-2000- Assistant Director to State Economic Planning Unit (UPEN) State of Perak • 2000-2007-Special Officer and Private Secretary to Menteri Besar of Perak • 2007-2008- Secretary of Majlis Bandaraya Ipoh • 2008-2014-Mayor of Ipoh City, Malaysia • 2015-2019-Independent Non-Executive Chairman of Leweko Resources Berhad • March 2019 - November 2019 - Independent Non-Executive Chairman of Kumpulan Powernet Berhad
DIRECTORSHIP OF PUBLIC COMPANIES (IF ANY) :	<ul style="list-style-type: none"> • None
FAMILY RELATIONSHIPS (IF ANY) :	<ul style="list-style-type: none"> • No family relationship with any director and/or substantial shareholder of the Company
NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021:	<ul style="list-style-type: none"> • 6/6

BOARD OF DIRECTORS' PROFILE (cont'd)

	<p>JASON FONG JIAN SHENG 34, Malaysian Independent Director</p>
DATE APPOINTED TO THE BOARD :	<ul style="list-style-type: none"> 7 October 2021
MEMBERSHIP OF BOARD COMMITTEES :	<ul style="list-style-type: none"> Member of the Audit & Risk Committee, Remuneration Committee & Nomination Committee
QUALIFICATIONS :	<ul style="list-style-type: none"> Bachelor of Marketing HELP University College
MEMBERSHIP OF ASSOCIATIONS:	<ul style="list-style-type: none"> None
WORK EXPERIENCE AND OCCUPATION :	<ul style="list-style-type: none"> As the founding director of a well-known business consultancy firm in town, he has been influential in defining business landscape of the future for many public-listed companies on Bursa Malaysia, as well as helping them to reach their goals in more efficient ways. He has handled many prominent clients from various sectors, ranging from information technology, property and construction, healthcare, consumer, transportation, oil & gas, trading and retail industry. Being well-acquainted with the corporate affairs in Malaysia, he could develop and strengthen management team in order to maximise company's profitability and efficiency. Fong is actively involved in many major corporate exercises, including initial public offering (IPO) and merger & acquisition (M&A) activities, as well as fund raising activities, such as private placement and rights issue exercises.
DIRECTORSHIP OF PUBLIC COMPANIES (IF ANY) :	<ul style="list-style-type: none"> XL Holdings Berhad
FAMILY RELATIONSHIPS (IF ANY) :	<ul style="list-style-type: none"> No family relationship with any director and/or substantial shareholder of the Company
NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021:	<ul style="list-style-type: none"> 1/1

KEY MANAGEMENT PROFILE

Key Management Profile

Dzulkifly bin Abdul Khalid (“Dzul”)

Director of subsidiary companies cum General Manager of PHREC
Head of Mini-Hydropower Division

Dzul obtained a Certificate in Mechanical Engineering from Politeknik Ungku Omar, Ipoh in 1995. He then served for 15 years from 1995 to 2010 in Minolta Malaysia Sdn Bhd, Konica Minolta Precision Engineering Sdn Bhd and Sony Precision Engineering Sdn Bhd. His last position was the Head of Section in the Production Division where he was in charge of the production line planning which includes the management of manpower and materials. Between 2010 to 2013, he joined Sanwa Printing Sdn Bhd as the Quality Assurance (QA) Executive. He was tasked to supervise the QA department, ensuring the compliance with high standard of quality control in the printing industry.

In 2013, Dzul joined PHREC as a Corporate Affairs Executive. His job scope was to handle the project co-ordination with various State Government Agencies as well as to engage with the public in the specific project area for the development of the small hydro projects. In 2015, he was promoted to the position of Assistant Operations Manager where he was responsible for the overall company operations which includes project progress updates, managing relationships and interactions with State Government Agencies as well as public relations. Dzul is then promoted into his current position in early 2018. He is now responsible for the day-to-day operations of the Group's mini-hydropower division.

Heng Boon Liang (“Boon Liang”)

Director of Solarcity Malaysia Sdn. Bhd. (“Solarcity”)
Head of Solar Division

Boon Liang has a Master of Science and Bachelor of Science degree with a major in mechanical engineering from the Mississippi State University of United States of America (“U.S.A.”). In his early career, he was actively involved in research and development work in the U.S.A., including conducting key research and development of Reusable Launch Vehicle for National Aeronautics and Space Administration (“NASA”).

Boon Liang has a vast experience in green technology, in particular, the Solar Photovoltaic (“PV”) and Hydro Turbine segment. He is currently the director of Solarcity and has been tasked to expand the renewable energy – Solar segment of the Group.

KEY MANAGEMENT PROFILE

(cont'd)

Zulkepli Bin Mishat (“Zul”)

Director of subsidiary companies
Head of Water and Waste Water Division

Zul is an engineer graduated from University of Wollongong, NSW, Australia (B E Civil, 1989). He brings with him more than 30 years in water and wastewater experience in multinational companies inclusive of 2 years managerial experience with Northumbrian Water Ltd, United Kingdom.

Zul possessed hands on experience in project due diligence, business proposal and project planning and implementation.

In his earlier days, he was one of the key person leading to successful implementation of Johor Baru Water Supply Privatisation Project for the take over and upgrading of Sg Layang water treatment plant from 180 Million Litres per Day (“MLD”) to 635 MLD in 1992 under Build-Operate-Transfer contract of 20 years.

Zul is one of key management with his vast experience in operations and maintenance of large water, wastewater and reclaim water infrastructures including plants, pumping stations, substations, transmission mains and reservoirs.

Anizarni Binti Adri (“Anizarni”)

Operations Manager, GPB Corporation Sdn. Bhd. (“GPB”)

Anizarni is a holder of Diploma in Mechatronic Engineering from Politeknik Sultan Azlan Shah, Tanjung Malim and Executive Diploma in Industrial Training from Universiti Tun Hussein Onn. She joined GPB in August 2011 as a Technical Executive where she is responsible to supervise the technicians and mechanics under GPB. She is also entrusted to maintain and update the technical and process documentations of GPB’s huge fleet of vehicles. In 2014, Anizarni was promoted to Operations Executive where her job scope has been expanded to include the management and supervision of the Operations Department and the Marketing Department, in addition to the Technical Department. In 2017, she was promoted to her current position where she leads the operational aspects of GPB under the direction of the Executive Director, and she is also the liaison of GPB in dealing with customers and vendors.

KEY MANAGEMENT PROFILE

(cont'd)

Tan Yu Chai (“Yu Chai”)

Senior Finance Manager, G Capital Berhad

Yu Chai holds Bachelor’s Degree (Honours) in Applied Accounting from Oxford Brookes University, is a qualified accountant registered with Malaysian Institute of Accountant (“MIA”). He is a Fellow Member of Association of Chartered Certified Accountant (“ACCA”) as well as an Associate Member to the Institute of Internal Auditors Malaysia (“IIA Malaysia”)

Yu Chai started his career in December 2008 as an audit associate in KPMG Malaysia, one of the top-tier international accounting firm. Yu Chai left KPMG Malaysia in December 2013 as an Assistant Audit Manager after spanning 5-years in external audit, where he led audit assignments to various clientele, including, trading, manufacturing, construction, property development, publication and energy.

Subsequent to KPMG Malaysia, Yu Chai joined Baker Tilly Malaysia from December 2013 to August 2016 as Transaction Reporting Manager, where he led various corporate fund-raising exercises as an Independent Reporting Accountant.

Yu Chai then assumed the role of Group Financial Controller of Frontier Digital Venture Limited, an Australian listed company where he co-authored with the chief financial officer on various financial and corporate reporting, management discussions and analyses, special projects and Merger and Acquisitions deals.

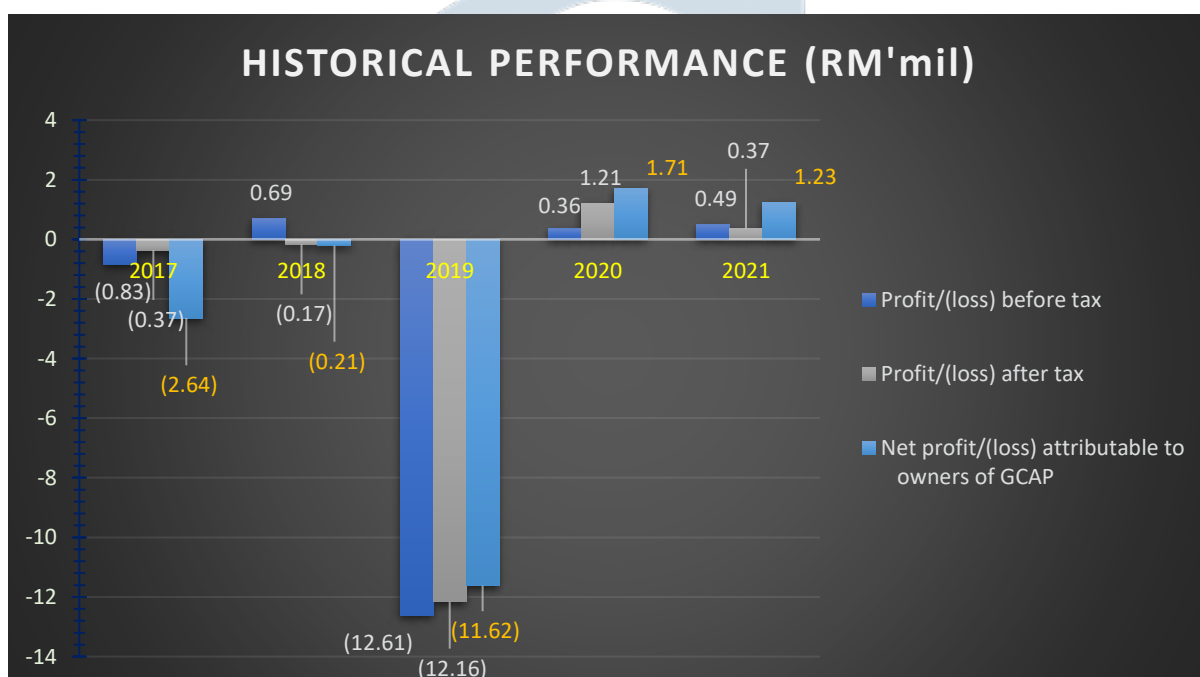
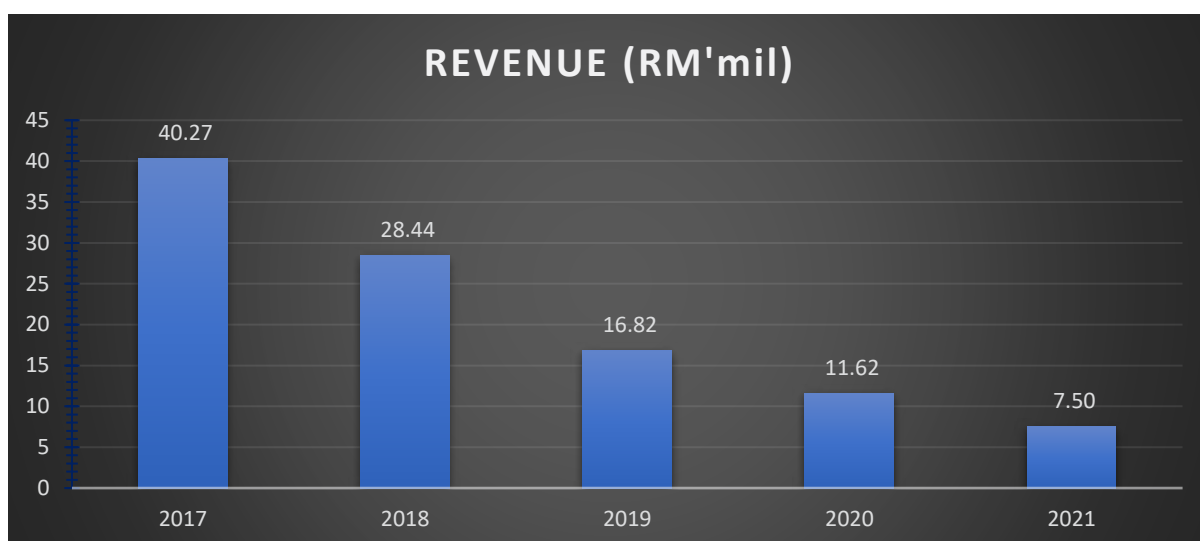
Yu Chai assumed the role as Senior Finance Manager starting February 2021 to helm the Group’s finance function.

Nur Iman Binti Bador (“Nur Iman”)

Human Resources & Administration Manager, GPB

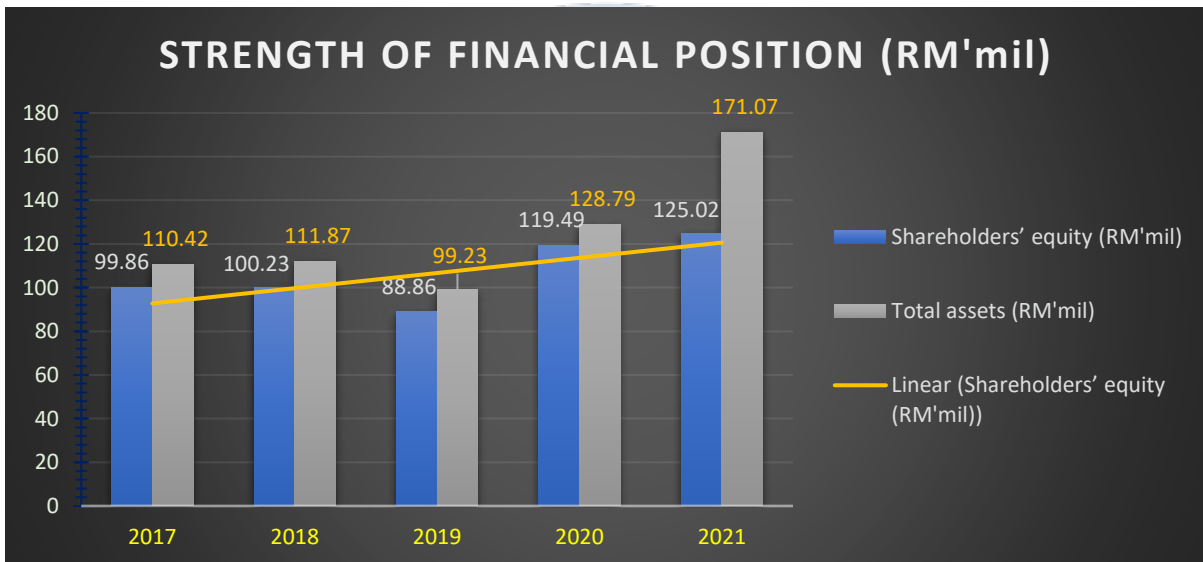
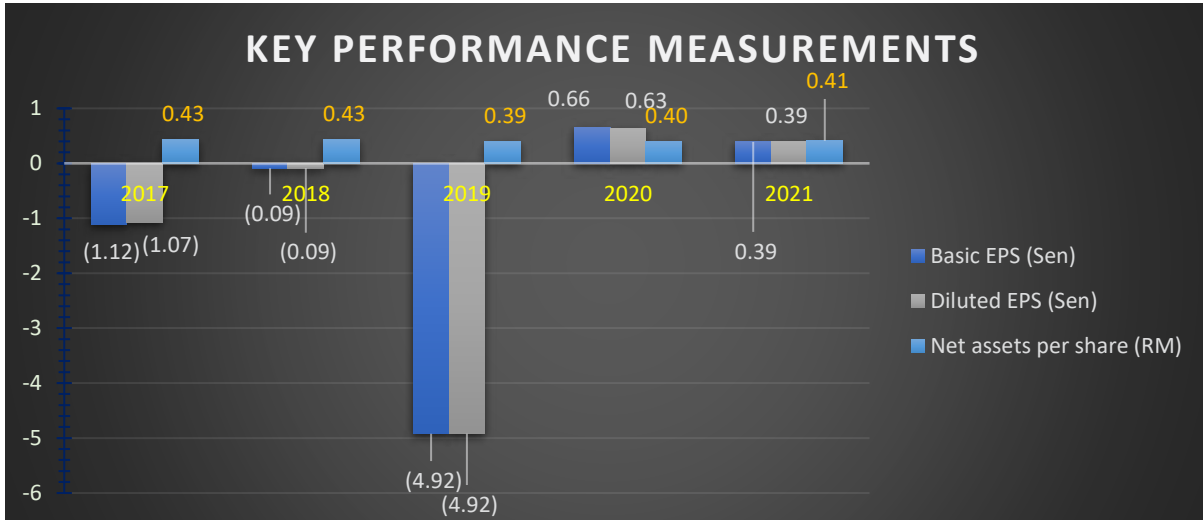
Nur Iman holds a Diploma in Public Administration from Universiti Teknologi MARA (UiTM). She served in the Government of Malaysia for 31 years from 1975 to 2006 in various positions and ministries before joining GPB. Her last position in the public services was Senior Administrative Officer at Lembaga Pelesenan Kenderaan Perdagangan, under the Ministry of Entrepreneurial Development (Kementerian Pembangunan Usahawan). Nur Iman joined GPB in January 2007 as the Human Resources & Administration Manager. She has been tasked to manage the office administration, human resources, as well as all matters pertaining to the licensing and regulatory compliance of the company’s fleet of vehicles.

KEY FINANCIAL SUMMARY



KEY FINANCIAL SUMMARY

(cont'd)



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of G Capital Berhad (“the Company”) recognises the importance of practicing and maintaining good corporate governance towards the success of the Company and its subsidiaries (“Group”) whilst pursuing its corporate objectives.

The Board remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Group and to ensure the highest standards of accountability and transparency. The Board supports the Corporate Governance Framework and continues to improve existing practices and achieve the objectives of the Group.

The Board is pleased to set out below the manner in which the Group has applied the three main principles in the Malaysian Code on Corporate Governance (“MCCG 2021”) known as Board Leadership and Effectiveness (Principal A), Effective Audit and Risk Management (Principal B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principal C) throughout the financial year ended 31 December 2021.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I Board Roles and Responsibilities

The Board takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, managing the business and affairs of the Group including ensuring achieving its strategic goals and realising long-term shareholders’ values.

The Group is led and controlled by an effective and experienced Board with the right mix of skills and balance to contribute to the achievement of the Group’s objectives. The directors collectively, with their different background and specialisation, bring with them a diverse wealth of experience and expertise in areas such as business, finance, property development and construction, regulatory and operations which are relevant to the Group.

The overall principal roles and responsibilities of the Board are as follows:

- (i) Determine and develop the Group’s strategic direction and business plans;
- (ii) Oversee the conduct and proper management of the Group’s businesses;
- (iii) Provide clear objectives and policies to management for operations;
- (iv) Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- (v) Ensure establishment of appropriate risk management and internal control framework and risk strategy as well as adequate management information and internal control system of the Company;
- (vi) Ensure the Group’s strategies promote sustainability, with attention given to environmental, social and governance aspects of business;
- (vii) Carrying out periodic review of the Group’s financial performance and operating results and major capital commitments;
- (viii) Review the adequacy and soundness of the Group’s financial system, internal control systems and management information system and ensure that they are in compliance with the applicable standards, laws and regulations; and
- (ix) Oversee the development and implementation of a shareholder communications policy, including an investor relations programme for the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The Board reviews the performance and results of the business divisions on a regular basis at its quarterly meetings by monitoring the Group's financial results against the budget and the preceding quarter's result. The Board members are updated on a regular basis on financial, operational, corporate, regulatory, business development and audit matters for the decisions to be made to effectively discharge the Board's responsibilities.

The Board also deliberates and evaluates the feasibility of business propositions and corporate proposals as well as the principal risks that may have a significant impact on the Group's business.

Key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major investments, appointment of Directors are discussed and decided by the Board.

External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required.

The Board sets the risk tolerance levels, objectives, performance targets and policies to manage the key risks faced by the Group. The details of the risk management framework are set out in the Statement on Risk Management and Internal Control of the Company's Annual Report 2020.

The Management and the Board also discuss and resolve risk management and sustainability-related issues, in particular, on business development, costing, environment and social aspects.

The Board has delegated certain functions to the Audit and Risk Committee, Remuneration Committee and Nomination Committee ("Committees" or "Board Committees") with each operating within its clearly defined Terms of Reference ("TOR"). Deliberation and decisions at the Committee level are recorded. The Committee Chairman will report to the Board on the outcome of the Committees' meetings and the minutes of meetings are circulated to the Board. The Board reviews the Committees' authority and TOR from time to time to ensure its relevance and efficacy. The Board retains full responsibility for the direction and control of the Company and the Group. The ultimate decision on all matters lies with the Board.

For the day-to-day operations, the Board has delegated its authorities and responsibilities to the Management team led by the Executive Director, representing the Management from transportation division, mini-hydropower division, solarpower division along with investment and other division respectively. The functions delegated to the Management team by the Board are, inter alia, as follows:

- implementation of strategies and business, policies and procedures approved by the Board;
- managing the daily conduct of the business and affairs of the Group;
- communicating matters of concern to the Board for information and/or decision; and
- representing the Group in its dealing with the government authorities and other external parties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Directors' Responsibilities on Sustainability of the Group

In line with the new practice of MCCG 2021 on sustainability, the Board leads the sustainability governance of the Group, overseeing the Economic, Environmental, Social and Governance ("EESG") strategies, initiatives, practices, targets and performance and emphasizing the importance of sustainability in creating values to stakeholders.

The Board will review the process of including material sustainability and climate-related risks and opportunities in the performance evaluation of the Board and Senior Management as stipulated in the latest MCCG 2021.

The Group has always prioritized environmental issues and complied with applicable laws and regulations in order to reduce negative environmental effect. We formulate our strategy and align our policies to promote green technology for greener economy and environment. Recognizing the importance, we periodically review and update our sustainability material matters we face and engage with our stakeholders to assess the magnitude of risks and opportunities in relation to the EESG topics. The discussion is also facilitated by the Heads of Department and key management staff. Following that, the sustainability matters were assessed based on their relevance to the stakeholders and the Group's business.

Directors' Responsibilities in relation to the Financial Statements

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects, primarily through the annual and quarterly financial statements to Shareholders as well as the Management Discussion and Analysis in this Annual Report. The Board is assisted by the Audit and Risk Committee to oversee the Group's financial reporting processes, ensures its compliance with applicable financial reporting standards and regulatory requirements as well as the quality of its financial reporting. The financial statements are reviewed by the Audit and Risk Committee prior to recommending them to the Board for relevant announcement and issuance to shareholders. The Board ensures the integrity of the Group's financial reporting and fully recognises that accountability in financial disclosure forms an integral part of good corporate governance practices.

The Directors have ensured that the financial statements of the Group and of the Company are drawn up in accordance with the requirements of the Malaysian Financial Reporting Standards and International Financial Reporting Standards and the provisions of the Companies Act, 2016. In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgement and estimates.

Roles and Responsibilities between the Chairman and Executive Director

During the financial year under review, The Executive Director has the general responsibility for day-to-day running of the Group's business, implementation of Board policies and making of operational decisions duly assisted by the Management team. The Executive Director is also responsible for the development of corporate goals and objectives and the setting of strategies to achieve them.

The Company currently has no Chairman of the Board. As such, the Directors present will choose one (1) among themselves to be Chairman of the particular Board meeting and ensures that Boards discussions are conducted in a manner that all views are taken into account before a decision is made.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The Executive Director focuses on implementing the plans chartered out and the day-to-day operations and management of the Group with clear authority delegated by the Board.

Company Secretaries

The Company is supported by two (2) qualified named Company Secretaries who possess the requisite qualification and are qualified to act as Company Secretaries under section 235(2) of the Companies Act 2016. They play a supportive role by ensuring adherence to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations from time to time. The Company Secretaries monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

The Company Secretary is present at meetings to record deliberations, issues discussed and conclusions in discharging his duties and responsibilities and also provide a central source of guidance and advice to the Board, on matters of ethics and good corporate governance and assist in determining board agenda, formulating governance, coordinates board assessment process and other board-related matters.

The Company Secretaries ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company.

Access to Information and Advice

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. The notices of Board and Board Committee meetings are sent out to the Directors via email at least seven (7) days prior to the meetings. The Board papers are circulated on a timely basis in advance of the meeting to enable the members to have sufficient time to review the papers prepared. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board and Board Committee meetings. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions can be made.

All proceedings from the Board and Board Committee meetings are recorded and confirmed by the Chairman of the meetings. The minutes of Board and Board Committee meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board and Board Committee meetings.

Meeting papers on issues or corporate proposals which are deemed confidential and sensitive would only be presented to the Directors during the meeting itself. Verbal explanations and briefings are also provided by Executive Director and Management to enhance understanding of matters in relation to the Group's business and operations.

All Directors have access to the advice and service of the Company Secretaries. The Board of Directors, whether as a full board or in their individual capacity, may upon approval of the Board of Directors, seek independent professional advice if required, in furtherance of their duties, at the Group's expense.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Board Charter

The Company has adopted a Board Charter (“Charter”) which sets out the role, duties, functions and responsibilities of the Board, Board Committees and Management so that there is a structured guide with regards to the various responsibilities including the need for Directors to carry out their leadership and supervisory role and in discharging their duties towards the Group and the Board. The demarcation of roles established in the Charter is the reference point (in relation to the Directors and Board’s roles, powers, duties and functions) to guide Board activities and help to reinforce the supervisory role of the Board.

The Board will review the Charter from time to time to ensure its compliance with relevant rules and regulations and remains relevant and effective. The Charter is made available on the Company’s website at <https://gcapital.com.my/corporate-governance/>.

Code of Conduct and Ethics and Whistle Blowing Policy

The Group’s Handbook for Employees (“Handbook”) continues to govern the standard of ethics and good conduct expected of Directors and employees. In addition, the Company has also formalized a Code of Conduct and Ethics for the Group. The objective of the Code of Conduct and Ethics is to set out the ethical standards to all Directors and employees in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment. Every employee must display and behave in a manner which is consistent with the Group’s philosophy and core values.

Through the Code of Conduct and Ethics and also the Handbook, the Board sets the tone for proper ethical behavior expected of the Board members and the employees. The Board will periodically review the Code of Conduct and Ethics to ensure it remains relevant and appropriate. Details of the Code of Conduct and Ethics are available for reference at the Company’s website at <https://gcapital.com.my/corporate-governance/>.

The Board has put in place a Whistle-Blowing Policy to provide an avenue for employees and stakeholders to report genuine concerns about unethical behavior, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions taken where required.

Included in the policy are the procedures and the independent person to which report on any suspected wrongdoing maybe reported for further investigation. The whistle-blower can address his/her complaints to the Chairman of the Audit and Risk Committee.

The Board will periodically review the Whistle-Blowing Policy to ensure it remains relevant and appropriate. The details of the Whistle-Blowing Policy are available for reference at the Company’s website at <https://gcapital.com.my/corporate-governance/>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Time Commitment, Board Meetings and Directors' Training

A full year meeting schedule which sets out the dates for Board meetings, Board Committee meetings and Annual General Meeting is prepared and circulated to the Directors before the start of each calendar year to allow the Directors to plan ahead in attending such meetings.

Board Meetings are scheduled every quarter with additional meetings to be convened as and when required. Urgent and important matters are resolved by way of written resolutions and clarifications are provided to the Directors where necessary. During the financial year under review, the Board met a total of six (6) times. The attendance of the Directors who held office at the end of financial year is set out below:

Directors	Attendance
Tan Sri Dr Ali bin Hamsa	6/6
Datuk Yap Yee Ping	6/6
Dato' Haji Roshidi bin Haji Hashim	6/6
Dato' Rosli bin Sharif	6/6
Jason Fong Jian Sheng (appointed on 7 October 2021)	1/1

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. All the Directors have complied with the minimum 50% attendance requirement in respect of Board meeting as stipulated in the Main Market Listing Requirements (MMLR).

All Directors of the Company do not hold more than 5 directorships in listed companies pursuant to Paragraph 15.06 of the MMLR.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast with industry developments and trends and also on various issues facing the changing business environment within which the Group operates, in order to fulfil their duties as Directors. All Directors have attended the Mandatory Accreditation Programme ("MAP") as required under MMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

During the financial year under review, the following Directors had participated in the following training programmes:-

Directors	Seminars / Workshops / Courses	Date
Tan Sri Dr Ali bin Hamsa	Securities Commission Guidelines on the Conduct of Directors of Listed Corporation and their subsidiaries	5 July 2021
Datuk Yap Yee Ping	Tax Treatments of Stock in Trade	16 December 2021
Dato' Haji Roshidi bin Haji Hashim	Financial Literacy for Directors	18-19 November 2021
Dato' Rosli bin Sharif	Managing Risk Effectively Amidst Uncertainty	30 November 2021
	Tax Treatments of Stock in Trade	16 December 2021
Jason Fong Jian Sheng	Mandatory Accreditation Programme	31 March 2021 to 2 April 2021

II. Board Composition

The Board has a balanced composition of Executive and Non-Executive Directors (including Independent Directors) such that no individual or group of individuals can dominate the Board's decision-making powers and processes. The presence of Independent Non-Executive Directors also safeguards the interest of the stakeholders in ensuring that the highest standard of conduct and integrity are maintained.

The Board currently consists of five (5) members, comprising two (2) Executive Directors and three (3) Independent Non-Executive Directors, in compliance with the MCCG 2021 that at least half of the Board members comprise of independent directors. Brief profile of each Board member is presented in this Annual Report under Profile of Directors.

The Board is of the view that its composition and size is adequate for the effective discharge of its functions and responsibilities. With its diversity of qualifications and skills, and the governance structure of the Board and its Committees, the Board has been able to provide clear and effective collective leadership to the Group and has delivered informed and independent judgment to the Group's strategy and performance to ensure that the highest standards of conduct and integrity are always at the core of the Group's undertakings. None of the Independent Non-Executive Directors ("INED") participate in the day-to-day management of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and responsibilities to the respective Board Committees such as the Audit and Risk Committee, Nomination Committee and Remuneration Committee. The presence of the Independent Non-Executive Directors both in the Board and Board Committees is essential in providing unbiased and impartial opinion, advice and judgment to Board deliberations to ensure that the interests, not only of the Group, but also of its shareholders, employees, customers, suppliers and other communities with which the Group conducts its business are well-represented and taken into account.

Board Committees

The Board is supported by relevant Board Committees, i.e Audit and Risk Committee (ARC), Nomination Committee (NC) and Remuneration Committee (RC). These Committees play a significant part in reviewing matters within each Committee's TOR, and facilitating the Board's discharge of its duties and responsibilities. Each of these Committees have specific TOR, scope and specific authorities to review matters tabled before the Committees prior to decisions by the Board as a whole. The ARC comprises of wholly INEDs whereas the NC and RC comprise a majority of INEDs.

Nomination Committee

The Nomination Committee which currently comprises three (3) Directors, are exclusively made up of Independent Non-Executive Directors and is chaired by Dato' Haji Roshidi bin Haji Hashim. The NC is responsible for nominating to the Board individuals as Directors and for assessing the Directors on an ongoing basis.

The NC operates within defined TOR which is available for reference at the Company's website at <https://gcapital.com.my/corporate-governance/>. The TOR discloses the following in compliance with the MMLR of Bursa Securities:

- i) Board composition
- ii) Objectives of the committee
- iii) Meetings and access to information
- iv) Authorities, duties and responsibilities

In the process of selecting and evaluating candidates, the NC takes into consideration suitability for the role, Board balance and composition, mix of skills, experience, knowledge and other qualities as well as diversity in terms of gender, age and ethnicity background. An assessment mechanism is in place to assess on an annual basis, the effectiveness of the Board as a whole and the Board Committees and the contribution of each individual Director. The annual assessment enables the Board to ensure that each of the Board members including the Managing Director has the character, experience, integrity, competence and time to effectively discharge their respective roles.

During the financial year under review, the NC met a total of two (2) times. The NC chose to meet post financial year to evaluate the performance of Directors for the immediate past financial year.

Having regard to the operations of the Group and composition of the Board, the Board has dispensed with the formality of appointing a senior INED from amongst the Board members. Any concerns from the shareholders can be conveyed to any of the INED of the Board.

The key activities undertaken by the NC during the financial year are as follows :

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

- (a) assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- (b) reviewed the mix of skills, experience, boardroom diversity and other qualities, including core competence of the members of the Board;
- (c) assessed and reviewed the independence of Independent Directors;
- (d) assessed the training needs of the Directors and collated training information from all Directors;
- (e) reviewed the size and composition of the Board and Board Committees;
- (f) considered the nomination of new membership of the Board;
- (g) discussed the character, experience, integrity and competence of the Directors, chief executive or chief financial officer and to ensure they have the time to discharge their respective roles; and
- (h) nominating the Directors who are due for retirement and are eligible to stand for re-election or re-appointment at AGM.

Board Appointment

The Board appoints its members through a formal and transparent selection process, which is consistent with the Company's Constitution. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and that legal and regulatory requirements are met.

The appointment process of a new Director is summarised as follows:

- (a) The candidate identified upon the recommendations from the Directors and Management or their contacts in the related industries, finance accounting, legal professions and/or major shareholders;
- (b) In evaluating the suitability of candidates to the Board, the NC considers, inter-alia, the required mix of skills, expertise, experience, time commitment and contribution of the candidates can bring to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independency will be considered;
- (c) Recommendation to be made by NC to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
- (d) Decision to be made by the Board on the proposed new appointment including appointment to the various Board committees.

The Company's Constitution provides that all Directors of the Company are subject to retirement. At least one third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office at the Annual General Meeting ("AGM"), provided always that all Directors shall retire from office at least once in every three (3) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Clause 95 of the Company's Constitution provides that 1/3 of the directors for the time being shall retire from office by rotation every year. Clause 102 of the Company's Constitution further provides that any newly appointed director shall hold office only until the next following AGM of the Company and shall be eligible for re-election but shall not be taken into account in determining the retirement of directors by rotation at such meeting.

The following Directors are up for retirement at the forthcoming AGM of the Company and have offered themselves for re-election at the said AGM:

- | | | |
|------|------------------------|---------------------------------|
| (i) | Dato' Rosli bin Sharif | Retiring pursuant to Clause 95 |
| (ii) | Jason Fong Jian Sheng | Retiring pursuant to Clause 102 |

Gender Diversity Policy

The Board acknowledges the recommendations of the MCCG 2021 on the establishment of a gender diversity policy. The Board does not plan to implement a gender diversity policy or target, as the Board adheres to the practice of non-discrimination of any form, whether based on age, race, religion or gender, throughout the Group. This includes the selection of Board members. The Company believes in, and provides equal opportunity to candidates with merit.

The Company has currently one (1) female director and four (4) male directors on the Board, i.e. the Board comprises 20% women directors, which is slightly below 30% women directors recommendations of the MCCG 2021. The Company had 40% women directors previously, women directors' composition fell below 30% after a woman director resigned on 8 July 2021. The Board is at its best endeavour to get at least 30% women directors within three (3) years.

The Board is of the view that the suitability of a candidate for the Board is dependent on the candidate's qualifications, competencies, professionalism, skills, experience, expertise, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender, ethnicity and age.

Board Evaluation and Assessment

The Board, through the NC conducted the annual assessment on the effectiveness of the Board, Board Committees and individual Directors of the Company internally by way of a set of self-assessment questionnaires.

The evaluation process is carried out by the NC and guided by the Corporate Governance Guide - Towards Boardroom Excellence. The individual Directors and Committee members are required to complete the separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The Board Committees carried out their evaluation with the view to maximize the performance of the individual committees in the interest of the Company. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. All assessments and evaluations carried out by the NC in the discharge of all its functions are documented. The assessment and comments are summarised and discussed at Nomination Committee meeting before it is presented to the Board.

Tenure of Independent Directors

The Board, via NC, has developed the criteria to assess independence and formalised the current independence assessment practice. The assessment of the independence of each of its INED is undertaken annually according to set criteria as prescribed by the MMLR. As

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

recommended by the MCCG 2021, the tenure of directorship of not more than 9 years form part of the assessment criteria for independence of a Director, where specific tenures of the Directors were duly reviewed and confirmed for suitability by the NC and the Board.

As for the term limit for INED, the Board has adopted Practice 5.3 of the MCCG 2021 to seek shareholders' approval in the event the Board desires to retain as an INED, a person who has served in that capacity for more than 9 years. If the Board continues to retain the INED after the 12th year, the Board must seek shareholders' approval annually through a 2-tier voting process. Currently none of the INED has served for a cumulative term of more than 9 years.

III. Remuneration

Remuneration Committee, Remuneration of Directors and Senior Management

The present RC which was established by the Board comprises mainly of INEDs and its composition is as follows:-

Chairman

Dato' Haji Roshidi bin Haji Hashim, INED

Member

Jason Fong Jian Sheng, INED

Datuk Yap Yee Ping, ED

The RC carry out its function as stated within the terms of reference. The details of the TOR of RC are available for reference at the Company's website at <https://gcapital.com.my/corporate-governance/>.

The primary function of the RC is to set up and review the policy and procedures of remuneration framework and recommend to the Board the remuneration packages of all the Directors and senior management according to the Group's financial performance, the skills, level of responsibilities, experience and performance of the Directors and senior management. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the RC.

The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC reviews the Board remuneration policy and terms of service of each Director annually taking into consideration market conditions and comparisons, responsibilities held, business strategy, long term objectives and the overall financial performance of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Non-Executive Directors are paid by way of fixed meeting allowance for each meeting attended. Individual Director is not allowed to participate in discussion of his own remuneration. The Board will then recommend the Directors' fees and other benefits payable to Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.

The aggregate remuneration of Directors of the Group and of the Company accrued for the financial year ended 31 December 2021 is as follows:-

	Executive Directors	Non-Executive Directors	Total Group
	RM	RM	RM
Directors' fees	72,000	102,000*	174,000
Salaries and allowances	1,761,798 [§]	-	1,761,798
EPF Contributions	173,873	-	173,873
Social Security Contributions	3,308	-	3,308
Other emoluments	-	22,000*	22,000
Total	2,010,979	124,000	2,134,979

On a named basis, the details of the total directors' remuneration accrued for the financial year ended 31 December 2021 are as follows: -

Directors' Remuneration

Executive Directors	Tan Sri Dr. Ali bin Hamsa	Datuk Yap Yee Ping	Other directors of subsidiaries	Total Group
	RM	RM	RM	RM
Directors' fees	36,000	36,000	-	72,000
Salaries and allowances	366,000 [^]	1,276,955 [§]	118,843	1,761,798
EPF Contributions	14,520	153,592	5,761	173,873
Social Security Contributions	593	1,846	869	3,308
Total	417,113	1,468,393	125,473	2,010,979

Non-Executive Directors	Dato' Rosli bin Sharif	Dato' Haji Roshidi bin Haji Hashim	Jason Fong Jian Sheng[#]	Total for NED who held office at 31-Dec-2021
	RM	RM	RM	RM
Directors' fees	36,000	36,000	9,000	81,000
Other emoluments	8,000	8,000	4,000	20,000
Total	44,000	44,000	13,000	101,000

* A female director named Loi Jin Choo stepped down as INED with effect from 7 July 2021. Director fee of RM21,000 and other emolument of RM2,000 were accrued for the financial year ended 31 December 2021.

[^] Included meeting allowance of RM6,000 for financial year ended 31 December 2021.

[§] Included meeting allowance of RM8,000 for financial year ended 31 December 2021.

[#] Jason Fong Jian Sheng is appointed as INED with effect from 7 October 2021.

The above disclosure is deemed sufficient to enable stakeholders to assess directors' remuneration vis a vis the Group's performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Remuneration of the Top Management

The details of the aggregate remuneration of the top five (5) Management staff of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) for the financial year ended 31 December 2021 are disclosed and categorised as follows:

Category	Company	Subsidiaries	Total
	RM	RM	RM
Salaries and allowances	-	272,848	272,848
Employee Provident Fund Contributions	-	32,748	32,748
Social Security Contributions	-	1,231	1,231
Total	-	306,827	306,827

The number of top five (5) Management staff whose remuneration paid/payable for financial year ended 31 December 2021 on an aggregated basis is as set out below:-

Remuneration Range	Number of Senior Management Staff
RM50,001 – RM100,000	3
RM100,001 – RM150,000	1
RM200,001 – RM250,000	1

The Board is of the opinion that the disclosure of the senior management's names and remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality, business and personal security concerns.

The above disclosure is deemed sufficient to enable stakeholders to assess senior management remuneration vis a vis the Group's performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit and Risk Committee

The ARC of the Company currently comprises wholly of Independent Non-Executive Directors. The ARC is chaired by an Independent Non-Executive Director, Dato Rosli bin Sharif with appropriate professional qualifications including accounting and related financial management expertise, and other members of the ARC include Dato' Haji Roshidi bin Haji Hashim and Jason Fong Jian Sheng. The ARC oversees the integrity of the financial statements, compliance with relevant accounting standards and the Group's risk management and internal controls.

The ARC Report is set out separately in this Annual Report. Its composition and performance are reviewed by the NC annually and recommended to the Board for its approval. Full details of the ARC's duties and responsibilities are stated in its TOR which is available on the Company's website at at <https://gcapital.com.my/corporate-governance/>.

The Company complied with Practice 9.1 of the MCCG 2021 which stipulates that the Chairman of the ARC is not the Chairman of the Board. The Company has not appointed any former audit partner to be a member of the ARC.

The Board, through its ARC maintains a formal and transparent relationship with its external auditors. The ARC ensured that the external auditors work closely with the internal auditors to enhance the effectiveness of the overall audit process. The ARC assesses the suitability and independence of the external auditors on an annual basis. Areas of assessment including amongst others, the external auditor's suitability, objectivity, independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement.

The external auditors, in supporting their independence, will provide the ARC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The external auditors have provided such declaration in their annual audit plan presented to the ARC of the Company during the financial year.

The external auditors have an obligation to bring to the attention of the Board of Directors, the ARC and Management any significant defects in the Group's systems of reporting, internal control and compliance with Applicable Approved Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The external auditors are invited to attend at least two (2) meetings with the ARC each financial year to discuss their audit plan and audit findings on the Company's yearly financial statements. Private meetings without the presence of the Management and Executive Director(s) will be held if necessary to discuss any issues that may require the attention of the ARC.

The ARC and the Board are satisfied with the performance, competence and independence of the external auditors and the Board had recommended their re-appointment for shareholders' approval at the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

II Risk Management and Internal Control Framework

The Board acknowledges the importance of risk management and internal control systems are an integral part of effective management practice and to safeguard shareholders' investment and Group's assets. The ARC ensures principal risks in the Group are identified, assessed and mitigated with the appropriate internal control system.

The Risk Management Working Group (RMWG) consisting mainly of all the Departmental Heads of the Group, was formed to assist the ARC to oversee the risk management system, practices and processes. The RMWG is assigned with the responsibility of continuously monitoring and managing the risks of the Group through risk identification, assessment and control.

The risk management review is performed on yearly basis to assess and manage the risks faced by the Group. The review is carried out to address major risk areas of concern, if any, from the perspectives of environment, regulatory and legal governance and operational controls, financial, customers, contractors and sustainability risks.

The Group has outsourced the services of internal audit to an independent professional service provider ("Outsourced IA") which reports directly to the ARC. Further details of the activities of the internal audit function carried out by the Outsourced IA during the FY2021 are set out in the ARC Report.

The risk management framework and internal control system are disclosed under the Statement on Risk Management and Internal Control.

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

I Communicating with Stakeholders

The Company recognises the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.

The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving its shareholders as clear as possible complete information of the Group's business position, financial performance and major developments. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results.

The Board believes that the Company's Annual Report is a vital source of essential information for shareholders, investors and other stakeholders where it communicates comprehensive information of the financial results, management and discussion analysis on the operations of the Company, governance and sustainability measures and activities.

General meetings are the key platform for shareholders' participation and for the Board to provide an overview of the Group's progress to-date and respond to questions from shareholders concerning the Group's business, operations and prospects.

Shareholders may also obtain the Company's information, latest announcements and new events relating to the Group through its company's website at www.gcapital.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

II Conduct of General Meetings

The Board also acknowledges annual general meeting and other general meetings as important avenues in engaging with shareholders.

The annual general meeting of the Company represents the principal forum for dialogue with shareholders where they may seek clarification on the Company's business. Shareholders are encouraged to participate in the questions and answers session and the Board will respond to any questions raised during the meeting to the best of its ability and knowledge.

In order to encourage shareholders' participation at the annual general meeting, the Company sends out the notice of annual general meeting earlier or at least 14 days or 21 days (depending of resolutions sought, whether a ordinary resolution(s) or special resolutions) to allow sufficient time for shareholders to make arrangements to attend either in person, by corporate representative, proxy or attorney. In accordance with the recommendations of the MCCG 2021, the Company gives its shareholders at least 28 days prior notice of the AGM of the Company.

During the previous Twenty-Sixth Annual General Meeting ("26th AGM") held on 28 June 2021, all resolutions set out in the Notice of 26th AGM were put to vote by poll. An independent scrutineer was appointed to validate the votes casted at the 26th AGM. The Directors, Management and External Auditors were also in attendance to respond to the shareholders' queries.

Statement On Compliance and CG Report

The Board will continue to strive for sound standards of corporate governance throughout the Group to comply with the principles and practices as set out in the MCCG 2021. As required under paragraph 15.25(2) of MMLR of Bursa Securities, the Group's application of each Practice of the MCCG 2021 during the financial year and explanation for departure or alternative practice is set out in the Group's CG Report and can be downloaded at www.gcapital.com.my

This Corporate Governance Overview Statement was approved by the Board of Directors on 7 April 2022.

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

Directors are legally responsible to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing those financial statements, the Directors ensured that:

- they complied with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and Companies Act 2016 ("the Act");
- appropriate accounting policies are used and applied consistently;
- the going concern basis used in preparation of the financial statements are appropriate; and
- where judgements and estimates are made, they are reasonable and prudent.

The Directors are responsible to ensure that proper accounting records are kept and disclosed with reasonable accuracy at any time the financial position of the Group and of the Company and to ensure that the financial statements comply with MFRSs, IFRSs, the Act and the Main Market Listing Requirements of Bursa Securities. The Directors have a general responsibility for taking such steps as are reasonably available to them to manage risks associated to the business of the Group, safeguard the Group's assets, to prevent and detect fraud and other irregularities.

This Statement was approved by the Board of Directors on 7 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as set out in Part A of Appendix 9C thereto.

1. Utilisation of Proceeds

During the financial year ended 31 December 2021, the Company did not raise any funds through any corporate proposal.

2. Audit Fees and Non-Audit Fees

During the financial year ended 31 December 2021, the amount of audit fees and non-audit fees paid or payable to the Company and the Group are as follows:

	Group RM	Company RM
Audit Fees	148,000	66,000
Non-Audit Fees	57,000	57,000

3. Material Contracts Involving Directors and Major Shareholders

Save for the RRPT, there were no material contracts subsisting as at 31 December 2021 or entered into since the end of the previous financial year, by the Company and its subsidiaries involving Directors' and major shareholders' interest.

4. Contract Relating to Loans

During the financial year, there were no contracts relating to loans entered into by the Company involving the interests of directors and/or major shareholders.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) of G Capital Berhad is pleased to present its Statement on Risk Management & Internal Control which has been prepared pursuant to Paragraph 15.26(b) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”).

RESPONSIBILITY OF THE BOARD

The Board of the Directors (“Board”) acknowledges and assumes its overall responsibility for the system of risk management and internal control of G Capital Berhad (“GCAP”) and its controlled entities (collectively hereinafter referred to as “GCAP Group” or the “Group”).

The Board acknowledges that the system of internal control is designed to help manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud. As such the system is designed to identify and manage the Group’s risk within the risk tolerance established by the Board and Management.

The Board recognises the importance of sound risk management and a system of internal control to meet the Group’s business objectives, safeguard shareholders’ interest and the Group’s assets. The Board affirms its overall responsibility for this system, which includes the establishment of an appropriate control environment and framework as well as reviewing the adequacy and effectiveness of the systems.

The key areas covered by the Group’s risk management and system of internal control are financial, organisational, operational, environmental and compliance controls. The Audit & Risk Management Committee assists the Board in the implementation of the risk management and internal control systems within an established framework throughout the Group.

INTERNAL CONTROL ENVIRONMENT ELEMENTS

The Board recognises the importance of an internal control environment that set the tone of GCAP Group. It is the foundation of all components of internal control to provide the discipline and structure. It influences the control consciousness of the employees in GCAP Group. In recognising the importance of a control environment in the overall governance process, the Board of GCAP has instituted the following:

Board and Board Committee

- Appointment of 3 Independent Non-Executive Directors comprising of 60% of the total Board, who are to ensure that strategies proposed are fully discussed and evaluated.
- Appointment of Board Committees, including Audit & Risk Management Committee to assist the Board in overseeing the overall management of principal areas of risk and evaluate the adequacy and effectiveness of risk management and internal control systems. Whilst the Nomination and Remuneration Committee have been delegated with specific responsibilities with terms of reference, these Committees have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations for the Board’s decision.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

Organisational Structure

- The organisational structure of GCAP Group is clear and detailed, defining the roles and responsibilities of the various Committees of the Board, Management of the Corporate Office and subsidiary companies.
- Appointment of Group Executive Director (“GED”) on the Board of the operating subsidiary companies within the GCAP Group. The GED’s appointment, roles and responsibilities, and authority limits are set by the respective Boards.

Risk Management

- Risk Management is regarded as an integral part of the management process and the process of continual improvement. There is an on-going process for identifying, assessing and responding to risks to achieve the objectives of the Group. The process was in place for the period under review and up to the date of issuance of this Statement on Risk Management and Internal Control. The Group has a risk management process in place to identify, evaluate and manage the significant risks faced by the Group in meeting its business objectives.
- The Group’s internal control mechanism is embedded in the various work processes and procedures at appropriate levels in the Group. The Board maintains an organisational structure with clearly defined levels of responsibility and authority and appropriate reporting procedures. The Board meets at least quarterly and details out matters specifically reserved for its collective decision in order that effective control over strategic, management, financial, operational, environmental and compliance issues can be maintained.
- The GED, and the senior management team are tasked to identify major business and compliance risks concerning their respective business units, oversees and ensures integration of risk management into their business processes to safeguard the interest of the Group covering strategic, operation, reporting and compliance risks. In addition, they are assigned with the responsibility of managing the Group. Key functions such as finance, tax, corporate, legal matters and contract awarding are controlled centrally this team. They are also accountable for the conduct and performance of the various business units. They monitor the affairs of the business units through review of performance and operation reports and having monthly management meetings with the departmental heads of the business units to identify, discuss and resolve business, financial, operational, environmental, compliance and management issues. The meetings also serve as a platform whereby the Group’s goals and objectives are communicated.

The key objectives of GCAP Group’s risk management are as follows:

- Optimise return to shareholders and protect the interests of other stakeholders.
- Safeguard GCAP Group’s assets.
- Improve GCAP Group’s operating performance.
- Fulfilling GCAP Group’s strategic objectives.
- Ensure appropriate and timely responses to changes in the environment that affect GCAP Group’s ability to achieve its objectives.
- Reduce risks of material misstatement in official announcements and financial statements.
- Comply with the Malaysian Code of Corporate Governance, the relevant laws and requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Strategic Planning and Performance Monitoring

- Establishment of a clear GCAP Group vision, mission, short and long-term strategic and action plan.
- Establishment of performance monitoring as tool for management to monitor performance and measure against the corporate objectives approved by the Board, covering all key financial, customer, operational, systems and organisational indicators.

Insurance on Assets

- GCAP Group purchases insurance on all its motor vehicles and liabilities coverage for accidents, bodily injury or property damage.
- Insurance coverage is reviewed regularly to ensure comprehensive coverage in view of the changing business environment or assets.

Business Continuity Management

- GCAP Group has identified the potential events that threaten its organisation and established a framework for building resilience and the capability for effective response which safeguards the interests of its key stakeholders, reputation, brand and value creating activities in the event of that potential event becomes an eventuality.

Internal Audit

- Reviews of the internal control system are carried out on a regular basis by the Internal Audit function. The findings of their audits are tabled at the Audit & Risk Management Committee meetings for deliberation and the Audit & Risk Management Committee's expectations on the corrective measures are communicated to the respective process owner and subsequently, remedial actions thereon taken, are evaluated and monitored on an on-going basis. Then the results of such reviews are reported to the Board of Directors at the subsequent quarter Board Meeting.
- Internal control weaknesses identified during the financial period under review have been or are being addressed by management. None of the weakness noted has resulted in any material losses, uncertainties or contingencies that would require disclosure in this statement.
- During the financial year under review, the internal auditors carried out reviews on review of related party transaction within GCAP Group, in accordance with the approved Internal Audit Planning Memorandum.
- Management of GCAP is pleased to inform that internal auditors report neither control deficiency nor fraud, defalcations and irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

THE REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 (“AAPG 3”), Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (“MIA”) for inclusion in the Annual Report of the Group for the FYE 2021, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report of the Group, in all material aspects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors’ Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

AUDIT & RISK COMMITTEE REPORT

The composition of the Audit & Risk Committee (“ARC”) is in compliance with Paragraph 15.09 of the Main Market Listing Requirements. The members of the ARC as at the date of this report are as follows:

Chairman

Dato’ Rosli bin Sharif (Independent Non-Executive Director)

Members

Dato’ Haji Roshidi bin Haji Hashim (Independent Non-Executive Director)

Jason Fong Jian Sheng (Independent Non-Executive Director)

The ARC comprises three (3) Non-Executive Directors, all of whom are Independent Non-Executive Directors. Dato’ Rosli bin Sharif is a member of the Malaysian Institute of Accountants (MIA). All members of the ARC are financially literate, able to analyze and interpret financial statements and objectively review matters under the purview of the Committee.

MEETINGS AND ATTENDANCE

The ARC meets periodically to carry out its functions and duties in accordance with its Terms of Reference. During the financial year ended 31 December 2021, the ARC held six (6) meetings. The record of attendance of these meetings during the year is as follows:-

Name of Members	Total Meetings attended
Dato’ Rosli bin Sharif	6/6
Dato’ Haji Roshidi bin Haji Hashim	6/6
Jason Fong Jian Sheng	1/1

The Executive Director and Senior Finance Manager are invited to attend the ARC meetings as and when the need arises to provide explanations, answer queries and clarification to the ARC on specific matters related to their areas of responsibility. The External and Internal auditors are also invited to attend ARC meetings to present their reports on financial results, internal audit reports, audit findings and other matters for the information and/or approval of the ARC.

The Company Secretary was in attendance during the meetings and all proceedings of the ARC meetings are duly minuted and confirmed at the next following ARC Meeting. Minutes of the ARC meetings are included in the Board meeting papers to keep the Board updated on activities of the ARC.

AUDIT & RISK COMMITTEE REPORT

(cont'd)

- In overseeing the Group's financial reporting processes, the ARC reviewed and discussed the Group's unaudited quarterly financial results and final draft audited financial statements at the ARC meetings, as well as discussing the financial performance of the Group.
- In the review of the quarterly financial results and annual audited financial statements, the ARC remains focus on ensuring the integrity of the financial reporting. The ARC deliberated and analyzed with the Management, Senior Finance Manager and External Auditors to ensure that they are prepared in compliance with applicable financial reporting standards and regulatory requirements, before presentation to the Board for consideration and approval.
- Reviewed and discussed on the impact of any changes/adoption of new accounting standards, auditing and regulatory issues to the Group's financial reporting processes.
- Reviewed and assessed the adequacy of the processes and controls in place for effective and efficient financial reporting and that reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards.
- Reviewed and discussed with the external auditors, prior to the commencement of audit, the audit planning memorandum which include matters pertaining to the audit service team, scope of the work, significant risks and areas of key audit focus, internal control plan, technical updates, independent policies and procedures, timeline, etc.
- Reviewed the Internal Audit Report presented by the Internal Auditors.
- Evaluated the performance of the external auditors including assessment of their independence, technical competency, adequacy of resources and reasonableness of their audit fees and non-audit fees. The ARC recommended to the Board for approval on the re-appointment of external auditors of the Company subject to the shareholders' approval at the forthcoming Annual General Meeting.
- Reviewed ARC Report, Statement on Internal Control & Risk Management and Corporate Governance Statement and recommended to the Board for consideration and approval.

ARC PERFORMANCE ASSESSMENT

The Board through the Nomination Committee, carried out an annual assessment on the performance of the ARC. The ARC members also conducted an evaluation of each individual Committee members based on self and peer rating model. Based on the assessment, the Board was satisfied that the ARC and its members have discharged their duties, function and responsibilities in accordance with the ARC's Terms of Reference.

The ARC also conducted an annual review and evaluation in an effort to enhance and improve its processes of the control environment. The ARC was assessed by its members based on five (5) key areas, namely composition and charter, committee process, external auditors, internal audit, financial statements and quarterly results.

AUDIT & RISK COMMITTEE REPORT

(cont'd)

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Company has engaged an independent professional firm, GovernanceAdvisory.com Sdn Bhd. to provide out-sourced internal audit function to carry out internal audit of the Group. This is to assist the ARC in discharging its duties and responsibilities.

During the financial year under review, the Outsourced IA carried out reviews on the related party transactions ("RPT") and recurrent related party transaction ("RRPT").

The Group outsourced the internal audit function for the financial year ended 31 December 2021. The cost incurred for the internal audit function in respect of financial year ended 31 December 2021 was RM82,772.00

Notwithstanding the recent change to outsource internal audit function, Audit Committee will continuously assess the need to have in-house internal audit function.

This ARC Report was approved by the Board of Directors on 7 April 2022.

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DIRECTORS' REPORT

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

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

Financial Results

	Group RM	Company RM
Net profit/(loss) for the financial year	374,677	3,305,858
Attributable to:		
Owners of the Company	1,230,514	3,305,858
Non-controlling interests	(855,837)	-
	<u>374,677</u>	<u>3,305,858</u>

Reserves and Provisions

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

Dividends

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

Issue of Shares and Debentures

During the course of the financial year, the Company issued shares as follows:

Issue Type	Number of shares	Net amount RM
ESOS exercised	<u>15,000,000</u>	<u>7,050,000</u>

There was no issuance of debentures during the financial year.

DIRECTORS' REPORT (cont'd)

Options Granted Over Unissued Shares

Employees' share option scheme ("ESOS")

ESOS was approved by the shareholders at the Extraordinary General Meeting held on 29 May 2015 and became effective on 5 June 2015 for a period of five (5) years.

The salient features of the ESOS are as follows:

- a) the maximum number of new shares that may be issued and allotted under the scheme shall not, in aggregate, exceed ten percent (10%) of the Company's total issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the ESOS;
- b) eligible persons are confirmed employees including executive and non-executive directors of the Group. The employees must be employed on a full-time basis and are on the payroll of at least one (1) company in the Group which is not dormant. The directors must be appointed as a director of a company within the Group (excluding dormant subsidiaries). However, where the employee/director is serving under an employment contract, the contract should be for a duration of at least one (1) year;
- c) not more than fifty percent (50%) and five percent (5%) of the shares under the ESOS will be granted to the executive and non-executive directors respectively. In addition, not more than fifteen percent (15%) of the shares under the ESOS will be granted to the senior management;
- d) the option price may be at a discount of not exceeding ten percent (10%) from the five (5)-day volume weighted average market price of the underlying shares preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher;
- e) the ESOS shall be in force for a period of five (5) years and extendable for another five (5) years from the effective date; and
- f) the options granted may be exercised in full immediately or in parts within the duration of the scheme.

The options granted may be exercised in a staggered basis within the option period up to 4 June 2020. The option price for the ordinary shares under the ESOS is RM0.41 per ordinary share.

On 13 March 2020, a second batch of 17,500,000 ESOS under the same scheme was granted to executive directors of the Company and its subsidiaries. As a result, the Group and the Company have recognised equity settled share-based payment expenses of RM1,050,000 at the fair value of ESOS of RM0.06 on grant date.

On 21 May 2020, the Board has approved to extend its existing ESOS, expiring on 4 June 2020 for a further one (1) year from 5 June 2020 to 4 June 2021, in accordance with the terms of the ESOS By-Laws.

A summary of movements to ESOS is as shown below:

Grant date and vesting date	Expiry date	Fair value at grant date RM	Exercise price per ordinary share RM	Number of options over ordinary shares				
				Balance as at 1-Jan-21	Granted	Exercised	Forfeited/ Expired	Balance as at 31-Dec-21
13-Mar-20	4-Jun-21	0.060	0.41	15,000,000	-	(15,000,000)	-	-

Directors

The Directors in office during the financial year until the date of this report are:

Dato' Haji Roshidi Bin Haji Hashim
Dato' Rosli Bin Sharif
Datuk Yap Yee Ping **
Loi Jin Choo (resigned on 7 July 2021)
Jason Fong Jian Sheng (appointed on 7 October 2021)
Tan Sri Dr Ali Bin Hamsa

**Datuk Yap Yee Ping is also a Director of the subsidiaries

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year until the date of this report are:

Anuar Bin Zainal Abidin
Bee Yee Teng (appointed on 4 October 2021)
Datin Paduka Norazlina Binti Zakaria (appointed on 25 June 2021)
Dzulkifly Bin Abdul Khalid
Enoch Phan Tsung Yang (resigned on 15 March 2022)
Hamzyar Bin Toha (appointed on 25 June 2021)
Heng Boon Liang
Kong Chak Fung (resigned on 2 March 2021)
Loh Yeng Kiat (appointed on 4 October 2021)
Mastura Binti Mohd Hassan (resigned on 20 January 2021)
Mazelan Bin Mansor
Muhammad Albashir Bin Abdullah Kok (appointed on 4 February 2021)
Nurul Hasanah Binti Badree (resigned on 20 January 2021)
Siti Salihah Binti Mairin
Syed Amir Nidzamuddin Bin Syed Abu Hussin
Terence Lai Shien Chi
Tunku Akmaluddin Zakri bin Tunku Zuhri (resigned on 4 February 2021)
Zulkepli Bin Mishat (appointed on 10 April 2021)

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

DIRECTORS' REPORT (cont'd)

Directors' Interests in Shares

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

Interests in the Company	Number of ordinary shares			At 31-Dec-21
	At 01-Jan-21	Acquired	Disposed	
Direct interests				
Datuk Yap Yee Ping	-	12,576,000	-	12,576,000
Syed Amir Nidzamuddin Bin Syed Abu Hussin	2,500,000		(1,045,000)	1,455,000

In addition to the above, the following directors are deemed to have an interest in the shares of the Company to the extent of options granted to them pursuant to the ESOS as follows:

Share options in the Company	Number of options over ordinary shares			At 31-Dec-21
	At 01-Jan-21	Acquired	Exercised	
Direct interest				
Datuk Yap Yee Ping	12,000,000	-	(12,000,000)	-

By virtue of the interest in the shares and share options of the Company, Datuk Yap Yee Ping and Syed Amir Nidzamuddin Bin Syed Abu Hussin are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

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

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 30 to the financial statements.

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

Indemnity and Insurance Costs

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

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

Other Statutory Information (Cont'd)

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

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

The available auditors' report on the financial statements of the subsidiary companies did not contain any qualification.

Significant events during the financial year

Details of significant events during the financial year are as disclosed in Note 36 to the financial statements.

Events subsequent to reporting date

Details of subsequent events after the financial year are as disclosed in Note 37 to the financial statements.

Auditors

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

The details of the auditors' remuneration are as disclosed in Note 27 to the financial statements.

Signed by the Board of Directors in accordance with a resolution of the Directors dated 7 April 2022.

DATO' ROSLI BIN SHARIF
KUALA LUMPUR

DATUK YAP YEE PING

STATEMENT BY DIRECTORS

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

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 7 April 2022.

DATO' ROSLI BIN SHARIF

KUALA LUMPUR

DATUK YAP YEE PING

STATUTORY DECLARATION

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

I, Dato' Rosli Bin Sharif, being the Director primarily responsible for the financial management of G Capital Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements of the Group and of the Company are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the Federal)
Territory on 7 April 2022.)

DATO' ROSLI BIN SHARIF

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G CAPITAL BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of G Capital 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 significant accounting policies, as set out on pages 14 to 74.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G CAPITAL BERHAD (CONT'D)

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 for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there were no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Key Audit Matters	How we addressed the key audit matters
<p><u>Impairment of goodwill on consolidation</u></p> <p>Refer to Note 3 (Significant accounting policies), Note 4 (Significant accounting judgements, estimates, and assumptions) and Note 13 (Goodwill on consolidation).</p> <p>As at 31 December 2021, the carrying amount of goodwill on consolidation is RM15,479,067.</p> <p>Recoverability of goodwill on acquisition is assessed based on annual impairment tests based on value-in-use derived from an updated cash flow forecasts taking into account latest projection.</p> <p>Significant judgement and estimates are involved in the determination of value-in-use in respect of growth, discount rate and contingency of future cash flows.</p>	<p>We reviewed the cash flow projection of cash generating units with comparison to recent performance, trend analysis by reference to prior years' forecasts, where relevant, assessing whether the Group has achieved them.</p> <p>We assessed and challenged the key assumptions used by management which includes forecast growth in future revenues and operating costs, the discount rate employed and assessment of the Group's historic forecasting accuracy.</p> <p>We performed sensitivity analysis to stress test the key assumptions in the cash flow projection which included changes to volume, margin and the discount rate applied.</p> <p>We have assessed the adequacy of the disclosure in the financial statements.</p>
<p><u>Impairment assessment on the carrying amount of capital work-in-progress</u></p> <p>Refer to Note 3 (Significant accounting policies), Note 4 (Significant accounting judgements, estimates, and assumptions) and Note 5 (Property, plant and equipment).</p> <p>As at 31 December 2021, the carrying value of capital work-in-progress recorded within property, plant and equipment in the Group's statement of financial position amounted to RM55,251,170.</p> <p>These expenditures are in respect of the initial and development costs incurred in the Group's hydro-electric projects in Perak and solar photovoltaic system projects in Peninsular Malaysia.</p> <p>Subsidiaries in the Group which hold the capital work-in-progress are in loss making positions. Accordingly, an impairment assessment was performed in accordance with the requirements of MFRS 136 Impairment of Assets.</p> <p>The Group estimated the recoverable amounts of the carrying value of capital work-in-progress based on the value-in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the projects and discounting them at an appropriate discount rate. Such estimations are highly subjective and accordingly we consider this to be an area of audit focus.</p>	<p>We reviewed the future expected cash inflows and outflows from the projects to justify the recoverability of the carrying value of capital work-in-progress.</p> <p>We assessed and challenged the discount rate employed by the management.</p> <p>We discussed with management on the progress and status of the projects.</p> <p>We evaluated management's conclusion that the capital work-in-progress are likely to be recovered in near future by discussing the issue with the management and obtaining an understanding of their communications with the consultants with regards to the progress of the projects.</p>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G CAPITAL BERHAD (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G CAPITAL BERHAD (CONT'D)

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

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

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

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

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

LIM YANG YUE
Approved Number: 03544/12/2022 J
Chartered Accountant

KUALA LUMPUR
7 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	58,595,070	21,284,266	23,405	19,775
Rights-of-use assets	6	69,419	71,969	14,462	57,849
Other intangible assets	7	23,822,402	-	-	-
Investment in subsidiaries	8	-	-	43,405,960	39,809,237
Investment in associates	9	-	-	-	-
Investment in a joint venture company	10	23,435	-	-	-
Other investments	11	4,645,847	5,039,856	-	-
Other receivables	12	345,000	1,395,685	-	-
Goodwill on consolidation	13	15,479,067	15,479,067	-	-
		<u>102,980,240</u>	<u>43,270,843</u>	<u>43,443,827</u>	<u>39,886,861</u>
Current assets					
Other investments	11	41,013,231	44,194,514	-	-
Amount due from subsidiaries	14	-	-	65,261,588	39,636,130
Amount due from a joint venture company	14	124,803	-	-	-
Amount due from related parties	14	-	-	124,803	-
Trade receivables	15	1,353,437	11,250	-	-
Other receivables	12	12,732,225	8,669,700	3,212,824	194,662
Tax recoverable		1,264,924	1,111,662	-	-
Term deposits	16	5,200,000	-	-	-
Cash and cash equivalents	17	6,403,202	31,532,569	791,396	23,111,348
		<u>68,091,822</u>	<u>85,519,695</u>	<u>69,390,611</u>	<u>62,942,140</u>
Total assets		<u>171,072,062</u>	<u>128,790,538</u>	<u>112,834,438</u>	<u>102,829,001</u>
EQUITY					
Share capital	18	130,964,279	123,914,279	130,964,279	123,914,279
Reserves	19	(6,223,911)	(3,470,870)	-	900,000
Retained earnings/(Accumulated losses)		279,918	(950,596)	(18,988,348)	(22,294,206)
Equity attributable to owners of the Company		125,020,286	119,492,813	111,975,931	102,520,073
Non-controlling interests		7,621,046	1,582,174	-	-
Total equity		<u>132,641,332</u>	<u>121,074,987</u>	<u>111,975,931</u>	<u>102,520,073</u>
LIABILITIES					
Non-current liabilities					
Borrowings	20	16,997,511	1,754,879	-	-
Lease liabilities	6	99,970	140,002	-	14,670
Other payables	21	1,103,950	1,263,792	-	-
Deferred tax liabilities	22	5,755,537	11,445	-	-
		<u>23,956,968</u>	<u>3,170,118</u>	<u>-</u>	<u>14,670</u>
Current liabilities					
Borrowings	20	4,132,491	323,753	-	-
Lease liabilities	6	96,506	96,291	14,670	44,789
Amount due to corporate shareholders	23	2,266,418	2,266,219	-	-
Trade payables	24	3,351,284	24,360	-	-
Other payables	21	4,627,063	1,834,810	843,837	249,469
		<u>14,473,762</u>	<u>4,545,433</u>	<u>858,507</u>	<u>294,258</u>
Total liabilities		<u>38,430,730</u>	<u>7,715,551</u>	<u>858,507</u>	<u>308,928</u>
Total equity and liabilities		<u>171,072,062</u>	<u>128,790,538</u>	<u>112,834,438</u>	<u>102,829,001</u>

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	25	7,496,887	11,619,706	240,000	240,000
Other direct costs		(6,907,439)	(10,261,256)	-	-
Employment expenses	26	(3,401,979)	(4,078,628)	(1,265,526)	(2,340,077)
Premises and infrastructure expenses		(107,133)	(237,414)	(34,617)	(106,778)
Marketing expenses		(916,667)	(108,147)	(183,333)	(20,128)
Administrative expenses		(3,494,839)	(1,452,635)	(1,781,579)	(927,853)
Other income		9,781	3,163,618	-	-
Other expenses		(43,919)	(469,898)	(1,995)	(6,123)
Reversal of impairment on receivables		1,242,000	9,500	-	-
Foreign exchange losses		(2,062)	-	-	-
Depreciation and amortisation		(236,181)	(228,547)	(46,132)	(30,879)
Operating loss		<u>(6,361,551)</u>	<u>(2,043,701)</u>	<u>(3,073,182)</u>	<u>(3,191,838)</u>
Dividend income		491	27,799	8,000,000	-
Fair value (loss)/gain on equity instruments through profit or loss		(5,978,229)	6,291,412	-	-
Gain/(loss) on disposal of investments		278,698	1,576,704	-	-
Bargain purchase gain		12,667,512	-	-	-
Government grant		-	32,400	-	-
Impairment loss on:					
- Goodwill		-	(5,543,955)	-	-
- Investment in subsidiaries		-	-	(1,903,376)	(7,604,010)
Management fee		-	-	(120,000)	-
Interest income		224,558	120,597	405,627	77,031
Interest expense		(108,299)	(140,527)	(3,211)	(4,686)
Effect of discounting on other receivables		(109,315)	(51,376)	-	-
Effect of discounting on other payables		(121,039)	94,442	-	-
Share of loss from a joint venture company		(1,565)	-	-	-
Profit/(loss) before tax	27	<u>491,261</u>	<u>363,795</u>	<u>3,305,858</u>	<u>(10,723,503)</u>
Taxation	28	<u>(116,584)</u>	<u>845,595</u>	<u>-</u>	<u>-</u>
Net profit/(loss) after tax		<u>374,677</u>	<u>1,209,390</u>	<u>3,305,858</u>	<u>(10,723,503)</u>
Other comprehensive income/(loss) items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		6,703	(12,248)	-	-
Items that will not be reclassified subsequently to profit or loss					
Fair value changes on equity investments at FVOCI		(394,009)	-	-	-
Other comprehensive loss for the year, net of tax		(387,306)	(12,248)	-	-
Total comprehensive (loss)/income for the financial year		<u>(12,629)</u>	<u>1,197,142</u>	<u>3,305,858</u>	<u>(10,723,503)</u>
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		1,230,514	1,709,428	3,305,858	(10,723,503)
Non-controlling interests		(855,837)	(500,038)	-	-
		<u>374,677</u>	<u>1,209,390</u>	<u>3,305,858</u>	<u>(10,723,503)</u>
Total comprehensive income/(loss) attributable to:					
Owners of the Company		1,000,812	1,697,180	3,305,858	(10,723,503)
Non-controlling interests		(1,013,441)	(500,038)	-	-
		<u>(12,629)</u>	<u>1,197,142</u>	<u>3,305,858</u>	<u>(10,723,503)</u>
Earnings per share ("EPS"):					
Basic EPS (sen)	29	0.39	0.66		
Diluted EPS (sen)	29	0.39	0.63		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	←-----Non-distributable-----→ Share-based			Accumulated losses RM	Total equity RM
		Share capital RM	payment reserve RM	Warrant reserve RM		
At 1 January 2020		94,478,393	1,386,480	1,007,080	(12,564,383)	84,307,570
Total comprehensive loss for the financial year		-	-	-	(10,723,503)	(10,723,503)
Shares issued	18	29,435,886	(568,100)	(981,780)	-	27,886,006
Issuance of ESOS		-	1,050,000	-	-	1,050,000
ESOS forfeited		-	(968,380)	-	968,380	-
Warrants expired		-	-	(25,300)	25,300	-
At 31 December 2020		<u>123,914,279</u>	<u>900,000</u>	<u>-</u>	<u>(22,294,206)</u>	<u>102,520,073</u>
At 1 January 2021		123,914,279	900,000	-	(22,294,206)	102,520,073
Total comprehensive income for the financial year		-	-	-	3,305,858	3,305,858
Shares issued	18	7,050,000	(900,000)	-	-	6,150,000
At 31 December 2021		<u>130,964,279</u>	<u>-</u>	<u>-</u>	<u>(18,988,348)</u>	<u>111,975,931</u>

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Profit/(loss) before tax	491,261	363,795	3,305,858	(10,723,503)
Adjustments for:				
Bargain purchase	(12,667,512)	-	-	-
Depreciation of:				
- Property, plant and equipment	104,574	171,382	2,745	1,955
- Rights-of-use assets	84,985	57,165	43,387	28,924
Amortisation of intangible assets	46,622	-	-	-
Dividend income	(491)	(27,799)	(8,000,000)	-
Effect of discounting on:				
- Other receivables	109,315	51,376	-	-
- Other payables	121,039	(94,442)	-	-
Fair value loss/(gain) on equity investments	5,978,229	(6,291,412)	-	-
Foreign exchange losses	2,062	-	-	-
Gain on disposal of:				
- Investments	(278,698)	(1,576,704)	-	-
- Property, plant and equipment	-	(3,137,358)	-	-
Government grant	-	(32,400)	-	-
Impairment loss/(Reversal of impairment) on:				
- Goodwill	-	5,543,955	-	-
- Investment in subsidiaries	-	-	1,903,376	7,604,010
- Trade receivables	(1,242,000)	(9,500)	-	-
Interest income	(224,558)	(120,597)	(405,627)	(77,031)
Interest expense on:				
- Borrowing	92,419	129,179	-	-
- Lease liabilities	15,880	11,348	3,211	4,686
Share-based payment expenses	-	1,050,000	-	1,050,000
Write-off:				
- Property, plant and equipment	412	363,790	-	-
- Inventories	-	-	-	-
Share of loss from a joint venture company	1,565	-	-	-
Operating loss before working capital changes	(7,364,896)	(3,548,222)	(3,147,050)	(2,110,959)
Changes in working capital:				
Inventories	-	412,829	-	-
Trade and other receivables	(1,681,302)	1,240,142	(3,018,162)	(165,334)
Trade and other payables	3,677,682	271,018	594,368	165,496
Cash used in operations	(5,368,516)	(1,624,233)	(5,570,844)	(2,110,797)
Interest paid	(108,299)	(140,527)	(3,211)	(4,686)
Interest received	224,558	120,597	110,980	77,031
Tax paid	(254,320)	(698,334)	-	-
Net cash used in operating activities	(5,506,577)	(2,342,497)	(5,463,075)	(2,038,452)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

Note	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from investing activities				
Net changes in amount due from				
- Subsidiaries	-	-	(25,330,811)	(16,230,217)
- A joint venture/ related company	(124,803)	-	(124,803)	-
Acquisitions of:				
- Property, plant and equipment *	(35,339,790)	(1,545,881)	(6,375)	(21,000)
- Short-term other investments	(11,035,956)	(37,243,471)	-	-
- Subsidiaries	(3,500,000)	-	(4,000,099)	-
- Increase in shareholding in subsidiaries	(1,500,000)	-	(1,500,000)	-
Dividend received	491	27,799	8,000,000	-
Proceeds from disposals of:				
- Property, plant and equipment	-	3,194,952	-	-
- Non-current other investments	-	-	-	-
- Short term other investment	8,517,708	18,634,464	-	-
Investment in a joint venture company	(25,000)	-	-	-
Net investment in term deposits	(5,200,000)	-	-	-
Cash acquired on acquisition of a subsidiary	3,501,522	-	-	-
Net cash used in investing activities	<u>(44,705,828)</u>	<u>(16,932,137)</u>	<u>(22,962,088)</u>	<u>(16,251,217)</u>
Cash flows from financing activities				
Government grant received	-	32,400	-	-
Proceed from/(repayment of) borrowings	19,051,370	(82,480)	-	-
Advances from/(repayments to) a corporate shareholder	199	(295,931)	-	-
Proceeds from issuance of shares	6,150,000	27,886,006	6,150,000	27,886,006
Repayment of lease liabilities	(122,252)	(73,318)	(44,789)	(27,314)
Net cash generated from financing activities	<u>25,079,317</u>	<u>27,466,677</u>	<u>6,105,211</u>	<u>27,858,692</u>
Net (decrease)/increase in cash and cash equivalents	(25,133,088)	8,192,043	(22,319,952)	9,569,023
Cash and cash equivalents at beginning of year	31,532,569	23,351,753	23,111,348	13,542,325
Effects of exchange rate changes on cash and cash equivalents	3,721	(11,227)	-	-
Cash and cash equivalents at end of year	<u>17 6,403,202</u>	<u>31,532,569</u>	<u>791,396</u>	<u>23,111,348</u>

* Additions to property, plant and equipment were through the following:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Payment by cash	35,339,790	1,545,881	6,375	21,000
Other payables	2,076,000	-	-	-
	<u>37,415,790</u>	<u>1,545,881</u>	<u>6,375</u>	<u>21,000</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

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

The principal place of business of the Company is located at D-5-10, Block D, Pusat Komersial Southgate, No. 2, Jalan Dua, off Jalan Chan Sow Lin, 55200, Kuala Lumpur.

The registered office of the Company is located at 11B, Level 2, Greentown Business Centre, Persiaran Greentown 9, 30450 Ipoh, Perak Darul Ridzuan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 8 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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

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

(a) Adoption of amended standards

The Group and the Company have adopted the following new amendments to standards that are applicable for current financial year:

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

The adoption of the abovementioned new amendments and interpretation to standards did not have any significant impact on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies. A brief discussion on the above significant new amendments are summarised below.

(i) Amendments to MFRS 9, MFRS 7, MFRS 4, MFRS 16 and MFRS 139

The Group and the Company have adopted the amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 for the first time in the current year. The Interest Rate Benchmark Reform - Phase 2 amends some specific requirements in MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provide a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

The Group and the Company elected the practical expedient to not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Basis of Preparation (Cont'd)

2.1 Statement of compliance (Cont'd)

(a) Adoption of new and amended standards (Cont'd)

(ii) *Amendments to MFRS 16*

The Group and the Company have early adopted the amendment(s) to MFRS 16 that was issued on 6 April 2021 that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022.

The Group and the Company elected the practical expedient not to assess whether a rent concession received from landlord is a lease modification. The adoption of the above amendments have no significant impact to the financial statements of the Group and the Company.

(b) Standards issued but not yet effective

The Group and Company have not adopted the following new standard and amendments to standards that have been issued but are not yet effective:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 1, Amendments to MFRS 9, Amendments to MFRS 16, and Amendments to MFRS 141	Annual Improvements to MFRSs Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3	Reference of the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment- Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10, and Amendments to MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and Company intends to adopt the above new standards and amendments to standards when they become effective. The initial application of the abovementioned standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Basis of Preparation (Cont'd)

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

3. Summary of Significant Accounting Policies

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

3.1 Basis of consolidation

(a) Subsidiary companies

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.6.

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiary companies (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investments in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets in the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments 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 associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. 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.

(d) Joint Ventures

Joint ventures are separate vehicles in which the Group has rights to its net assets and where its strategic, financial and operating decisions require unanimous consent of the Group and one or more parties sharing the control.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method, similar to Note 3.1(c) above.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(f) Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.10(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.2 Financial instruments

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

Except for trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group or the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Financial instrument categories and subsequent measurement

(i) Financial assets

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

There are three measurement categories into which the Group and the Company classify their debt instruments:

(a) Amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.2 Financial instruments (Cont'd)

(a) Financial instrument categories and subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

(b) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

(c) Fair value through profit or loss ("FVPL")

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities into the following measurement categories:

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

(b) Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.2 Financial instruments (Cont'd)

(a) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(b) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e., the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire, or
- (ii) 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; and either
 - 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.

The Group and the Company evaluate 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.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.2 Financial instruments (Cont'd)

(d) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.3 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

Cost of assets, includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.19.

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

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

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

(c) Depreciation

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

Except for capital work-in-progress, property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Plant and machinery	10 - 25 years
Motor vehicles	5 years
Furniture, fittings and office equipment	5 - 10 years

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

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (iii) the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset ("ROU") and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

Right-of-use asset ("ROU")

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

The ROU is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The ROU is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the ROU is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b). The estimated useful lives of the ROU assets are determined as follows:

Buildings	2 - 3 years
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Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- (i) fixed lease payments (including in-substance fixed payments), less any lease incentives;
- (ii) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- (iii) the amount expected to be payable by the lessee under residual value guarantees;
- (iv) the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability (Cont'd)

The Group and the Company remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- (i) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- (ii) the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- (iii) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.4(b), then it classifies the sub-lease as an operating lease. If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.5 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. They are amortised on a straight-line basis over their contractual periods or estimated useful lives once they are available for use. The estimated useful lives are 25 years. Intangible assets that is in the course of development are not amortised as these assets are not yet available for use.

3.6 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3.7 Inventories

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

Cost of spare parts are determined on a first-in-first-out basis.

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

3.8 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers.

3.9 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.10 Impairment of assets

(a) Impairment of financial assets and contract assets

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

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

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.10 Impairment of assets (Cont'd)

(b) Non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

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

3.11 Share capital

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

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

3.12 Equity transaction reserve

The equity transaction reserve comprises the difference between the share of the non-controlling interest in subsidiary companies acquired, disposed and the consideration paid or received.

3.13 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

3.14 Warrant reserve

Proceeds from the issuance of warrant, net of issue costs, are credited to warrant reserve which is non-distributable. Warrant reserve is transferred to the share capital account upon the exercise of warrant and the warrant reserve in relation to the unexercised warrant at the expiry of the warrant will be transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.15 Employee benefits

(a) Short term employee benefits

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

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

(b) Defined contribution plans

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

3.16 Share-based payments

(a) Equity-settled share-based payment

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model. Details regarding the determination of the fair value of equity-settled share-based payments are set out in Note 19.1.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

Equity-settled share-based payments with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted at the date the Company obtains the goods or the counterparty renders the service.

3.17 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.18 Revenue and other income recognition

(a) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for the transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

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

(b) Interest income

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

(c) Dividend income

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

(d) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

3.19 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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 method.

Borrowing costs that are 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, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

3.20 Government grant

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. They are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.21 Income tax

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.22 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.23 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, the Group Managing Director, who is responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions.

3.24 Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group or of the Company.

Contingent liability is also a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.26 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

- (i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- (ii) the costs generate or enhance resources of the Group and of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- (i) the remaining amount of consideration that the Group and the Company expect to receive in exchange for the goods or services to which the asset relates; less
- (ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining contracts as an expense when incurred if the amortisation periods of the asset that the Group and the Company otherwise would have recognised are one year or less.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

The areas involving a higher degree of estimates or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

4.1 Useful lives of property, plant and equipment

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

4.2 Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 13.

4.3 Impairment of financial assets

The impairment provisions for financial assets is based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting inputs for the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit losses for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due. The Group and the Company group the receivables according to the customer segments that have similar loss patterns. The criteria include geographical region, product type, customer type and rating, collateral or trade credit insurance.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. 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 historically observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the financial assets. 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 impairment losses on the Group's and the Company's financial assets is disclosed in Note 33.3.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. Significant accounting judgments, estimates and assumptions (Cont'd)

4.4 Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2021, the Group has tax recoverable of RM1,264,924 (2020: tax recoverable RM1,111,662).

4.5 Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e., the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group and the Company use their judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's and the Company's financial positions and results if the actual cash flows are less than the expected.

The carrying amounts of the non-financial assets are disclosed in Notes 5, 6, 7, 8, 9, 10 and 13.

4.6 Share-based payments

The Company grants share options to directors and employees who have met the specified conditions. The share options granted are measured at fair value at grant date using a Black-Scholes valuation model. The key assumptions or inputs used in the binomial option pricing model include current price, exercise price, risk-free rate, volatility of the share price, the dividend yield and time period to maturity, and with an adjustment for an early exercise of option based on the Group's and the Company's past experience with earlier exercises. As the volatility of the share price is estimated based on past price movements, the actual volatility may not coincide with the estimates made. Similarly, the actual early exercise of options granted may not coincide with the estimates made. These differences may affect the fair value measurement of the options granted but they are not adjusted retrospectively because the equity component of the options granted is not remeasured to fair value subsequent to their initial recognition.

The carrying amount of share-based payment reserve and assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19.1.

4.7 Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses judgement in selecting a variety of methods and making assumptions that are mainly based on market conditions existing at the end of each reporting period. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Any changes in these assumptions will have an impact on the carrying amounts of the financial instruments.

The carrying amounts of the financial instruments are disclosed in Note 33.1.

4.8 COVID-19 Pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restrictions, lockdown, social distancing 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 and the Company operate.

The significant economic uncertainties may result in higher level of estimation uncertainty in the assumptions used in determining the amounts recognised in the financial year. Given the fluidity of the situation, any changes in these assumptions will have an impact on the carrying amounts recognised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. Property, plant and equipment

Group	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Capital work-in-progress RM	Total RM
Cost					
At 1 January 2020	6,219	35,982,058	1,314,682	19,673,694	56,976,653
Additions	-	6,159	37,448	1,502,274	1,545,881
Disposals	-	(23,268,546)	(14,592)	-	(23,283,138)
Write-off	(6,219)	(384,996)	(1,023,788)	-	(1,415,003)
At 31 December 2020	-	12,334,675	313,750	21,175,968	33,824,393
Additions	-	-	40,588	37,375,202	37,415,790
Transfer	3,300,000	-	-	(3,300,000)	-
Write-off	-	-	(46,156)	-	(46,156)
At 31 December 2021	3,300,000	12,334,675	308,182	55,251,170	71,194,027
Accumulated depreciation					
At 1 January 2020	5,700	35,792,537	847,265	-	36,645,502
Charge for the financial year	377	78,543	92,462	-	171,382
Disposals	-	(23,210,952)	(14,592)	-	(23,225,544)
Write-off	(6,077)	(384,995)	(660,141)	-	(1,051,213)
At 31 December 2020	-	12,275,133	264,994	-	12,540,127
Charge for the financial year	50,600	38,726	15,248	-	104,574
Write-off	-	-	(45,744)	-	(45,744)
At 31 December 2021	50,600	12,313,859	234,498	-	12,598,957
Carrying amount					
At 31 December 2020	-	59,542	48,756	21,175,968	21,284,266
At 31 December 2021	3,249,400	20,816	73,684	55,251,170	58,595,070

Company	Furniture, fittings and office equipment RM
Cost	
At 1 January 2020	40,721
Additions	21,000
Disposals	(14,592)
Write-off	(26,129)
31 December 2020	21,000
Additions	6,375
At 31 December 2021	27,375
Accumulated depreciation	
At 1 January 2020	39,991
Charge for the financial year	1,955
Disposals	(14,592)
Write-off	(26,129)
At 31 December 2020	1,225
Charge for the financial year	2,745
At 31 December 2021	3,970
Carrying amount	
At 31 December 2020	19,775
At 31 December 2021	23,405

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. Property, plant and equipment (cont'd)

5.1 Assets pledged as security

Plant and machinery, motor vehicles and capital work-in-progress with carrying amounts of RM3,249,400, RM20,816 and RM46,203,807 respectively (2020: Nil, RM44,741 and RM 14,026,199 respectively) have been pledged as security to secure borrowings of the Group as disclosed in Note 20.

5.2 Interest during construction

During the financial period, interests during construction of RM154,907 (2020: Nil) were capitalised for the capital work-in-progress.

5.3 Rights-of-use assets/Asset held under finance lease

Included in the net carrying amount of motor vehicles are right-of-use assets and assets held under finance lease amounted to RM20,816 (2020: RM59,542).

6. Right-of-use assets/Lease liabilities

6.1 Amounts recognised in the statements of financial position relating to right-of-use assets and leases:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Right-of-use assets				
Buildings				
Cost				
At 1 January	129,134	-	86,773	-
Addition	82,435	129,134	-	86,773
At 31 December	<u>211,569</u>	<u>129,134</u>	<u>86,773</u>	<u>86,773</u>
Accumulated depreciation				
At 1 January	57,165	-	28,924	-
Charge for the financial year	84,985	57,165	43,387	28,924
At 31 December	<u>142,150</u>	<u>57,165</u>	<u>72,311</u>	<u>28,924</u>
Carrying amount				
At 31 December	<u>69,419</u>	<u>71,969</u>	<u>14,462</u>	<u>57,849</u>

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Lease liabilities				
At 1 January	236,293	180,477	59,459	-
Addition	82,435	129,134	-	86,773
Interest expense	15,880	11,348	3,211	4,686
Payment of interest	(15,880)	(11,348)	(3,211)	(4,686)
Payment of principal	(122,252)	(73,318)	(44,789)	(27,314)
At 31 December	<u>196,476</u>	<u>236,293</u>	<u>14,670</u>	<u>59,459</u>

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

Within 1 year	106,133	107,721	16,000	48,000
1-2 years	57,351	60,521	-	16,000
2-5 years	47,880	74,059	-	-
More than 5 years	2,608	18,568	-	-
	213,972	260,869	16,000	64,000
Less: future finance charges	(17,496)	(24,576)	(1,330)	(4,541)
	<u>196,476</u>	<u>236,293</u>	<u>14,670</u>	<u>59,459</u>
Presented as:				
Non-current	99,970	140,002	-	14,670
Current	96,506	96,291	14,670	44,789
	<u>196,476</u>	<u>236,293</u>	<u>14,670</u>	<u>59,459</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. Right-of-use assets/Lease liabilities (cont'd)

6.2 Amounts recognised in the statement of comprehensive income relating to leases:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Depreciation charge on rights-of-use assets	84,985	57,165	43,387	28,924
Expenses relating to short term lease	34,540	224,576	-	96,000
Interest expense in lease liabilities	15,880	11,348	3,211	4,686

7. Other intangible assets

	Note	Group	
		2021 RM	2020 RM
Contract assets			
Cost			
At 1 January		-	-
Acquisition through business combination	8.2 (b)	23,869,024	-
At 31 December		23,869,024	-
Accumulated amortisation			
At 1 January		-	-
Charge for the financial year		46,622	-
At 31 December		46,622	-
Carrying amount			
At 31 December		23,822,402	-

8. Investment in subsidiaries

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	63,893,265	58,393,166
Less: Accumulated impairment loss	(20,487,305)	(18,583,929)
	43,405,960	39,809,237

The Company conducted a review of the recoverable amounts of its investments in certain subsidiary companies of which its carrying amount of investment exceeded the net assets of a subsidiary company at the reporting date. As a result, an impairment loss of RM1,903,376 (2020: RM7,604,010) was recognised on cost of investment in a subsidiary company during the financial year.

Details of the subsidiary companies are as follows:

Name of Company	Country of incorporation/ Principal place of business	Effective interest (%)		Principal activities
		2021	2020	
Investment holding and others				
Gunung Resources Sdn. Bhd. ("GR")	Malaysia	100.00	100.00	Investment holding company
Subsidiaries of GR				
G Healthcare Supply Sdn. Bhd. ("GHealth")	Malaysia	100.00	100.00	Wholesale of pharmaceutical and medical goods
Mont Capital Co. Ltd. ("MC")	Cambodia	100.00	100.00	Provision of management consultation services
CM Creative Itinerary Sdn. Bhd. ("CMCI")	Malaysia	60.00	-	Online platform of travel & tours, leisure, games, sports and other related activities

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. Investment in subsidiaries (cont'd)

Details of the subsidiary companies are as follows:

Name of Company	Country of incorporation/ Principal place of business	Effective interest (%)		Principal activities
		2021	2020	
Transportation segment				
GPB Corporation Sdn. Bhd. ("GPB")	Malaysia	100.00	100.00	Chartering of land-based passenger transportation assets and specialty vehicles
Subsidiary of GPB				
Bas Rakyat Sdn. Bhd. ("BR")	Malaysia	100.00	100.00	Provision of public transportation services
Hydropower segment				
Gunung Hydropower Sdn. Bhd. ("GH")	Malaysia	96.00*	95.10	Dealing in hydropower and hydroelectric activities
Subsidiaries of GH				
Conso Hydro R E Sdn. Bhd. ("CHRE")	Malaysia	51.00*	50.10	Dealing in hydropower and hydroelectric activities
Kundur Hydro R E Sdn. Bhd. ("KHRE")	Malaysia	74.64*	70.06	Dealing in hydropower and hydroelectric activities
Pusaka Hijau Sdn. Bhd. ("PH")	Malaysia	100.00	85.00	Investment holding company
Subsidiary of PH				
Perak Hydro Renewable Energy Corporation Sdn. Bhd. ("PHREC")	Malaysia	60.00	51.00	Developing, maintaining and operating of hydropower and hydroelectric activities
G Hydropower Sdn. Bhd. ("G Hydropower")	Malaysia	98.00#	-	Dealing in hydropower and hydroelectric activities
Subsidiaries of G Hydropower				
Ingress Energy Sdn. Bhd. ("Ingress Energy")	Malaysia	98.00#	-	Dealing in hydropower and hydroelectric activities
Spark Energy Sdn. Bhd. ("Spark Energy")	Malaysia	98.00#	-	Dealing in hydropower and hydroelectric activities
Ace Hydropower Sdn. Bhd. ("Ace Hydropower")	Malaysia	98.00#	-	Dealing in hydropower and hydroelectric activities
North Power Hydropower Sdn. Bhd. ("NP Hydropower")	Malaysia	98.00#	-	Dealing in hydropower and hydroelectric activities
Premier Hydropower Sdn. Bhd. ("Premier Hydropower")	Malaysia	98.00#	-	Dealing in hydropower and hydroelectric activities
Atlas Energy Sdn. Bhd. ("Atlas Energy")	Malaysia	100.00	-	Dealing in hydropower and hydroelectric activities
Northern Star Hydropower Sdn. Bhd. ("NS Hydropower")	Malaysia	100.00	-	Dealing in hydropower and hydroelectric activities
Solid Hydropower Sdn. Bhd. ("Solid Hydropower")	Malaysia	100.00	-	Dealing in hydropower and hydroelectric activities
Solarpower segment				
Solarcity Malaysia Sdn. Bhd. ("Solarcity")	Malaysia	70.00	-	Generation of renewable energy, environment and green technology engineering consultancy services, supply and installation

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. Investment in subsidiaries (cont'd)

* PHREC owns 10.00% (2020: 10.00%) of GH, 5.00% (2020: 5.00%) of CHRE and 46.00% (2020: 46.00%) of KHRE. Effective interest of GH, CHRE and KHRE are as shown below:

2021	GH	CHRE	KHRE
Direct interest held by the Company	90.00%	-	-
Indirect interest via			
- GH	-	45.00%	44.10%
- PHREC	6.00%	6.00%	30.54%
Effective interest	96.00%	51.00%	74.64%

2020	GH	CHRE	KHRE
Direct interest held by the Company	90.00%	-	-
Indirect interest via			
- GH	-	45.00%	44.10%
- PHREC	5.10%	5.10%	25.96%
Effective interest	95.10%	50.10%	70.06%

PHREC owns 5.00% (2020: NIL) of G Hydropower. Effective interest of G Hydropower and its subsidiaries are as shown below:

	G Hydropower	Ingress Energy	Spark Energy	Ace Hydropower	NP Hydropower	Premier Hydropower
Direct interest held by the Company	95.00%	-	-	-	-	-
Indirect interest via						
- G Hydropower	-	95.00%	95.00%	95.00%	95.00%	95.00%
- PHREC	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Effective interest	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%

8.1 Incorporation of subsidiaries

On 11 January 2021, four (4) new subsidiaries were incorporated, namely, Atlas Energy, G Hydropower, Premier Hydropower and Solid Hydropower with paid up capital of RM2 each. The paid up capital of Atlas Energy had been increase to RM500,000, G Hydropower had been increased to RM100 , and the paid up capital of Premier Hydropower was increased to RM50,000.

On 22 February 2021, another three (3) new subsidiaries were incorporated, namely, Ace Hydropower, NP Hydropower and NS Hydropower with paid up capital of RM2 each. During the financial year, the paid up capital of Ace Hydropower and NP Hydropower were increased to RM50,000 each.

On 30 March 2021, two (2) more new subsidiaries were incorporated under G Hydropower, namely, Ingress Energy and Spark Energy with paid up capital of RM2 each. During the financial year, the paid up capital of both subsidiaries had increased to RM50,000 each.

On 22 July 2021, the Company transferred its shares in three (3) subsidiaries, namely, Premier Hydropower, NP Hydropower and Ace Hydropower to G Hydropower at cost

On 4 October 2021, a 60% subsidiary, CMCI was incorporated under Gunung Resources with paid up capital of RM100.

8.2 Acquisition of Solarcity

On 5 February 2021, the Group subscribed 3,500,000 new ordinary shares in Solarcity, representing 70% of the enlarged share capital of Solarcity for cash consideration of RM3,500,000.

(a) Fair value of consideration transferred:

	RM
Cash consideration transferred	<u>3,500,000</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. Investment in subsidiaries (Cont'd)

8.2 Acquisition of Solarcity (Cont'd)

(b) Fair value of the identifiable assets acquired and liabilities recognised:

	RM
Cash and cash equivalents	3,501,522
Intangible assets acquired - contract assets	23,869,024
Trade and other receivables	1,540,000
Deferred tax liabilities on fair value of intangible assets acquired	(5,728,566)
Trade and other payables	(85,534)
Total identifiable net assets acquired	23,096,446
Non-controlling interest at fair value	(6,928,934)
Bargain purchase gain	(12,667,512)
Fair value of consideration transferred	3,500,000

A bargain purchase gain of RM12,667,512 has been recognised when purchase consideration is less than the fair value of net assets acquired.

(c) Effects of acquisition on cash flows:

	RM
Fair value of consideration transferred	3,500,000
Less: Cash and cash equivalents acquired	(3,501,522)
Net cash inflows on acquisition	(1,522)

(d) Effects of acquisition in statements of comprehensive income

The consolidated results since the date of acquisition are as follows:

	RM
Revenue	108,337
Net profit after tax*	11,911,432
Other comprehensive income	-
Total comprehensive income	11,911,432

* Included bargain purchase gain of RM12,667,512.

If the acquisition had occurred on 1 January 2021, the consolidated results for the financial year ended 31 December 2021 would have been as follows:

	RM
Revenue	108,337
Net profit after tax*	11,908,167
Other comprehensive income	-
Total comprehensive income	11,908,167

* Included bargain purchase gain of RM12,667,512.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. Investment in subsidiaries (Cont'd)

8.3 Acquisition of additional interests in PH

On 15 April 2021, the Group has assumed full ownership of PH from 85% after cash payment of RM1,500,000.

Effects of the assumption of full ownership in PH are as follows:

	PH RM	PHREC RM	GH RM	CHRE RM	KHRE RM	Total RM
Fair value of consideration transferred	(1,500,000)	-	-	-	-	(1,500,000)
Transferred from non-controlling interests	(298,937)	131,482	19,584	11,099	17,808	(118,964)
Charged directly to equity	1,798,937	(131,482)	(19,584)	(11,099)	(17,808)	1,618,964

8.4 Changes in interest resulting from group reorganisation

During the financial year, consequent from group reorganisation, the Group's interest in subsidiaries changes from 100.00% to 98.00%, resulting in the following:-

	G Hydropower RM	Ingress Energy RM	Spark Energy RM	Ace Hydropower RM	NP Hydropower RM	Premier Hydropower RM	Total RM
Transferred from non-controlling interests	95	(903)	(903)	(897)	(877)	(890)	(4,375)
Charged directly to equity	(95)	903	903	897	877	890	4,375

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. Investment in subsidiaries (Cont'd)

8.5 Non-controlling interests ("NCI") in subsidiaries

The following information summarises material NCI to the Group's subsidiaries:

Name of Company	Effective interests and voting rights held by NCI		NCI share of loss		NCI share of other comprehensive loss		Carrying amount of NCI	
	2021 %	2020 %	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
CHRE	49.0	49.9	(123,891)	(233,241)	-	-	520,950	655,940
PHREC	40.0	49.0	(392,327)	(262,241)	(157,604)	-	128,631	810,043
Solarcity	30.0	-	(319,309)	-	-	-	6,609,625	-
Other subsidiaries with immaterial NCI			(835,527)	(495,482)	(157,604)	-	7,259,206	1,465,983
Total			(20,310)	(4,556)	-	-	361,840	116,191
			(855,837)	(500,038)	(157,604)	-	7,621,046	1,582,174

Summarised financial information (before intra-group elimination) for subsidiaries with material NCI is as follows:

Summarised statement of financial position

	CHRE RM	PHREC RM	2021 PHREC RM	Solarcity RM	2020 PHREC RM	CHRE RM	2020 PHREC RM	Solarcity RM
Non-current assets	14,119,716	5,258,226	5,258,226	35,606,034	14,070,940	6,659,810	-	-
Current assets	289,624	1,797,728	1,797,728	7,105,551	307,210	2,311,677	-	-
Non-current liabilities	(1,465,234)	(1,037,976)	(1,037,976)	(15,770,403)	(1,828,365)	(1,263,792)	-	-
Current liabilities	(11,880,928)	(5,695,976)	(5,695,976)	(22,809,176)	(11,235,276)	(6,054,545)	-	-
Net assets	1,063,178	322,002	322,002	4,132,006	1,314,509	1,653,150	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. Investment in subsidiaries (Cont'd)

8.5 Non-controlling interests ("NCI") in subsidiaries (Cont'd)

Summarised statement of comprehensive income

	2021		2020	
	CHRE RM	PHREC RM	CHRE RM	PHREC RM
Revenue	-	-	-	-
Loss for the year	(251,331)	(937,138)	(467,417)	(535,186)
Total comprehensive loss for the year	(251,331)	(1,331,147)	(467,417)	(535,186)
		Solarcity RM		Solarcity RM
		108,337		-
		(827,247)		-
		(827,247)		-

Summarised statement of cash flows

	2021		2020	
	CHRE RM	PHREC RM	CHRE RM	PHREC RM
Cash flows changes in:		Solarcity RM		Solarcity RM
Operating activities	(232,688)	623,500	(388,027)	365,234
Investing activities	(72,700)	(8,005)	(1,227,228)	(2,700)
Financing activities	286,473	(813,407)	1,372,421	(125,977)
Net changes in cash and cash equivalents	(18,915)	(197,912)	(242,834)	236,557
		835,678		-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. Investment in associates

	Group	
	2021 RM	2020 RM
Unquoted shares, at cost	-	-

Details of the associates are as follows:

Name of Company	Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
Koridor Mentari Sdn. Bhd.	Malaysia	18.00%	15.30%	Dealing in hydropower and hydroelectric activities
Maju Renewable Energy Sdn. Bhd.	Malaysia	18.00%	15.30%	Dealing in hydropower and hydroelectric activities
Maju Renewable Energy (Talang) Sdn. Bhd.	Malaysia	18.00%	15.30%	Dealing in hydropower and hydroelectric activities
Maju Renewable Energy (Temenggor) Sdn. Bhd.	Malaysia	18.00%	15.30%	Dealing in hydropower and hydroelectric activities
Manifest Frontier Sdn. Bhd.	Malaysia	18.00%	15.30%	Dealing in hydropower and hydroelectric activities
Pelus Hidro Sdn. Bhd.	Malaysia	18.00%	15.30%	Dealing in hydropower and hydroelectric activities
Sumber Sejahtera Sdn. Bhd.	Malaysia	18.00%	15.30%	Dealing in hydropower and hydroelectric activities
Topaz Diamond Sdn. Bhd.	Malaysia	3.00%	2.55%	Dealing in hydropower and hydroelectric activities
WGC PHREC Hydro Sdn. Bhd.	Malaysia	3.00%	2.55%	Dealing in hydropower and hydroelectric activities
Zeqna Corporation Sdn. Bhd.	Malaysia	18.00%	15.30%	Dealing in hydropower and hydroelectric activities

The investments in associates are held under PHREC, a subsidiary of the Company. On 17th December 2012, PHREC had signed a Water Rights Agreement ("WRA") with the State Government of Perak Darul Ridzuan. The WRA is an essential component in the associates' business activities in hydropower and hydroelectric activities in the state of Perak. Shares were allotted to PHREC by virtue of the WRA.

The costs associated with the acquisition of the WRA could not be specifically identified and all expenses if any, related to this acquisition, had been charged to profit and loss of PHREC during previous financial years as they were incurred.

The Group has not recognised losses relating to the associates, where its share of losses exceeds the Group's interest in these associates as the Group has no obligation in respect of these losses.

The summarised financial information of the certain associates, not adjusted for the proportion of ownership interest held by the Group as at 31 December 2021, is as follow:

	Group	
	2021 RM	2020 RM
Assets and liabilities		
Non-current Assets	109,402,006	112,453,898
Current Assets	21,331,074	18,599,438
Total Assets	<u>130,733,080</u>	<u>131,053,336</u>
Total liabilities	<u>124,732,179</u>	<u>87,269,773</u>
Loss for the year	<u>(4,391,768)</u>	<u>(2,529,828)</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. Investment in a joint venture company

	Group	
	2021 RM	2020 RM
Unquoted shares, at cost	25,000	-
Share of post acquisition reserves	(1,565)	-
Carrying amount at the end of the financial year	<u>23,435</u>	<u>-</u>

Details of the joint venture are as follows:

Name of Company	Country of incorporation	Effective interest (%) 2021	2020	Principal activities
Cekap Hydropower Sdn. Bhd. ("Cekap Hydropower")	Malaysia	49.00%	-	Dealing in hydropower and hydroelectric activities

On 3 May 2021, the Company incorporated a new subsidiary, Cekap Hydropower with a paid up capital of RM2. The Group's interest in Cekap Hydropower was diluted to 50% when Cekap Hydropower underwent share capital enlargement to RM50,000. During the financial year, the Company sold the shares held to its subsidiary, G Hydropower at RM25,000 and thus diluted the Group's effective interest to 49.0%.

The summarised financial information of the joint venture, not adjusted for the proportion of ownership interest held by the Group as at 31 December 2021, is as follow:

	Group	
	2021 RM	2020 RM
Assets and liabilities		
Non-current Assets	25,540	-
Current Assets	309,472	-
Total Assets	<u>335,012</u>	<u>-</u>
Total liabilities	<u>291,971</u>	<u>-</u>
Loss for the year	<u>(6,959)</u>	<u>-</u>

11. Other investments

	Group	
	2021 RM	2020 RM
Non-current		
Fair value through other comprehensive income	4,645,847	5,039,856
Current		
Fair value through profit or loss	<u>41,013,231</u>	<u>44,194,514</u>
	<u>45,659,078</u>	<u>49,234,370</u>

At 1 January 2018, the Group designated the following investments as equity instruments at FVOCI because these are investments that the Group intends to hold for long-term strategic purposes. No dividend income was received from the following investments during the current and prior financial year.

	Fair value	
	2021 RM	2020 RM
Kerian Energy Sdn. Bhd.	2,941,019	3,335,028
Kuasa Sezaman Sdn. Bhd.	1,344,828	1,344,828
Selama Hidro Sdn. Bhd.	360,000	360,000
	<u>4,645,847</u>	<u>5,039,856</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

12. Other receivables

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Non-current					
Other receivables	12.1	345,000	1,395,685	-	-
Current					
Other receivables	12.1	4,762,460	7,733,063	200,000	-
Less: loss allowances		(227,400)	(227,400)	-	-
		4,535,060	7,505,663	200,000	-
Deposits	12.2	8,150,414	206,920	3,007,000	7,000
Prepayments		46,751	957,117	5,824	187,662
		12,732,225	8,669,700	3,212,824	194,662
		13,077,225	10,065,385	3,212,824	194,662

12.1 Included in other receivables are:

- (a) Amounts of RM1,511,370 (2020: RM2,880,685) which deferred payment terms had been granted to other receivables. These other receivables are recognised based on net present value discounted at a rate of 9.51% (2020: 9.51%) per annum. The discount rate was estimated based on cost of borrowings on transaction date.

	Group	
	2021 RM	2020 RM
Non-current	345,000	1,395,685
Current	1,166,370	1,485,000
	1,511,370	2,880,685

- (b) Investment cost paid for share investments in the following companies, which was fully refunded after financial year end when the investment was cancelled subsequently.

	Group	
	2021 RM	2020 RM
Jelai RE Sdn Bhd	-	1,000,000
Ikhmas Jaya Group Berhad	-	1,999,995
	-	2,999,995

- (c) An amount of RM2,104,000 (2020: RM2,905,038) relating to the sale of fully depreciated buses and spare parts to a third party, before such company became connected to a key management personnel of the Company beginning August 2020.

12.2 Included in the deposits of the Group are refundable deposits consists of RM3,735,000 (2020: RM180,000) deposits paid by subsidiary companies to Sustainable Energy Development Authority Malaysia ("SEDA") in feed-in-tariff scheme e-bidding for mini-hydropower projects.

As of date of report, the Group is waiting for the result from the e-bidding.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. Goodwill on consolidation

	Group	
	2021 RM	2020 RM
At 1 January	15,479,067	21,023,022
Impairment charge	-	(5,543,955)
At 31 December	<u>15,479,067</u>	<u>15,479,067</u>

13.1 Goodwill has been allocated to the Group's cash-generating units ("CGU") identified according to business segment as follows:

	Group	
	2021 RM	2020 RM
Hydropower segment	10,243,733	10,243,733
Transportation segment	<u>5,235,334</u>	<u>5,235,334</u>
	<u>15,479,067</u>	<u>15,479,067</u>

13.2 Impairment test for Goodwill

The recoverable amounts of the CGUs are determined based on value-in-use calculations using cash flow projections from financial forecasts with key assumptions approved by management.

13.2.1 Hydropower segment

The recoverable amounts of CGUs in hydropower segment were based on its value-in-use, determined by discounting future cash flows generated.

Value-in-use was determined by discounting the future cash flows expected to be generated from continuing use of the CGU and was based on the following key assumptions:

- Cash flows were projected for 21 years based on Feed-In Approval Letter from Sustainable Energy Development Authority Malaysia.
- The revenue is expected to be constant based on the tariff and output as per expected Feed-In Approval letter from Sustainable Energy Development Authority Malaysia. All expenses are expected to increase at 2% (2020: 2%) per annum.
- A pre-tax discount rate of 5.85% (2020: 5.85%) was applied in determining the recoverable amount of the unit. The discount rate was based on the project's cost of capital.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of all CGUs, the management believes that any reasonable change in any of the above key assumptions would not cause the carrying value of the CGUs to materially exceed their recoverable amounts.

13.2.2 Transportation segment

The recoverable amounts of CGUs in transportation segment were based on its value-in-use, determined by discounting future cash flow generated.

Value-in-use was determined by discounting the future cash flows expected to be generated from continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on past experience and actual operating results for a 3-year period in line with the business plan.
- Revenue is expected to remain constant for contract service only (2020: revenue is expected to remain constant for contract service only). All expenses are expected to remain constant for the contracted service only (2020: expenses is expected to remain constant for contract service only).
- A pre-tax discount rate of 14.79% (2020: 9.51%) was applied in determining the recoverable amount of the unit. The discount rate was based on of the Group's weighted average cost of capital.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of all CGUs, the management believes that any reasonable change in any of the above key assumptions would not cause the carrying value of the CGUs to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14. Amount due from subsidiaries, a joint venture company and related parties

Amount due from subsidiary companies, a joint venture company and related parties are unsecured, interest free and repayable on demand.

15. Trade receivables

	Group	
	2021 RM	2020 RM
Trade receivables	6,688,550	6,588,363
Less: Accumulated impairment losses	<u>(5,335,113)</u>	<u>(6,577,113)</u>
	<u>1,353,437</u>	<u>11,250</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2020: 14 to 30 days) credit term. Trade receivables are recognised at their original invoice amounts which represent its fair values on initial recognition.

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

	Group	
	2021 RM	2020 RM
At 1 January	6,577,113	6,586,613
Impairment losses reversed	<u>(1,242,000)</u>	<u>(9,500)</u>
At 31 December	<u>5,335,113</u>	<u>6,577,113</u>

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group	
	2021 RM	2020 RM
Not past due	108,337	-
Past due:		
Less than 30 days	-	-
31 to 60 days	-	-
More than 61 days	<u>6,580,213</u>	<u>6,588,363</u>
Total past due	<u>6,580,213</u>	<u>6,588,363</u>
	<u>6,688,550</u>	<u>6,588,363</u>
Individually impaired	<u>(5,335,113)</u>	<u>(6,577,113)</u>
	<u>1,353,437</u>	<u>11,250</u>

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

Included in trade receivables of the Group are debts arising from government agency customer amounting to RM5,335,113 (2020: RM6,557,113).

During the year, impairment losses of RM1,242,000 being reverse due to a subsidiary company had agreed upon on the settlement.

16. Term deposits

Term deposits with maturity above 3 months. The term deposits placed with licensed banks of the Group are pledged for borrowing facilities granted to the Group as discussed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

17. Cash and cash equivalents

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposits with licensed bank	-	23,100,351	-	20,076,790
Cash and bank balances	6,403,202	8,432,218	791,396	3,034,558
	<u>6,403,202</u>	<u>31,532,569</u>	<u>791,396</u>	<u>23,111,348</u>

The effective interest rate and maturities of fixed deposits of the Group and of the Company as at the end of the reporting period is NIL (2020: 1.50%) per annum and NIL (2020: 1 month) respectively.

18. Share capital

	Group and Company			
	2021 Units	2020 Units	2021 RM	2020 RM
Fully paid ordinary shares				
At 1 January	305,690,971	236,179,708	123,914,279	94,478,393
Issued for ESOS exercised	15,000,000	8,150,000	7,050,000	3,909,600
Issued for warrants exercised	-	61,361,263	-	25,526,286
At 31 December	<u>320,690,971</u>	<u>305,690,971</u>	<u>130,964,279</u>	<u>123,914,279</u>

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the residual assets of the Company.

During the financial year, share capital increased by RM7,050,000 on the back of new issuances of 15,000,000 shares, where 15,000,000 ESOS exercised, transferring RM900,000 from share-based payment reserve whilst adding RM6,150,000 from the cash receipt from such exercise.

19. Reserves

19.1 Share-based payment reserve

The share-based payment reserve comprises the cumulative value of employee services received for the issue of employees' share options ("ESOS").

ESOS was approved by the shareholders at the Extraordinary General Meeting held on 29 May 2015 and became effective on 5 June 2015 for a period of five (5) years.

The salient features of the ESOS are as follows:

- the maximum number of new shares that may be issued and allotted under the scheme shall not, in aggregate, exceed ten percent (10%) of the Company's total issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the ESOS;
- eligible persons are confirmed employees including executive and non-executive directors of the Group. The employees must be employed on a full-time basis and are on the payroll of at least one (1) company in the Group which is not dormant. The directors must be appointed as a director of a company within the Group (excluding dormant subsidiaries). However, where the employee/director is serving under an employment contract, the contract should be for a duration of at least one (1) year;
- not more than fifty percent (50%) and five percent (5%) of the shares under the ESOS will be granted to the executive and non-executive directors respectively. In addition, not more than fifteen percent (15%) of the shares under the ESOS will be granted to the senior management;
- the option price may be at a discount of not exceeding ten percent (10%) from the five (5)-day volume weighted average market price of the underlying shares preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher;
- the ESOS shall be in force for a period of five (5) years and extendable for another five (5) years from the effective date; and
- the options granted may be exercised in full immediately or in parts within the duration of the scheme.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. Reserves (Cont'd)

19.1 Share-based payment reserve (Cont'd)

The options granted may be exercised in a staggered basis within the option period up to 4 June 2020. The option price for the ordinary shares under the ESOS is RM0.41 per ordinary share.

On 13 March 2020, a second batch of 17,500,000 ESOS under the same scheme was granted to executive directors of the Company and its subsidiaries. As a result, the Group and the Company have recognised share-based payment expenses of RM1,050,000 at the fair value of ESOS of RM0.06 on grant date.

On 21 May 2020, the Board has approved to extend its existing ESOS, expiring on 4 June 2020 for a further one (1) year from 5 June 2020 to 4 June 2021, in accordance with the terms of the ESOS By-Laws.

As required by MFRS 2 *Share-based payments*, the cost of share-based payment is determined by the fair value at the date the grant is made. The Group has used the Black-Scholes valuation model with the following inputs in arriving at the fair value at grant date:

Inputs	Batch of Grant II
Share price at grant date	RM0.445
Exercise price	RM0.41
Dividend yield	0%
Expected life	1 year
Risk-free interest rate	7.87%
Volatility	15.00%

A summary of movements to ESOS is as shown below:

Batch of grant	Grant date and vesting date	Expiry date	Fair value at grant date RM	Exercise price per ordinary share RM	Number of options over ordinary shares				
					Balance as at 1-Jan-21 '000	Granted '000	Exercised '000	Forfeited/ Expired '000	Balance as at 31-Dec-21 '000
II	13-Mar-20	4-Jun-21	0.060	0.41	15,000	-	(15,000)	-	-

19.2 Warrant reserve

Warrant reserve represents the proceeds from the issuance of warrants which is non-distributable. The warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

At 31 December 2021 and 31 December 2020, there was no unexercised warrants outstanding.

19.3 Equity transaction reserve

The equity transaction reserve comprises the difference between the share of the non-controlling interest in subsidiary acquired, disposed and the consideration paid or received.

19.4 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

19.5 Foreign currency translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. Borrowings

	Group	
	2021 RM	2020 RM
Non-Current		
Term loan	16,997,511	1,754,879
Current		
Term loan	4,132,491	323,753
	<u>21,130,002</u>	<u>2,078,632</u>

The contractual interest rates per annum at the end of the reporting period for the bank borrowings were as follows:

	Group	
	2021 %	2020 %
Term loan	3.23 - 6.40	6.40

The term loan of a subsidiary 1 bearing floating rate at lender's Base Lending Rate ("BLR") plus margin is secured by the following:

- Credit Guarantee (M) Berhad (CGC) guarantee under Green Technology Financing Scheme (GTFS);
- Deed of Assignment of Renewable Energy Power Purchase Agreement (REPPA) proceeds between the subsidiary and the Bank 1 that all REPPA proceeds to be channelled direct to the subsidiary's Collection Account with Bank 1;
- Debenture over fixed and floating present and future assets of the subsidiary; and
- Corporate Guarantee from the Company.

The term loans of a subsidiary 2 bearing floating rate at lenders' Cost of Funds ("COF") plus margin are secured by the following:

- Corporate Guarantee from the Company and/or corporate shareholder to the subsidiary 2;
- Deed of Assignment over Debt Service Reserve Account ("DSRA") and fixed deposits (see Note 16);
- Negative Pledge;
- Debenture together with Power of Attorney on the assets of the projects financed by Banks (see Note 5);
- Master Deed of Assignment over the proceeds of the Project;
- Assignment of insurance policies/takaful contracts in respect of the projects; and
- Assignment of rights, interest, titles and benefits in relation to the projects and the proceeds therefrom but excluding generation license.

21. Other payables

Note	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
Other payables	22.1 <u>1,103,950</u>	<u>1,263,792</u>	-	-
Current				
Other payables	22.1 3,038,618	1,470,286	165,921	254
Accruals	1,586,445	362,524	677,916	249,215
Amount due to directors	22.2 <u>2,000</u>	<u>2,000</u>	-	-
	<u>4,627,063</u>	<u>1,834,810</u>	<u>843,837</u>	<u>249,469</u>
	<u>5,731,013</u>	<u>3,098,602</u>	<u>843,837</u>	<u>249,469</u>

21.1 Included in other payables is an amount of RM2,621,559 (2020: RM2,497,931) which deferred payment terms had been granted to the Group. As such, this other payable is recognised based on net present value discounted at a rate of 9.51% (2020: 9.51%) per annum. The discount rate was estimated based on cost of borrowings on transaction date.

	Group	
	2021 RM	2020 RM
Non-current	1,024,039	1,263,792
Current	1,597,520	1,234,139
	<u>2,621,559</u>	<u>2,497,931</u>

21.2 The amount due to directors is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

22. Deferred tax liabilities

	Group	
	2021 RM	2020 RM
At 1 January	11,445	67,928
Arising from acquisition of Solarcity (Note 8.2(b))	5,728,566	-
Recognised in profit or loss (Note 28)	15,526	(56,483)
At 31 December	<u>5,755,537</u>	<u>11,445</u>

The recognised deferred tax liabilities are made up of the following:

	Group	
	2021 RM	2020 RM
Taxable temporary difference arising from property, plant and equipment	38,160	11,445
Deferred tax liabilities on fair value of intangible assets acquired (Note 8.2(b))	<u>5,717,377</u>	<u>-</u>
	<u>5,755,537</u>	<u>11,445</u>

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised capital allowances	721,965	687,959	-	22,142
Unutilised tax losses	<u>14,445,776</u>	<u>12,949,910</u>	<u>1,588,802</u>	<u>2,115,270</u>
	<u>15,167,741</u>	<u>13,637,869</u>	<u>1,588,802</u>	<u>2,137,412</u>

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

The unutilised capital allowances of the Group and of the Company are available indefinitely for offsetting against future taxable profits of the Group and of the Company, subjects to no substantial changes in shareholdings of the Group entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(5F) of Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. This amendment is deemed to have effect from the year of assessment 2019 and subsequent years of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

The unused tax losses are available for offset against future taxable profits of the Group and of the Company up to the following financial years:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Years of assessment:				
2028	10,181,550	10,708,018	1,588,802	2,115,270
2029	1,398,102	1,398,102	-	-
2030	843,790	843,790	-	-
2031	<u>2,022,334</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>14,445,776</u>	<u>12,949,910</u>	<u>1,588,802</u>	<u>2,115,270</u>

23. Amount due to corporate shareholders

The amount due to corporate shareholders is unsecured, interest-free and repayable on demand.

24. Trade payables

Credit terms of trade payables of the Group ranges from 30 to 60 days (2020: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. Revenue

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Malaysia				
<u>At a point in time</u>				
Revenue from contracts with customer	7,388,550	11,560,605	-	-
Revenue from other sources:				
- Rental income	-	43,340	-	-
- Sale of spare parts	-	15,761	-	-
- Management fee income	-	-	240,000	240,000
	<u>7,388,550</u>	<u>11,619,706</u>	<u>240,000</u>	<u>240,000</u>
<u>Overtime</u>				
Revenue from contracts with customer				
- Sale of electricity generated	108,337	-	-	-
	<u>108,337</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>7,496,887</u>	<u>11,619,706</u>	<u>240,000</u>	<u>240,000</u>

26. Employment expenses

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Director fee	174,000	590,000	174,000	360,000
Salaries and allowances	2,739,082	2,107,235	974,000	827,500
Employee Provident Fund Contributions	282,590	185,191	86,880	80,960
Social Security Contributions	13,241	13,397	1,516	1,204
Directors' other emoluments	22,000	14,583	22,000	14,583
Other employment related expenses	171,066	118,222	7,130	5,830
	<u>3,401,979</u>	<u>3,028,628</u>	<u>1,265,526</u>	<u>1,290,077</u>
Share-based payments expenses	-	1,050,000	-	1,050,000
	<u>3,401,979</u>	<u>4,078,628</u>	<u>1,265,526</u>	<u>2,340,077</u>
Employment expenses incurred for:				
Executive Directors				
Director fee	72,000	329,000	72,000	99,000
Salaries and allowances	1,761,798	1,124,895	974,000	823,500
Employee Provident Fund Contributions	173,873	108,696	86,880	80,960
Social Security Contributions	3,308	2,927	1,516	1,204
	<u>2,010,979</u>	<u>1,565,518</u>	<u>1,134,396</u>	<u>1,004,664</u>
Share-based payments expenses	-	1,050,000	-	1,050,000
	<u>2,010,979</u>	<u>2,615,518</u>	<u>1,134,396</u>	<u>2,054,664</u>
Non-Executive Directors				
Director fee	102,000	261,000	102,000	261,000
Other emoluments	22,000	14,583	22,000	14,583
	<u>124,000</u>	<u>275,583</u>	<u>124,000</u>	<u>275,583</u>
Key management personnel				
Salaries and allowances	272,848	180,237	-	4,000
Employee Provident Fund Contributions	32,748	19,036	-	-
Social Security Contributions	1,231	1,561	-	-
	<u>306,827</u>	<u>200,834</u>	<u>-</u>	<u>4,000</u>
Other staff				
Salaries and allowances	704,436	802,103	-	-
Employee Provident Fund Contributions	75,969	57,459	-	-
Social Security Contributions	8,702	8,909	-	-
Other employment related expenses	171,066	118,222	7,130	5,830
	<u>960,173</u>	<u>986,693</u>	<u>7,130</u>	<u>5,830</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27. Profit/(Loss) before tax

Profit/(Loss) before tax is arrived at after charging/(crediting) amongst others, the following items:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration:				
- Audit fee				
- Adjustment in respect of prior year	3,905	-	(3,500)	-
- Current year	148,000	141,500	66,000	67,000
- Non-audit fee				
- Adjustment in respect of prior year	5,000	-	5,000	-
- Current year	57,000	14,000	57,000	14,000
Amortisation of intangible assets	46,622	-	-	-
Depreciation of property, plant and equipment	104,574	171,382	2,745	1,955
Depreciation charge on rights-of-use assets	84,985	57,165	43,387	28,924
Dividend income	(491)	(27,799)	(8,000,000)	-
Effect of discounting on other receivables	109,315	51,376	-	-
Effect of discounting on other payables	121,039	(94,442)	-	-
Expenses relating to short term leases	34,540	224,576	-	96,000
Fair value loss/(gain) on equity investments	5,978,229	(6,291,412)	-	-
Foreign exchange losses	(2,062)	-	-	-
Gain on disposal of:				
- Property, plant and equipment	-	(3,137,358)	-	-
- Short term other investment	(278,698)	(1,576,704)	-	-
Government grant	-	(32,400)	-	-
(Reversal of impairment)/Impairment loss on:				
- Goodwill	-	5,543,955	-	-
- Investment in subsidiaries	-	-	1,903,376	7,604,010
- Trade receivables	(1,242,000)	(9,500)	-	-
Interest income	(224,558)	(120,597)	(405,627)	(77,031)
Interest expense on:				
- Borrowings	92,419	129,179	-	-
- Lease liabilities	15,880	11,348	3,211	4,686
Write-off:				
- Property, plant and equipment	412	363,790	-	-

28. Taxation

	Group	
	2021 RM	2020 RM
Tax expenses recognised in profit or loss		
Current tax		
- Current year provision	65,820	40,838
- Under/(Over) provision in prior years	35,238	(829,950)
	<u>101,058</u>	<u>(789,112)</u>
Deferred tax (Note 23)		
- Current year provision	26,971	11,445
- Over provision in prior years	(11,445)	(67,928)
	<u>15,526</u>	<u>(56,483)</u>
	<u>116,584</u>	<u>(845,595)</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. Taxation (Cont'd)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(loss) before tax	491,261	363,795	3,305,858	(10,723,503)
At Malaysian statutory tax rate of 24% (2020: 24%)	117,903	87,311	793,406	(2,573,641)
Income not subject to tax	(3,040,321)	(1,930,966)	(1,920,000)	-
Expenses not deductible for tax purposes	2,648,040	1,976,456	1,258,260	2,370,142
Deferred tax assets not recognised	486,687	507,139	-	203,499
Utilisation of deferred tax asset not recognised in prior year	(119,518)	(587,657)	(131,666)	-
Over provision of deferred tax in prior years	(11,445)	(67,928)	-	-
Under/(Over) provision of income tax in prior years	35,238	(829,950)	-	-
	<u>116,584</u>	<u>(845,595)</u>	<u>-</u>	<u>-</u>

29. Earnings per share ("EPS")

	2021 Sen	2020 Sen
Basic EPS	<u>0.39</u>	<u>0.66</u>
Diluted EPS	<u>0.39</u>	<u>0.63</u>

The calculation of EPS was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding. The calculation of diluted EPS is based on the profit/(loss) attributable to ordinary shareholder and a weighted average number of ordinary shares outstanding adjusted for the dilutive effects of all potential shares. The following reflects the data used in the computation of basic and diluted EPS: -

	2021 RM	2020 RM
Profit attributable to owners of the company used in calculating earnings per share	<u>1,230,514</u>	<u>1,709,428</u>
Weighted average number of ordinary shares used as denominator in calculating		
	2021 Units	2020 Units
Basic EPS	<u>315,289,300</u>	<u>260,364,825</u>
Adjusted for:		
Effect of ESOS on issue	<u>-</u>	<u>12,049,180</u>
Diluted EPS	<u>315,289,300</u>	<u>272,414,005</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Related party disclosures

(a) Identifying related parties

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

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

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
A person/company connected to a director of a subsidiary				
- Transportation services	6,902,022	8,245,941	-	-
- Rental of property	-	96,000	-	96,000
- Provision of engineering, procurement, construction and commission services	34,920,000	-	-	-
- Dividend income	-	-	8,000,000	-
Transaction with subsidiary company				
- Management fee expense	-	-	120,000	-

(c) Compensation of key management personnel

Remuneration of Directors and other members of key personnel management are as disclosed in Note 27.

31. Reconciliation of liabilities arising from financial activities

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

	At 1-Jan-21 RM	Financing cash flows (i) RM	New lease RM	At 31-Dec-21 RM
Group				
Amount due to corporate shareholders	2,266,219	199	-	2,266,418
Lease liabilities	236,293	(122,252)	82,435	196,476
Term loans	2,078,632	19,051,370	-	21,130,002
	<u>4,581,144</u>	<u>18,929,317</u>	<u>82,435</u>	<u>23,592,896</u>
Company				
Lease liabilities	59,459	(44,789)	-	14,670
	<u>59,459</u>	<u>(44,789)</u>	<u>-</u>	<u>14,670</u>
	At 1-Jan-20 RM	Financing cash flows (i) RM	New lease RM	At 31-Dec-20 RM
Group				
Amount due to corporate shareholders	2,562,150	(295,931)	-	2,266,219
Lease liabilities	180,477	(73,318)	129,134	236,293
Term loans	2,161,112	(82,480)	-	2,078,632
	<u>4,903,739</u>	<u>(451,729)</u>	<u>129,134</u>	<u>4,581,144</u>
Company				
Lease liabilities	-	(27,314)	86,773	59,459
	<u>-</u>	<u>(27,314)</u>	<u>86,773</u>	<u>59,459</u>

(i) The cash flows from corporate shareholders, lease liabilities and term loans make up the net amount of proceeds from or repayments of corporate shareholders, lease liabilities and term loan in the statements of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32. Segment information

The Group has four (4) reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e., the Group's Executive Director) reviews internal management reports at least on a quarterly basis.

The Group operates predominately in transportation services, hydropower activities, solarpower activities and investment holdings in Malaysia.

The following is major customer with revenue equal or more than 10% of the Group's revenue:

	Group	
	2021 RM	2020 RM
Customer A	7,388,550	11,560,605

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by CODM. 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.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by CODM. Segment total assets is used to measure the return on assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by CODM.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32. Segment information (Cont'd)

2021	Transportation RM	Hydropower RM	Solarpower RM	Investment holding and others RM	Total RM	Inter-segment adjustments RM	Consolidated RM
Revenue	7,388,550	-	108,337	28,572	7,525,459	(28,572)	7,496,887
Results							
Adjusted EBITDA	579,367	(983,482)	(441,371)	(5,277,822)	(6,123,308)	-	(6,123,308)
Foreign exchange losses	-	-	-	(2,062)	(2,062)	-	(2,062)
Dividend income	-	-	-	8,000,491	8,000,491	(8,000,000)	491
Fair value of financial instruments through profit or loss	-	-	-	(5,978,229)	(5,978,229)	-	(5,978,229)
Bargain purchase gain	-	-	12,667,512	278,698	12,667,512	-	12,667,512
Gain on disposal of investments	-	-	-	-	-	-	-
Impairment loss on investment in subsidiaries	-	-	-	(1,903,376)	(1,903,376)	1,903,376	-
Management fee - income	-	-	-	1,270,000	1,270,000	(1,270,000)	-
Management fee - expense	(480,000)	(300,000)	(250,000)	(240,000)	(1,270,000)	1,270,000	-
Share of loss from a joint venture company	-	(1,565)	-	-	(1,565)	-	(1,565)
EBITDA	99,367	(1,285,047)	11,976,141	(3,852,300)	6,938,161	(6,096,624)	841,537
Depreciation and amortisation	(2,744)	(71,183)	(97,221)	(65,033)	(236,181)	-	(236,181)
Interest income	-	-	55,912	463,293	519,205	(294,647)	224,558
Interest expense	-	(101,577)	(294,647)	(6,722)	(402,946)	294,647	(108,299)
Effect of discounting on other receivables	-	(109,315)	-	-	(109,315)	-	(109,315)
Effect of discounting on other payables	-	(123,628)	2,589	-	(121,039)	-	(121,039)
Profit/(loss) before tax	96,623	(1,690,750)	11,642,774	(3,460,762)	6,587,885	(6,096,624)	491,261
Taxation	(74,725)	-	(25,989)	(15,870)	(116,584)	-	(116,584)
Net profit/(loss) after tax	21,898	(1,690,750)	11,616,785	(3,476,632)	6,471,301	(6,096,624)	374,677
Segment assets	12,598,967	47,867,720	66,282,260	114,778,645	241,527,592	(70,455,530)	171,072,062
Segment liabilities	1,900,218	36,315,103	44,236,542	26,434,397	108,886,260	(70,455,530)	38,430,730

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32. Segment information (Cont'd)

2020	Transportation RM	Hydropower RM	Investment holding and others RM	Total RM	Inter-segment adjustments RM	Consolidated RM
Revenue	11,619,706	-	28,572	11,648,278	(28,572)	11,619,706
Results						
Adjusted EBITDA	3,140,524	(922,514)	(4,033,164)	(1,815,154)	-	(1,815,154)
Dividend income	-	-	27,799	27,799	-	27,799
Fair Value of financial instruments through profit or loss	-	-	6,291,412	6,291,412	-	6,291,412
Gain/loss on disposal of investments	-	-	1,576,704	1,576,704	-	1,576,704
Government grant	-	32,400	-	32,400	-	32,400
Impairment loss on goodwill	(5,543,955)	-	(7,604,010)	(5,543,955)	-	(5,543,955)
Impairment loss on investments	-	-	540,000	540,000	7,604,010	-
Management fee - income	-	-	540,000	540,000	(540,000)	-
Management fee - expense	(420,000)	-	(120,000)	(540,000)	540,000	-
EBITDA	(2,823,431)	(890,114)	(3,321,259)	(7,034,804)	7,604,010	569,206
Depreciation	(101,873)	(58,860)	(67,814)	(228,547)	-	(228,547)
Interest income	5,995	14	114,588	120,597	-	120,597
Interest expense	-	(131,983)	(8,544)	(140,527)	-	(140,527)
Effect of discounting on other receivables	-	(51,376)	-	(51,376)	-	(51,376)
Effect of discounting on other payables	-	94,442	-	94,442	-	94,442
(Loss)/Profit before tax	(2,919,309)	(1,037,877)	(3,283,029)	(7,240,215)	7,604,010	363,795
Taxation	845,595	-	-	845,595	-	845,595
Net loss after tax	(2,073,714)	(1,037,877)	(3,283,029)	(6,394,620)	7,604,010	1,209,390
Segment assets	19,087,458	42,000,269	157,196,812	218,284,539	(89,494,001)	128,790,538
Segment liabilities	410,607	28,656,769	28,126,716	57,194,092	(49,478,541)	7,715,551

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. Financial instruments

33.1 Classification of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Fair value through other comprehensive income ("FVOCI")
 - Equity instrument designated upon initial recognition ("EIDUIR")
- (b) Amortised cost ("AC")
- (c) Fair value through profit or loss ("FVTPL")

Group	Carrying amounts RM	FVOCI- EIDUIR RM	AC RM	FVTPL RM
2021				
Financial assets				
Other investments	45,659,078	4,645,847	-	41,013,231
Trade receivables	1,353,437	-	1,353,437	-
Other receivables (excluding prepayments)	13,030,474	-	13,030,474	-
Amount due from a joint venture company	124,803	-	124,803	-
Term deposits	5,200,000	-	5,200,000	-
Cash and cash equivalents	6,403,202	-	6,403,202	-
	<u>71,770,994</u>	<u>4,645,847</u>	<u>26,111,916</u>	<u>41,013,231</u>
Financial liabilities				
Borrowings	21,130,002	-	21,130,002	-
Lease liabilities	196,476	-	196,476	-
Trade payables	3,351,284	-	3,351,284	-
Other payables	5,731,013	-	5,731,013	-
Amount due to a corporate shareholder	2,266,418	-	2,266,418	-
	<u>32,675,193</u>	<u>-</u>	<u>32,675,193</u>	<u>-</u>
2020				
Financial assets				
Other investments	49,234,370	5,039,856	-	44,194,514
Trade receivables	11,250	-	11,250	-
Other receivables (excluding prepayments)	9,108,268	-	9,108,268	-
Cash and cash equivalents	31,532,569	-	31,532,569	-
	<u>89,886,457</u>	<u>5,039,856</u>	<u>40,652,087</u>	<u>44,194,514</u>
Financial liabilities				
Borrowings	2,078,632	-	2,078,632	-
Lease liabilities	236,293	-	236,293	-
Trade payables	24,360	-	24,360	-
Other payables	3,098,602	-	3,098,602	-
Amount due to a corporate shareholder	2,266,219	-	2,266,219	-
	<u>7,704,106</u>	<u>-</u>	<u>7,704,106</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. Financial instruments (Cont'd)

33.1 Classification of financial instruments (Cont'd)

Company	Carrying amounts RM	AC RM
2021		
Financial assets		
Other receivables (excluding prepayments)	3,207,000	3,207,000
Amount due from related parties	124,803	124,803
Amount due from subsidiary companies	65,261,588	65,261,588
Cash and cash equivalents	791,396	791,396
	69,384,787	69,384,787
Financial liabilities		
Lease liabilities	14,670	14,670
Other payables	843,837	843,837
	858,507	858,507
2020		
Financial assets		
Other receivables (excluding prepayments)	7,000	7,000
Amount due from subsidiary companies	39,636,130	39,636,130
Cash and cash equivalents	23,111,348	23,111,348
	62,754,478	62,754,478
Financial liabilities		
Lease liabilities	59,459	59,459
Other payables	249,469	249,469
	308,928	308,928

33.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net (losses)/gain on:				
Fair value changes of equity instruments at FVOCI	(394,009)	-	-	-
Fair value (loss)/gain through profit or loss	(5,978,229)	6,291,412	-	-
Financial assets at amortised cost	1,357,243	78,721	405,627	77,031
Financial liabilities at amortised cost	(229,338)	(46,085)	(3,211)	(4,686)
	(5,244,333)	6,324,048	402,416	72,345

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. Financial instruments (Cont'd)

33.3 Financial risk management objectives and policies

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

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

(a) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantee given to banks for credit facilities granted to a subsidiary company. For other investments, the Group minimises credit risk by dealing exclusively with counterparties of high credit rating and good business track record. There are no significant changes as compared to prior periods.

i) Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

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

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

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 30 days, which are deemed to have higher credit risk, are monitored individually.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days. For debts above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

As at the end of the reporting period, there is reversal of impairment loss being recognised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. Financial instruments (Cont'd)

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

(a) Credit risk (Cont'd)

ii) Other receivables

Risk management objectives, policies and processes for managing the risk

Credit risks on other receivables are mainly arising from deferred payment terms granted to its other receivables which are recognised based on their net present values and deposits paid for utilities.

The Group monitors the exposure to credit risk on an individual basis and does not foresee any recoverability issue given that all payments are made based on signed contracts or agreements.

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

There is no additional allowance for impairment loss being recognised.

iii) Term deposits and cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The term deposits and cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that there is no credit risk for term deposits and cash and cash equivalents held with banks and financial institutions.

iv) Inter-company loans, advances and financial guarantee

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. It also provides unsecured financial guarantee to banks for banking facilities granted to a subsidiary company. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position except for financial guarantee provided to banks. The company's maximum exposure in this respect is RM19,377,625 (2020: Nil). The financial guarantees of the Company have not been recognised since the fair value on initial recognition was not material. Advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- a) the subsidiary is unlikely to repay its credit obligation to the bank in full; or
- b) the subsidiary is continuously loss making and is having a deficit shareholders' fund with no plan to turnaround the business.

The Company determines the probability of default of these advances individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. Financial instruments (Cont'd)

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

(a) Credit risk (Cont'd)

v) **Investments and other financial assets**

Investments and other financial assets are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations. The investments and other financial assets are unsecured.

The Group is of the view that there is no credit risk for investments and other financial assets.

(b) Liquidity risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. Financial instruments (Cont'd)

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

(b) Liquidity risks (Cont'd)

Maturity analysis

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 based on undiscounted contractual payments.

Group	Carrying amounts RM	Contractual interest/ Discount rate %	Contractual cash flows RM	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2021							
Borrowings	21,130,002	3.23 - 6.40	22,920,934	4,859,372	4,859,372	8,112,190	5,090,000
Lease liabilities	196,476	2.87 - 5.40	213,972	106,133	57,351	47,880	2,608
Trade payables	3,351,284	-	3,351,284	3,351,284	-	-	-
Other payables	5,731,013	-	5,933,113	4,627,063	326,329	776,436	203,285
Amount due to a corporate shareholder	2,266,418	-	2,266,418	2,266,418	-	-	-
	<u>32,675,193</u>		<u>34,685,721</u>	<u>15,210,270</u>	<u>5,243,052</u>	<u>8,936,506</u>	<u>5,295,893</u>
2020							
Borrowings	2,078,632	6.40	2,511,227	449,772	449,772	1,349,316	262,367
Lease liabilities	236,293	2.87 - 5.40	260,869	107,721	60,521	74,059	18,568
Trade payables	24,360	-	24,360	24,360	-	-	-
Other payables	3,098,602	-	3,498,305	1,834,810	363,381	875,844	424,270
Amount due to a corporate shareholder	2,266,219	-	2,266,219	2,266,219	-	-	-
	<u>7,704,106</u>		<u>8,560,980</u>	<u>4,682,882</u>	<u>873,674</u>	<u>2,299,219</u>	<u>705,205</u>
Company	Carrying amounts RM	Contractual interest/ Discount rate %	Contractual cash flows RM	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2021							
Lease liabilities	14,670	5.40	16,000	16,000	-	-	-
Other payables	843,837	-	843,837	843,837	-	-	-
Financial guarantee*	-	-	19,377,625	19,377,625	-	-	-
	<u>858,507</u>		<u>20,237,462</u>	<u>20,237,462</u>	-	-	-
2020							
Lease liabilities	59,459	5.40	64,000	48,000	16,000	-	-
Other payables	249,469	-	249,469	249,469	-	-	-
	<u>308,928</u>		<u>313,469</u>	<u>297,469</u>	<u>16,000</u>	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. Financial instruments (Cont'd)

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

(c) Market risk

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

i) Interest rate risk

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income. The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis.

Exposure to interest rate risk

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed rate instruments				
Financial assets	5,200,000	23,100,351	-	20,076,790
Financial liabilities	(196,476)	(236,293)	(14,670)	(59,459)
	<u>5,003,524</u>	<u>22,864,058</u>	<u>(14,670)</u>	<u>20,017,331</u>
Floating rate instruments				
Financial liabilities	(21,130,002)	(2,078,632)	-	-

Interest rate risk sensitivity analysis

a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does 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.

b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group	
	2021 RM	2020 RM
Movement in interest rate		
Increase by 100bp	(160,588)	(15,798)
Decrease by 100bp	<u>160,588</u>	<u>15,798</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. Financial instruments (Cont'd)

33.4 Fair value information

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

The tables below analyse financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair value and carrying amounts shown in the statements of financial position.

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 2 RM	Level 3 RM	Total RM		
2021								
Financial assets								
Other investments	41,013,231	1,704,828	2,941,019	-	-	-	45,659,078	45,659,078
Other receivables (non-current)	-	-	-	-	345,000	345,000	345,000	345,000
	41,013,231	1,704,828	2,941,019	-	345,000	345,000	46,004,078	46,004,078
Financial liabilities								
Borrowings	-	-	-	15,766,981	-	15,766,981	15,766,981	16,997,511
Lease liabilities	-	-	-	98,310	-	98,310	98,310	99,970
Other payables (non-current)	-	-	-	-	1,103,950	1,103,950	1,103,950	1,103,950
	-	-	-	15,865,291	1,103,950	16,969,241	16,969,241	18,201,431
2020								
Financial assets								
Other investments	44,194,514	1,704,828	3,335,028	-	-	-	49,234,370	49,234,370
Other receivables (non-current)	-	-	-	-	1,395,685	1,395,685	1,395,685	1,395,685
	44,194,514	1,704,828	3,335,028	-	1,395,685	1,395,685	50,630,055	50,630,055
Financial liabilities								
Borrowings	-	-	-	1,632,271	-	1,632,271	1,632,271	1,754,879
Lease liabilities	-	-	-	138,831	-	138,831	138,831	140,002
Other payables (non-current)	-	-	-	-	1,263,792	1,263,792	1,263,792	1,263,792
	-	-	-	1,771,102	1,263,792	3,034,894	3,034,894	3,158,673

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. Financial instruments (Cont'd)

33.4 Fair value information (Cont'd)

Company	Fair value of financial instruments not carried at fair value		Carrying amounts RM
	Level 2 RM	Total RM	
2020			
Lease liabilities	14,403	14,403	14,670

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value

	Group	
	2021 RM	2020 RM
Selama Hidro Sdn. Bhd.	360,000	360,000
Kuasa Sezaman Sdn. Bhd.	1,344,828	1,344,828
	<u>1,704,828</u>	<u>1,704,828</u>

The fair value of Selama Hidro Sdn. Bhd. was derived based on the price of the sales of its 12.8% stake on 2 May 2018. On the other hand, the fair value of Kuasa Sezaman Sdn. Bhd. was derived based on the subsequent disposal of 7.4% stake at RM1 million.

Level 3 fair value

The following is a description of the fair value measurements using significant unobservable inputs (Level 3):

	Group	
	2021 RM	2020 RM
Kerian Energy Sdn. Bhd.	2,941,019	3,335,028
	<u>2,941,019</u>	<u>3,335,028</u>

The fair value of Kerian Energy Sdn. Bhd. is determined based on value-in-use calculations using cash flow projections from financial forecasts with key assumptions approved by management.

Key assumptions and management's approach to determine the values assigned to each key assumption are as follows:

- i) Cash flows were projected for 21 years based on Feed-In Approval letter from Sustainable Energy Development Authority Malaysia and all balance of the annual cash flow will be distributed as dividend to shareholders.
- ii) The revenue is expected to be constant based on the tariff and output as per expected Feed-In Approval letter from Sustainable Energy Development Authority Malaysia. All expenses are expected to increase at 4% per annum.
- iii) A pre-tax discount rate of 5.8% (2020: 7.6%) was applied in determining the recoverable amount of the unit. The discount rate was based on the cost of fund of Kerian Energy Sdn. Bhd.

Sensitivity analysis of for Kerian Energy Sdn. Bhd.

If the discount rate had been increased by 1% with all other variables held constant, the fair value of the Company will be reduced by approximately RM474,597 (2020: RM553,969) as at the end of the reporting period.

Policy on transfer between levels

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

Transfer between fair value levels

There has been no transfer between the fair value levels during the current and previous financial year.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest determined by reference to similar borrowing arrangements at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

34. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at end of the reporting period are as follows:

	2021 RM	2020 RM
Borrowings	21,130,002	2,078,632
Less: Cash and cash equivalents	<u>(6,403,202)</u>	<u>(31,532,569)</u>
Net debt/(cash)	<u>14,726,800</u>	<u>(29,453,937)</u>
Total equity	<u>132,641,332</u>	<u>121,074,987</u>
Debt-to-equity ratio	<u>0.11</u>	<u>nm</u>

nm denotes not meaningful when the Group is in net cash position.

35. Capital commitments

	2021 RM	2020 RM
Capital work-in-progress contracted but not provided for:		
- Mini-hydro	13,580,240	13,580,240
- Solar PV plants	<u>14,550,000</u>	<u>-</u>
	<u>28,130,240</u>	<u>13,580,240</u>

36. Significant events during the financial year

36.1 Proposals on business diversification, long-term incentive plan

On 11 May 2021, the Company ("GCAP") announced proposals to undertake the following: -

- (i) proposed diversification of the existing core business of G Capital Berhad and its Subsidiaries ("GCAP Group" or the "Group") to include the provision of energy solution ("Energy Solution Provider") ("Proposed Diversification");
- (ii) proposed establishment of a long-term incentive plan of up to 15.0% of the issued share capital of GCAP (excluding treasury shares, if any) at any point in time during the duration of the long-term incentive plan, for the eligible employees and directors of GCAP Group (excluding its dormant subsidiaries) who fulfil the eligibility criteria as set out in the by-laws of the long-term incentive plan ("Eligible Persons") ("LTIP By-Laws") ("Proposed LTIP"). The Proposed LTIP comprises the following: -
 - (a) proposed issuance of employees' shares option to the Eligible Persons to subscribe for new ordinary shares in GCAP ("GCAP Share(s) or Share(s)") at a pre-determined subscription price ("Proposed New ESOS"); and
 - (b) proposed executive share grant which would enable GCAP to award GCAP Shares to the Eligible Persons without any cash consideration payable ("Proposed ESGS"); and
- (iii) Proposed shareholders' mandate for recurrent related party transactions of a revenue and/or trading nature ("RRPT") (Proposed Shareholders' Mandate").

(Collectively referred to as the "Proposals").

The shareholders have provided their mandates to the Proposals via extraordinary general meeting held on 30 June 2021. The Proposals have been completed with GCAP effectively implement the LTIP on 23 July 2021.

As at 31 December 2021, the Company has not granted any employees' share option and executive share grant.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

36. Significant events during the financial year (Cont'd)

36.2 Proposed Rights Issue

On 13 July 2021, KAF Investment Bank Berhad ("KAF IB" or "principal advisor") had announced on behalf of GCAP that GCAP is proposing to undertake a proposed renounceable rights issue of up to RM102,621,111 nominal value of 1,282,763,884 five (5)-year, 5.0%, redeemable convertible unsecured loan stocks ("RCULS") at 100% of its nominal value of RM0.08 each, on the basis of four (4) RCULS for every one (1) existing ordinary share in GCAP held on an entitlement date to be determined later.

On 8 November 2021, GCAP has announced revision to the utilisation of proceeds to be raised. New application was submitted to Securities Commission on 18 November 2021 and Securities Commission has approved the proposed issuance of RCULS on 14 December 2021.

On 6 January 2022, Bursa Malaysia Securities Berhad ("Bursa Securities") has approved the Proposed Rights Issue subject to following conditions:-

- (i) GCAP and KAF IB must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Rights Issue;
- (ii) GCAP and KAF IB are required to inform Bursa Securities upon completion of the Proposed Rights Issue;
- (iii) GCAP and KAF IB are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed; and
- (iv) GCAP is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of RCULS as at the end of each quarter together with a detailed computation of listing fees payable.

On 24 January 2022, Bursa Securities has approved an extension of time of up to 15 April 2022 for GCAP to issue circular to shareholders in relation to the Rights Issue and setting extraordinary general meeting to procure shareholders' mandate.

37. Events subsequent to reporting date

37.1 Acquisition of ZMZ Synergy Sdn. Bhd. ("ZMZ")

On 28 February 2022, the Company paid RM302,435 cash for 9,000 ordinary shares, representing 30% equity interest in ZMZ. On the same date, ZMZ underwent a capital enlargement whereby the Company subscribed to 373,500 new ordinary shares for RM373,500 and resulting in ownership of 51.00% equity interest in ZMZ. Through this arrangement, the Group has strategically position itself to participate in projects relating to water works, including but not limited to leaking detection and rectification, operation and maintenance.

37.2 Changes in Group Composition

The Group composition changed with incorporation of the following controlled entity:

Name of Company	Date of incorporation	Principal activities
<u>Subsidiary company of the Company</u> MY GCAP Sdn. Bhd.	14-Mar-2022	Property development

38. Date of authorisation for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 April 2022.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2022

Issued and fully paid-up capital	: 320,690,971 Ordinary Shares
Class of shares	: Ordinary shares
No. of Shareholders	: 4,501
Voting Rights	: One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

<u>Size of Shareholdings</u>	<u>No. of Shareholders</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
Less than 100	431	9.57	20,283	0.01
100 to 1,000	328	7.29	190,978	0.06
1,001 to 10,000	2,098	46.61	10,628,015	3.31
10,001 to 100,000	1,302	28.93	47,008,021	14.66
100,001 to less than 5% of issued shares	342	7.60	262,843,674	81.96
5% and above of issued shares	0	0.00	0	0.00
Total	4,501	100.00	320,690,971	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

(As per Record of Depositors)

	<u>Name of Shareholders</u>	<u>No. of Shares</u>	<u>%</u>
1.	PERCETAKAN SANWA INDUSTRIES SDN BHD	12,955,000	4.04
2.	BANG-SENG PACKAGING SDN BHD	12,800,000	3.99
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP YEE PING	12,493,600	3.90
4.	UOBM NOMINEES (TEMPATAN) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD, FOR PHAN YING TONG	11,260,000	3.51
5.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (CLIENT)	10,000,000	3.12
6.	LIN QIN MO	7,310,700	2.28
7.	HENG YONG LAI	6,385,000	1.99
8.	CHOO WENG WAH	6,110,000	1.91
9.	LEE LAI MING	5,368,000	1.67
10.	HASIL ANEKA SDN BHD	5,267,700	1.64
11.	HENG YONG LAI	5,225,000	1.63
12.	MOHD FAIZ BIN MOKHTAR	4,703,900	1.47
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON	3,799,600	1.18
14.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN CHOW TEE (MARGIN)	3,770,000	1.18
15.	LEE YEE LONG	3,500,000	1.09

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2022 (cont'd)

16.	LEE POH HIN	3,000,000	0.94
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD	2,997,400	0.93
18.	SIEW KHAY	2,758,400	0.86
19.	YAN HOCK CHUAN	2,559,800	0.80
20.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW EE MOUN	2,540,000	0.79
21.	M&A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN THENG LIANG (M&A)	2,538,900	0.79
22.	TAN CHEE KOON	2,123,200	0.66
23.	KOAT KIONG HOCK	2,086,500	0.65
24.	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHAU KIMBAC (E-KLC)	2,000,00	0.62
25.	TAN KAI KEE	2,000,000	0.62
26.	UNG ENG HUAT	2,000,000	0.62
27.	HOOI MUN FOON	1,859,600	0.58
28.	CHAN SUET MEI	1,840,000	0.57
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL)	1,799,900	0.56
30.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WAN MOHAMMAD KHAIR-IL ANUAR (CCTS)	1,753,333	0.55

DIRECTORS' SHAREHOLDING AS AT 29 MARCH 2022

(As per Register of Directors' Shareholdings)

Name	Direct No. of Shares	%	Indirect No. of Shares	%
TAN SRI DR. ALI BIN HAMSA	-	-	-	-
DATUK YAP YEE PING	12,935,100	4.03	-	-
DATO' ROSLI BIN SHARIF	-	-	-	-
DATO' HAJI ROSHIDI BIN HAJI HASHIM	-	-	-	-
JASON FONG JIAN SHENG	-	-	-	-

SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2022

Name	Direct No. of Shares	%	Indirect No. of Shares	%
LEE POH HIN	3,263,400	1.02	⁽¹⁾ 25,755,000	8.03
LEE YEE LEONG	3,500,000	1.09	⁽¹⁾ 25,755,000	8.03

Note-

(1) Deemed interested pursuant to section 8(4) of the companies Act, 2016



G CAPITAL BERHAD

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