CSH ALLIANCE
BERHAD

Commitment
Synergy
Humanity

ANNUAL REPORT 2021

CSH ALLIANCE BERHAD

(formerly known as KTG Berhad)
200001002113 (504718-U)

CSH ALLIANCE BERHAD

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CORPORATE INFORMATION

BOARD OF DIRECTORS

AHMAD RUSLAN ZAHARI BIN ZAKARIA
Independent Non-Executive Chairman
(Re-designated on 11.11.2020)

LIM PENG TONG
Independent Non-Executive Director

NG KEOK CHAI
Independent Non-Executive Director

SIM CHIUN WEE
Executive Director

TAN YIP JIUN
Executive Director
(Appointed w.e.f. 16.03.2021)

PETER YAP
Executive Director
(Appointed w.e.f. 05.05.2021)

KENNY KHOW CHUAN WAH
Executive Director
(Appointed w.e.f. 21.05.2021)

AUDIT COMMITTEE

Chairman	*Members*
Lim Peng Tong	**Ahmad Ruslan Zahari Bin Zakaria** **Ng Keok Chai**

REMUNERATION COMMITTEE

Chairman	*Members*
Ng Keok Chai (Re-designated on 29.09.2021)	**Ahmad Ruslan Zahari Bin Zakaria** (Re-designated on 29.09.2021) **Lim Peng Tong**

RISK MANAGEMENT COMMITTEE

Chairman	*Members*
Lim Peng Tong	**Ng Keok Chai** **Kenny Khow Chuan Wah** (Appointed w.e.f. 25.10.2021)

NOMINATION COMMITTEE

Chairman	*Members*
Ng Keok Chai (Re-designated on 29.09.2021)	**Ahmad Ruslan Zahari Bin Zakaria** (Re-designated on 29.09.2021) **Lim Peng Tong**

COMPANY SECRETARIES

Chua Siew Chuan *(MAICSA 0777689)*
(SSM PC No. 201908002648)

Yeow Sze Min *(MAICSA 7065735)*
(SSM PC No. 201908003120)

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights, 50490 Kuala Lumpur
Tel No. : (+603) 2084 9000 Fax No. : (+603) 2094 9940

CORPORATE HEAD OFFICE

Level 2, No 3, Jalan TP 2, Taman Perindustrian UEP
47600 Subang Jaya, Selangor Darul Ehsan
Tel No. : (+603) 7890 3535 Fax No. : (+603) 8011 7697

REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber, Imperial Court
Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel No. : (+603) 2692 4271 Fax No. : (+603) 2732 5388/
(+603) 2732 5399

AUDITORS

Folks DFK & Co.
Chartered Accountants
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman, 50000 Kuala Lumpur
Tel No. : (+603) 2273 2688 Fax No. : (+603) 2274 2688

PRINCIPAL BANKERS

CIMB Bank Berhad
RHB Bank Berhad
Public Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

STOCK CODE	STOCK NAME
7165	CSH

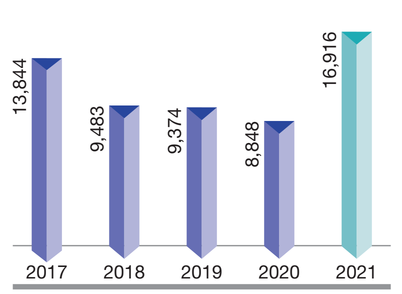
WEBSITE

https://www.ktg.com.my

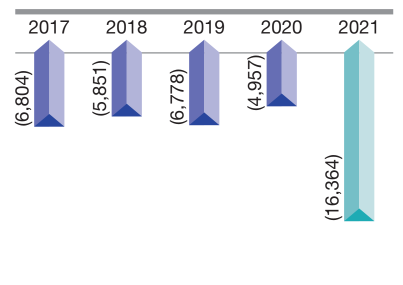
5-YEAR FINANCIAL HIGHLIGHTS

		2017	2018	2019	2020	2021
Results Of Operation						
Revenue	RM'000	13,844	9,483	9,374	8,848	**16,916**
LBITDA (Loss Before Interest, Taxes, Depreciation and Amortisation)	RM'000	(6,275)	(4,923)	(5,348)	(4,083)	**(13,606)**
Loss Before Taxation	RM'000	(6,804)	(5,851)	(6,778)	(4,957)	**(16,364)**
Loss After Taxation	RM'000	(6,928)	(5,690)	(6,797)	(5,024)	**(16,637)**
Net Loss Attributable To Equity Holders	RM'000	(6,928)	(5,690)	(6,797)	(5,024)	**(16,637)**
Financial Position						
Total Assets	RM'000	96,737	108,091	120,118	122,617	**321,926**
Total Borrowings	RM'000	348	298	163	73	**2,735**
Shareholders' Equity	RM'000	87,878	102,313	104,140	109,372	**310,574**
Financial Indicators						
Return On Equity	%	(7.9)	(5.6)	(6.5)	(4.6)	**(5.4)**
Return On Total Assets	%	(7.2)	(5.3)	(5.7)	(4.1)	**(5.2)**
Gearing Ratio	times	252.5	343.3	638.9	1,498.2	**113.6**
Interest Cover	times	(312.5)	(298.4)	(26.8)	(683.0)	**(234.3)**
Basic Loss Per Share	sen	(5.00)	(3.01)	(3.39)	(2.18)	**(4.42)**
Net Assets Per Share	sen	63.40	54.13	51.97	47.44	**82.50**
Share Price As At The Financial Year End	sen	65.00	75.00	64.50	21.00	**16.00**

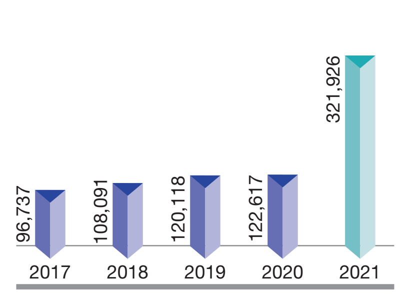
REVENUE
(RM'000)



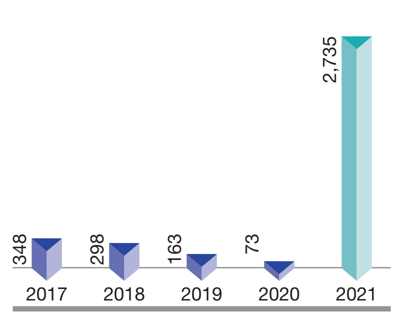
LOSS BEFORE TAXATION
(RM'000)



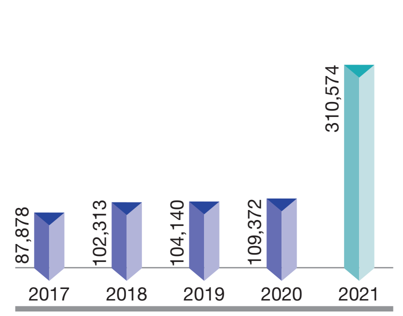
TOTAL ASSETS
(RM'000)



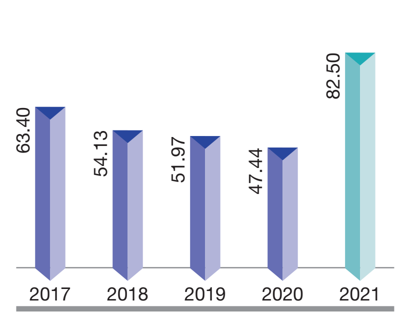
TOTAL BORROWINGS
(RM'000)



SHAREHOLDERS' EQUITY
(RM'000)



NET ASSETS PER SHARE
(SEN)



CORPORATE STRUCTURE

CSH ALLIANCE BERHAD

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- 100% APPI Sdn. Bhd.
- 100% Asian Earthernware Sdn. Bhd.
- 100% Asian Porcelain Sdn. Bhd.
- 100% Asian Pottery (Penang) Sdn. Bhd.
- 100% Asian Pottery Home & Garden Sdn. Bhd.
- 100% Asian Pottery Manufactures Sdn. Bhd.
  - 100% Metro Craft Sdn. Bhd.
- 100% Asiarise Holdings Sdn. Bhd.
- 100% Bio Beacon Supply Sdn. Bhd.
- 100% CSH Network Capital Sdn. Bhd. (formerly known as MMAG Capital Sdn. Bhd.)
- 100% CSH Priority Sdn. Bhd.
- 100% CSH Solutions Sdn. Bhd. (formerly known as Alpine Cube Sdn. Bhd.)
- 100% Instant Initiative Sdn. Bhd.
- 100% KTG Marine (M) Sdn. Bhd.
- 100% Line Haul Sdn. Bhd.
- 100% Million Rich Development Sdn. Bhd.
- 100% Omnipack Sdn. Bhd.
- 100% Oriwina Sdn. Bhd.
- 100% Profit Sunland Sdn. Bhd.
- 100% Sunmark Point Sdn. Bhd.
- 100% Titanium Hallmark Sdn. Bhd.

BOARD OF DIRECTORS' PROFILE

AHMAD RUSLAN ZAHARI BIN ZAKARIA

Age 60 Nationality Gender

Independent Non-Executive Chairman (Re-designated on 11.11.2021)
Member of Remuneration Committee (Re-designated on 29.09.2021)
Member of Nomination Committee (Re-designated on 29.09.2021)
Member of Audit Committee

En. Ahmad Ruslan Zahari Bin Zakaria ("**Encik Ahmad Ruslan**") was appointed to the Board on 19 May 2014 as an Independent Non-Executive Director and was re-designated as Independent Non-Executive Chairman of the Company on 11 November 2020. Presently, he is a member of the Remuneration Committee ("**RC**"), Nomination Committee ("**NC**") and Audit Committee ("**AC**").

He graduated from the University of Newcastle-upon-Tyne, England in the year 1984 with a Bachelor of Arts in Economic Studies (Accounting & Financial Analysis). He was trained as a Chartered Accountant at a firm in London after graduation and in the year 1986, he joined Merchants Business Growth Consulting, a pan European marketing consulting company, as its Group Financial Controller.

Encik Ahmad Ruslan left Europe in the year 1993 and joined CIMB Investment Bank Berhad in the Corporate Finance Department. In 1997, he assisted in the formation of Commerce Asset Ventures, the venture capital arm of CIMB Group. In 2000, he joined Clear Channel Communications, Inc., the leading global media organisation listed on the New York Stock Exchange as ASEAN Regional Director/ Managing Director of Malaysian operations.

In 2005, Encik Ahmad Ruslan was appointed as the Chief Executive Officer ("CEO") of Terengganu Incorporated, a strategic investment holding company for the Terengganu state. From the year 2008 to the year 2018, he was the CEO of Armstrong Marine & Offshore Sdn. Bhd., the official representative of Armstrong Corporation Holdings in Asia and the Pacific Rim, is a company involved in offshore and shipping investments, oil trading, finance, and project development. From the year 2010 to the year 2018, he was concurrently the CEO of Sungai Temau Mining (M) Sdn. Bhd. an iron ore mining company. Presently, he is the Founder and Principal of Connoisseur Consult Sdn. Bhd..

Encik Ahmad Ruslan currently sit on the Board of Minetech Resources Berhad ("Minetech") as an Independent Non-Executive Director where he is also the Chairman of the AC and RC and a member of the NC and RMC of Minetech.

The trainings and number of Board of Directors' Meetings attended for the financial year ended 30 June 2021 are set out on page 29 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 149 of this Annual Report.

Encik Ahmad Ruslan does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE
(cont'd)

NG KEOK CHAI

Age 62 *Nationality* *Gender*

Independent Non-Executive Director
Chairman of Nomination Committee (Re-designated on 29.09.2021)
Chairman of Remuneration Committee (Re-designated on 29.09.2021)
Member of Audit Committee
Member of Risk Management Committee

Mr. Ng Keok Chai ("**Mr. Ng**") was appointed to the Board as an Independent Non-Executive Director on 2 August 2019. He was re-designated as the Chairman of the Nomination Committee and Remuneration Committee on 29 September 2021 and is also a member of the Audit Committee and Risk Management Committee.

Mr. Ng holds a degree in Bachelor of Laws (Hons.) from the University of Wolverhampton, London, in 1996 while he was still in service with the Sarawak Police Contingent, Royal Malaysia Police. In 1998, he obtained his Certificate in Legal Practice issued by the Legal Profession Qualifying Board.

His early career started when he was recruited as a Police Inspector with the Royal Malaysia Police in 1982. He was then posted to serve in Sarawak and was promoted to Assistant Superintendent of Police. During his posting in Sarawak, he served in the Criminal Investigation Department, General Duty, and Police Field Force.

In 2003, Mr. Ng was transferred to Selangor Police Contingent Headquarters. He was promoted to Deputy Superintendent of Police in 2005 and served in the Commercial Crimes Investigation Department of Selangor Police Contingent Headquarters. He was then promoted to Superintendent of Police and was later transferred to Johor Police Contingent Headquarters as Deputy Head of the Commercial Crimes Investigation Department in 2014. Later in the same year, he was posted to the Commercial Crimes Investigation Department, Royal Malaysia Police Bukit Aman, as an Assistant Director in the Forensic Accounting Investigation Division.

He was promoted to Assistant Commissioner of Police in 2016, and his last held post as Principal Assistant Director in Forensic Accounting Investigation Division, Commercial Crimes Investigation Department, Royal Malaysia Police, Bukit Aman.

Throughout his thirty-six (36) years' service in Royal Malaysia Police, Mr. Ng was very much involved in police investigations due to his legal background. He specialises in criminal investigation across various fields, including commercial crime, general crime, and forensic accounting, with comprehensive management and special operations experience.

Currently, Mr. Ng is an Independent Non-Executive Director of Hong Seng Consolidated Berhad and Dynaciate Group Berhad.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2021 are set out on page 29 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 149 of this Annual Report.

Mr. Ng does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offense, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE
(cont'd)

LIM PENG TONG

Age 63 *Nationality* *Gender*

Independent Non-Executive Director
Chairman of Audit Committee
Chairman of Risk Management Committee
Member of Nomination Committee
Member of Remuneration Committee

Mr. Lim Peng Tong ("**Mr. Lim**") was appointed to the Board on 18 January 2018 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and Risk Management Committee and a member of the Remuneration Committee and Nomination Committee.

Mr. Lim is an established banker with extensive experience in the financial and banking industry. He has served a long career path of thirty-eight (38) years with Malayan Banking Berhad, with his last position as Regional Head of Business Banking covering the Northern Region of Penang/Kedah/Perlis. He rose from the ranks starting as a clerk in 1979 and had held supervisory and leadership roles in various capacities ranging from operations and credit management during his long and successful banking career. As Regional Head of Business Banking, he was responsible for the strategic planning to grow the commercial businesses, especially in commercial and corporate lending activities involving marketing, credit processes, business development, relationship management, and most importantly, ensuring asset quality for the Bank. Mr. Lim has also served in various states in the country, from Melaka, Johor, Kuala Lumpur to the northern region of Penang, Kedah, and Perlis, which gave him an advantage of a wide network and connection to many of the businessmen in the region.

Mr. Lim graduated as a Diploma holder in Banking and Financial Services in 1997 with Institute Bank-Bank Malaysia ("**IBBM**") while pursuing his career in the banking industry. Mr. Lim is a certified credit practitioner and has held the Certified Credit Professional qualification since 2002. He is an Associate member with IBBM, now known as the Asian Institute of Chartered Bankers.

Currently, Mr. Lim is an Independent Non-Executive Director and the Chairman of the Remuneration and Nomination Committee of Dynaciate Group Berhad. In addition, Mr. Lim was an Independent Non-Executive Chairman of Macpie Berhad and an Executive Director of Hong Seng Consolidated Berhad. He had resigned from both companies on 30 September 2020 and 11 February 2021, respectively.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2021 are set out on page 29 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 149 of this Annual Report.

Mr. Lim does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE
(cont'd)

SIM CHIUN WEE

Executive Director

Age 45 *Nationality* *Gender*

Mr. Sim Chiun Wee ("**Mr. Sim**") was appointed to the Board on 30 April 2020 as an Executive Director.

Mr. Sim is the founder and Chief Executive Officer of Top Three Development Resources, a real estate consultation company established since the year 2014 which is specialising in management and investment advisory services. Its clientele includes those of property development, food and beverages, and non-governmental organisations ("**NGOs**"). One of the more notable clients was Bina Puri Holdings Berhad. He had served as their Sarawak advisor to the company from the year 2014 to the year 2016, mainly in managing the bilateral relationship and strategic partnership with China.

Mr. Sim completed his Mass Communication degree majoring in International Journalism from Xiamen University in China in 1999. Prior to founding his own business, he was appointed as the Deputy Principal of Chung Hua Middle School No. 1 in Kuching, Sarawak, in the year 2006, where he held responsibility assisting the Principal in the overall management of the school.

Mr. Sim has engaged in various business ventures and partnerships during his younger days. With his acute business senses and innovative entrepreneur skills, he has held numerous management roles in several private entities encompassing various industries ranging from property development, product manufacturing, migration services, food and beverages, as well as organisational management and investment advisory.

Mr. Sim is also the current President of the Malaysia-China Silk Road Entrepreneurs Association and The Alumni Association of Xiamen University in Malaysia. He is also the Honorary President for the Young Malaysians Movement (Y.M.M), a 5 Stars youth NGO rated and acknowledged by the Ministry of Youth & Sports when he held office as the National President from the year 2013 to the year 2015. Mr. Sim was also awarded the "Sarawak Most Outstanding Youth" award in the year 2013 by the state government for his outstanding contribution and exemplary leadership towards volunteerism and charity, and he was later invited by the Chinese government to visit the Great Hall of the People in Beijing where he was received by Premier Li Keqiang.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2021 are set out on page 29 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 149 of this Annual Report.

Mr. Sim does not hold any directorship in other public companies and listed issuers in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE
(cont'd)

TAN YIP JIUN

Executive Director

Age 31 *Nationality* *Gender*

Mr. Tan Yip Jiun ("**Mr. YJ**") was appointed to the Board on 16 March 2021 as an Executive Director.

Upon completing his studies at the Bukit Jalil Sports School and SMK Gunung Rapat, Mr. YJ started his career in the logistic sector as an Operation Officer based in Klang under ChipSeng Heng Enterprise Sdn. Bhd. ("**ChipSeng Heng**") since the year 2015. He was involved in the operation management aspect of the ChipSeng Heng, which handled third-party logistics services and a total of twenty (20) units of cargo and tanker lorries, the daily delivery fulfilment based on customer requirement, and the overall fleet management.

Within a year, he was promoted to the Operation Cum Safety Officer, whereby he was responsible for implementing safety management and ensuring all workers complied with the safety rules in the working area, the monthly incoming vessel by providing custom clearance services, stock transfer from the vessel to yard, weighbridge monitoring, stockpile management, daily monitoring on loading progress and delivery to ensure the raw material in customer plant never below safety level and the monthly delivery forecast by communicating closely with receiving party.

In 2018, Mr. YJ was transferred to the headquarters ("**HQ**") of ChipSeng Heng, which was based in Ipoh as their General Manager ("**GM**"). He was tasked to oversee all departments, including operation, fleet, workshop, safety, accounts, and human resources for the HQ and branch with a total of one hundred and eighty (180) units of fleets and two hundred and twenty (220) manpower. During his tenure as the GM, he provided marketing and sales strategies, improved ChipSeng Heng's internal management to be more systematic, implemented ISO 39001 Road Traffic Safety Management, changed the internal structure and implemented recruitment targeting at the younger generation.

Currently, he is the Executive Director of ChipSeng Heng and is working to strengthen ChipSeng Heng's position by minimising cost by providing vehicle training to drivers for better understanding on taking care of their fleet, implementing driver management system (merit and demerit), restructuring workshop inventories control by having a proper racking and bar code system, implementing lorry maintenance system to reduce downtime, maximise revenue by re-routing trucks operation, increase return goods volume, encourage operation officer always perform at their best by implementing key performance indicator, provide expansion strategy and financial planning for Managing Director to make a clearer decision for the ChipSeng Heng's growth strategies.

Besides that, he also serves as a Director in several companies involved in the transportation, raw materials for construction, and information technology sectors. As the Director of these companies, he plays an instrumental role in the business development and overall business direction.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2021 are set out on page 29 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 149 of this Annual Report.

Mr. YJ does not hold any directorship in other public companies and listed issuers in Malaysia. Mr. YJ is the son of Mr. Tan Yow Hua, who is a major shareholder of the Company. Save as disclosed, he does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE
(cont'd)

PETER YAP

Executive Director

Age 58 *Nationality* *Gender*

Mr. Peter Yap ("**Mr. Peter**") was appointed to the Board on 5 May 2021 as an Executive Director.

Mr. Peter started his career upon completing his high school education as a sales consultant with Tan Chong Group. In 1988, he started his own used trucks business and grew the business substantially to four (4) branches nationwide, where he eventually sold the business.

Subsequently, he co-founded Okuan Otomobil Sdn. Bhd., which was initially involved in a used commercial vehicle dealership and extended its business to include a new commercial vehicle with the appointment of HINO dealership in the year 2000 and Volkswagen dealership in the year 2010.

Currently, he is a Director of Edaran Riz Sdn. Bhd. and Auto Raya Timur Sdn. Bhd., which are involved in the sales, service, and spare parts of the prominent vehicle brand names located in Pahang. As the director of the companies with a total combined annual sales turnover of RM33 million in the year 2020, he is responsible for leading the companies' overall business direction, business development, and day-to-day operations, managing more than eighty (80) staff.

He has more than forty (40) years of experience in the automotive industry, with his expertise primarily in the sales and distribution of heavy commercial type vehicles. He was also the key person who has helped and acted as a consultant to many automotive companies in setting up, managing and developing their businesses. For instance, he assisted in the research and development of the Hanvan Brand of XCMG Heavy Commercial Vehicles from China.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2021 are set out on page 29 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 149 of this Annual Report.

Mr. Peter does not hold any directorship in other public companies and listed issuers in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE
(cont'd)

KENNY KHOW CHUAN WAH

Executive Director

Age 46 *Nationality* *Gender*

Mr. Kenny Khow Chuan Wah ("**Mr. Kenny**") was appointed to the Board on 21 May 2021 as an Executive Director.

Mr. Kenny holds a degree in Accounting and Finance (Distinction) from the University of Technology, Sydney. He is a member of the Malaysian Institute of Accountants and CPA Australia.

He has more than thirteen (13) years of experience as an auditor with PricewaterhouseCoopers Malaysia, including a two (2) years secondment from the year 2004 to the year 2006 at PricewaterhouseCoopers London.

He joined PricewaterhouseCoopers in the year 1997 and has extensive experience in the area of corporate exercises covering the initial public offering, the demerger of a listed entity, management and integration of two (2) major companies in Malaysia, privatisation of a major listed entity, rights issue, issuance of debt securities, as well as the sale and leaseback of key assets.

His other work experience includes financial due diligence, advisory, and numerous cross-border securities offering. He also sits on the Board of Directors of Hong Seng Consolidated Berhad and MMAG Holdings Berhad as an Executive Director.

As the Executive Director of the companies, in addition to overseeing groups' financial affairs, including accounting, finance, tax, and treasury, he also oversees human resources-related matters and other administrative duties.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2021 are set out on page 29 of this Annual Report while his interest in the shares of the Company, if any, are listed on page 149 of this Annual Report.

Mr. Kenny does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any, as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PERSONNEL'S PROFILE

The key senior management personnel are as follows:-

1. **Tan Yip Jiun**
   Executive Director

2. **Peter Yap**
   Executive Director

3. **Kenny Khow Chuan Wah**
   Executive Director

4. **Sim Chiun Wee**
   Executive Director

The profiles of the key senior management personnel are outlined in their respective profile on pages **8, 9, 10** and **11**

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES

INTRODUCTION

CSH Alliance Berhad (formerly known as KTG Berhad) ("**CSH**") and its subsidiaries ("**the Group**") is engaged in the property construction, property investment and property development sectors. The Group has diversified its existing businesses to include manufacturing and trading of gloves and other personal protective equipment ("**PPE**") products as well as transportation and logistics business.

The Company has recently changed its name to CSH Alliance Berhad which the CSH is representing "Commitment, Synergy, and Humanity" as it reflects the Group's commitment in its undertakings while creating strategic synergies within the Group's existing businesses and future businesses with an emphasis on humanity.

BUSINESS AND OPERATIONS OVERVIEW

Our principal activities include retail, trading, manufacturing, exporting and marketing pottery, porcelain products, ceramics wares and ornaments, property construction and other businesses, property investment, property development and other related services and moneylending business.

On 22 September 2021, CSH has obtained approval from its shareholders to diversify into manufacturing and trading of gloves and other PPE products as well as transportation and logistics business through its wholly-owned subsidiaries for additional income streams and to minimise the Group's dependency on its existing businesses. Included in transportation and logistics, the Premier Integrated Parcel Autonomous ("**PIPA**") system is developed to help players involved in the last leg of supply chain operations of the product's journey from a warehouse to the doorstep of the end-customer ("**Last Mile Logistics**") in easing their business operation process, the commercialisation of the PIPA system [through its wholly-owned subsidiary CSH Solutions Sdn Bhd (formerly known as Alpine Cube Sdn. Bhd.)] will be incorporated as an important component of CSH Group's transportation and logistics business.

Despite prevailing challenges in 2020 and 2021, it has been irrevocably marked by the unprecedented and highly disruptive COVID-19 pandemic. This unfortunate crisis and related restrictions create an extraordinary and challenging landscape for organisations in all sectors. Notwithstanding these challenges, the Group is committed to scaling up our capabilities and capacity to play our role in the fight against the pandemic. The Group seeks to be a corporation that delivers sustainable value to all its stakeholders by consistently providing top-notch quality products and services to cater to the ever-changing consumer demands while observing our roles and responsibilities in society.

FINANCIAL RESULTS AND FINANCIAL CONDITION REVIEWS

The Group recorded higher revenue of RM16.92 million in the financial year ended 30 June 2021 ("**FY2021**") as compared to RM8.85 million in the previous financial year ended 30 June 2020 ("**FY2020**") with a difference of RM8.07 million (or 91.19%). The increase was mainly due to higher revenue derived from its ceramic segment by RM2.22 million as a result of increased orders from major customers; higher revenue of RM2.00 million recorded in the financial services segment due to increase of loan borrowers and revenue of RM3.15 million from its transportation and logistics segment, which was generated from its newly acquired subsidiary. The balance of RM0.70 million was derived from others segment of the Group.

The Group's overall loss before taxation ("**LBT**") has increased by RM11.40 million (or 229.84%) to RM16.36 million in comparison to RM4.96 million LBT recorded in FY2020. The increase was mainly contributed by net loss on disposal and deregister of subsidiaries of RM10.59 million and impairment provided on other receivable of RM2.87 million respectively.

Segmental wise, our ceramic segment generated RM10.48 million in revenue, representing an increase of 26.88% compared to last year and a LBT of RM0.21 million compared to LBT of RM1.22 million in the preceding year. With the increased revenue as well as rationalisation measures taken by the Management, had led to a reduction in administrative and operating cost, thus resulting in a lower loss.

On the other hand, there was no sales of inventory of completed properties in the construction and property segment in the current financial year. The increase in LBT from RM0.70 million as recorded last year to a loss of RM1.10 million in the current financial year, mainly due to impairment loss provided on investment properties of RM0.72 million.

The Group's financial services segment contributed revenue of RM2.59 million compared to RM0.59 million in FY2020, an increase of RM2.00 million (or 338.98%). The profit before tax ("**PBT**") had been increased by RM0.53 million from RM0.23 million for FY2020 to RM0.76 million in the current financial year following the surge in interest income generated from moneylending operation.

The Group's new transportation and logistics segment contributed revenue of RM3.15 million from its shipment of goods and parcels from a warehouse or distribution centre to traditional stores, brick and mortar retail outlets, and facilities ("**Middle Mile Logistics**") services providing haulage and hub-to-hub deliveries services.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES

(cont'd)

FINANCIAL RESULTS AND FINANCIAL CONDITION REVIEWS (CONT'D)

As for the Group's non-current assets, it is higher by RM56.64 million mainly due to the acquisition of intellectual property rights of information technology ("**IT**") solution/ platform related to logistics business process and acquisition of unquoted equity investment with a net carrying amount of RM24.72 million and RM22 million respectively as at the reporting date. In addition, financing receivables which is derived from moneylending business also increased by RM9.32 million subsequent to the increase on loan debtors.

Additionally, the Group's current assets have increased by RM142.67 million (or 242.90%) to RM201.40 million this year compared to RM58.73 million last financial year. This improvement is mainly due to the increase in financing receivables deriving from moneylending business by RM65.91 million; hike in fixed deposits and cash and bank balances contributed by the proceed from issuance of shares via conversion Irredeemable Convertible Preference Shares ("**ICPSs**") and private placement.

On the contrary, the Group's total liabilities have been reduced by RM1.89 million (or 14.30%) to RM11.35 million as compared to RM13.25 million recorded in FY2020 as a result of lower trade and other payable in the construction and property division segment subsequent to disposal on a subsidiary in this segment.

During the current financial year, 371,748,400 ordinary shares have been issued pursuant to the conversion of 371,748,400 ICPSs based on the conversion ratio of one (1) ICPS converted with an additional cash payment of RM0.54 for one (1) new ordinary share; 2,024,980 ordinary shares have been issued pursuant to the conversion of 20,249,800 ICPS based on the conversion of ten (10) ICPS in exchange of one (1) ordinary shares; 300 ordinary shares have been issued pursuant to exercise of 300 Warrant at the exercise price of RM0.60 and 84,087,000 ordinary shares have been issued pursuant to private placement at the placement price of RM0.206. Hence, the total share capital has increased from RM118.84 million to RM336.91 million, contributing to the increase in net assets by RM218.07 million.

The Group has minimum bank borrowings with healthy and sufficient funds for working capital needs, although the Group is still making losses. However, with the current unprecedented global pandemic of COVID-19, CSH anticipates that it will be a challenging year ahead and thus, there is a need to be vigilant and cautious at all times. As such, the Group does not recommend any dividend for the financial year, but it is hopeful of distributing excess profits once we are back on track with stable income in the future.

REVIEW OF OPERATING ACTIVITIES

In view of the recent economic and property market sentiments, the Group has been facing challenges in its existing businesses, especially in the ceramic, property development and construction segments. Nevertheless, the Group has the following plans to improve its financial condition.

The Group is constantly seeking new business opportunities to have additional income streams and minimise the Group's dependency on its existing businesses. As part of its ongoing efforts to seek new business opportunities, the Group has acquired Line Haul Sdn. Bhd. as an initial step to venture into the transportation and logistics business which is expected to contribute positively to the Group's income stream. This segment has been performing and expected to diversify CSH Group's revenue and earnings base and contribute positively to the earnings and net assets of the Group while reducing dependency on the Group's existing businesses of ceramic, construction, property development, property investment, and financial services.

The Group has taken various asset rationalisation and business rationalisation measures via the disposal of non-core assets and non-profit making assets to minimise its business risk and financial risk, including the disposal of the entire equity interest of its wholly-owned subsidiary, Klasik Ikhtiar Sdn. Bhd., which is dormant to minimise any further losses in order to improve our financial positions. The Group will continuously seek to realise its non-core assets and non-profit-making assets.

The Group intends to revise its marketing strategies and increase research and development initiatives for its ceramic segment to focus on product development with the goal to develop new designs and colour glazing for its planters and pots. The Group is also considering merging with or acquiring other industry players with the intention of consolidating the industry and eventually emerge as a stronger and larger entity to overcome the current issues faced by the industry in meeting customers' and market demands, as well as competition from other regions and rising costs in determining its pricing policy.

Although presently the Group does not have any ongoing construction project, the Management will continue to explore other viable opportunities via joint venture or bidding for suitable projects to revive its construction and property segment and broaden its construction business to include infrastructure construction projects.

The diversification into manufacturing and trading of gloves and other PPE is expected to generate positive income once the business commences. Furthermore, as the population worldwide embraces the new hygiene standard norm due to the outbreak, the global gloves demand is still expected

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES
(cont'd)

to remain strong even with the rollout of the COVID-19 vaccination program. Therefore, upon commencement of the manufacturing and trading of gloves, the Group believes that it would contribute positively to the Group's future earnings and improve the Group's financial position while reducing dependency on the Group's existing businesses, after taking into consideration the outlook and overview of the glove industry in Malaysia.

The diversification into the transportation and logistics business will provide an avenue for the Group to venture into the transportation and logistics business. This new business segment will further enhance the Group's prospects with the range of services provided and capabilities possessed by the newly acquired subsidiary. Besides, the pervasiveness of the e-commerce landscape in Malaysia, particularly after the Movement Control Order ("MCO") implemented by the Malaysian Government, has led to increased demand for logistics services, particularly the last-mile delivery. Included in transportation and logistics business, an IT system named PIPA is developed to help Last Mile Logistics players in easing their business operation process, which encompasses a more comprehensive solution and end-to-end customisable features such as order management system, nodes management system/partners management system, customer relationship management and administration, core engine, data migration, pallet system, optimisation, commission and payout and customer service.

As part of the Group's efforts to expand its financial services segment, a wholly-owned subsidiary was incorporated to engage in the business of providing hire purchase financing for commercial vehicles and machineries. The Group targets to finance purchases of commercial vehicles and machineries for companies in logistics, trading, e-commerce, transportation, manufacturing, construction, engineering, as well as food and beverages industries.

RISK MANAGEMENT

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a global health pandemic. To contain the spread of COVID-19 in Malaysia, the Malaysian Government has issued the MCO effective from 18 March 2020 and subsequently the Recovery MCO effective from 10 June 2020. Many countries have also imposed various forms of restrictions on movements, and these restrictions have a disruptive impact on the global and domestic operations of most entities, including those of the Group. As the outbreak is still ongoing as of the date of issuance of these financial statements, it is not practicable to estimate the magnitude of the financial impact that COVID-19 might have on the Group's financial performance subsequent to the current reporting period. However, the Group is monitoring the COVID-19 situation as it unfolds and will continually assess and revise, where appropriate, the estimates and assumptions used in the preparation of the Group's financial statements to reflect the financial effects that the COVID-19 has on its activities.

As many projects and developments have been put on hold or terminated, there is an oversupply of ceramics and potteries, while demand continues to reduce. Therefore, we are doing everything in our capacity to soften the impact on our sales. The team is taking pragmatic measures to enhance our resources and lessen any unwarranted expenditure while investing more in product enhancement and marketing strategies.

Moving on, our construction and property development segment is currently undergoing some obstacles due to various factors apart of the impact from the COVID-19 pandemic, in which the Group is exposed to risk factors which include but are not limited to changes in conditions of competition, economic, business, political and legal framework environment. We will continue to identify new opportunities and prospects to reduce over-reliance on a single industry.

During the financial year under review, the Group has diversified its core business to include manufacturing and trading of gloves and other PPE products as well as transportation and logistics services whereby the Group may face new challenges and risks arising from the new businesses in which the Group currently have no exposure in. The new exposure may include, among others, the general economic downturn in the global and regional economies, competition from existing players, socio-political instability, changes in the legal and environmental framework within which the industry the respective business operates, and changes in demand for the services and products as well as technological advancement which allows competitors that have more advanced technology to consistently deliver better services and products offerings. The Group is mitigating these risks by leveraging on the experience of its key management personnel and will recruit personnel with relevant skills and experience to complement the existing management team when the need arises.

Lastly, the Board also believes that the moneylending business will continue to grow even though there will be some risks of bad debts in which amounts loaned are unrecoverable and loan defaults whereby repayments are delayed. To minimise the default risks, the Group has put in place an internal credit policy to regulate and govern its moneylending business as well as enforcing sound credit-granting standards in which comprehensive credit assessment will be carried out to evaluate the creditworthiness of the applicants and has established specific criteria requirements for applicants to determine their respective eligibility prior to the disbursement of any funds.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES
(cont'd)

MOVING FORWARD

The Board is of the view that there may be possible impacts on our various segments arising from the recent issues affecting our country, including the COVID-19 outbreak and political developments. Thus, it will be a challenging year ahead for us, but the team at CSH is not hindered by these obstacles and instead, we are determined to adapt and tackle the situation to persevere through the tough times.

While banking on strengthening the Group's core business, our strategy is to increase our income streams, and CSH plans to grow its moneylending business to segments (i.e., investment holding company, small and medium-sized enterprises, start-up entrepreneurs and others) that are perceived to be under-served by licensed financial institutions and co-operatives. Furthermore, as a new entrant in the moneylending business, the Group intends to gradually develop its customer base through methods such as providing flexible financing schemes to cater to a broader range of customers and offering moneylending services to those with limited access to banks and financial institutions.

Besides that, the Management will leverage our Board of Directors' network and expertise to secure new developments and projects for the Group. We are also currently exploring viable options such as joint venture arrangement or collaboration and/or increasing our land banks by targeting lower-priced lands available in the market due to economic uncertainties.

With the diversification into manufacturing and trading of gloves and other PPE as well as transportation and logistics business will provide an avenue for the Group to venture into the transportation and logistics business, the Management is expected to diversify its revenue and earnings base and contribute positively to the earnings and net assets of the Group while reducing dependency on CSH Group's existing businesses. Being a new entrant into the glove and medical supplies industry as well as transportation and logistics industry, the Group will face competition from, among others, existing companies in the respective industries, as it lacks the relevant track record compared to the existing companies, which may enjoy the privilege of their established brand names and entrenched reputation in the industries as well as a wider range of products compared to the Group. In addition to leveraging on the network of its Executive Directors, the Management intends to develop the Group's customer base through its business partners and will monitor the latest developments and opportunities in the Group's new business ventures.

Furthermore, the Group has also taken precautionary measures in overcoming the uncertain operational environment by strengthening the Group's financial position and managing its cash flow prudently. The Group has planned for a regular review and actions to be taken to tighten our budgets that could turnaround the Group's performance.

DIVIDEND

No dividends have been paid by the Company for the current financial year. Payment of any future dividends is subject to the Company's level of cash, indebtedness, retained earnings, capital expenditure, and such other matter, as the Board may deem relevant from time to time.

ACKNOWLEDGEMENT

The Board extends our sincere appreciation to our employees who have been showing their unrelenting support for the Group even throughout the difficult times.

We would like to thank all our shareholders, partners, relevant government bodies and stakeholders for their confidence, trust, and ongoing support. To our colleagues on the Board, many thanks for their deliberations and wise counsel.

For and on behalf of the Board and the Management of CSH

SUSTAINABILITY STATEMENT

Sustainability Statement

The business needs to continually grow and evolve, and this applies to more than just the physical aspects of CSH (formerly known as KTG Berhad) ("**CSH**" or the "**Company**")'s businesses. CSH and its subsidiaries (the "**Group**") adapt to the ever-changing dynamics of the corporate world and changing sentiments within the local communities.

Our Sustainability Statement includes various policies and initiatives that we have institutionalised and implemented for positive impact in the workplace, marketplace, community and environment. This Sustainability Statement covers the Group's business operations for the financial year ended 30 June 2021. In particular, the Sustainability Statement has been prepared pursuant to Practice Note 9 of the Main Market Listing Requirements ("**MMLR**") of Bursa Securities Malaysia Berhad ("**Bursa Securities**") and to disclose the management of material sustainability matters in accordance with Part A of Practice Note 9 of MMLR and Sustainability Reporting Guide issued by Bursa Securities (the "**Guide**") on the content of the Sustainability Statement.

Our Sustainability Policy established is guided by the 17 Sustainable Development Goals ("**SDGs**") developed by the United Nations to address a range of social and economic development issues such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

SUSTAINABILITY STATEMENT
(cont'd)

STAKEHOLDERS ENGAGEMENT

The Board of Directors ("**Board**") believes that continual engagement with our stakeholders is crucial in making our sustainability focus known. The Board recognised the importance of identifying and addressing sustainability issues with our stakeholders and making well-informed decisions to achieve our sustainability goals. The needs and expectations of our stakeholders can be met through open two-way communication, which subsequently enhances trust from our stakeholders and promotes Group's accountability.

The table below lists the stakeholders that influence our business operations, followed by their respective areas of interests and the engagement methods undertaken by the Group to address these interests.

Shareholders Groups	Areas of Interest	Engagement methods
Shareholders	• Transparent reporting with credible data • Innovative supply chain solutions	• Quarterly financial results/reports • Annual report • Corporate website • Fully virtual General meeting/(s) • Announcements and advertisement, if any
Customers	• Reliable service and on-time delivery • Customer convenience • Competitive pricing • Operational efficiency • Quality of products	• Customer feedback and surveys conducted annually • Market research • E-fulfilment of transportation • Sales and customer visits/virtual meeting/conference calls • Stringent quality control
Employees	• Competitive pay and benefits • Clear communication • Work-life balance • Career growth and opportunities • Efficient health and safety management to conceive the safe and conducive working condition • Awareness of COVID-19 pandemic	• Fully virtual training programmes and workshops • Townhall meetings conducted by fully virtual (department-wise) • Company intranet (disseminating department meeting updates and memos)
Suppliers	• Long-term business relationship • Timely pay-outs • Procurement practices • Licensing and certification • Business opportunities • Mitigation of business risks • Sustainability of the Company's operations • Shared growth through partnerships • Impact of COVID-19 pandemic	• Annual supplier assessment • Supplier registration • Virtual meetings • Email correspondences
Communities	• Impact of operations on the surrounding environment • Economic opportunities • Corporate Social Responsibility ("**CSR**") activities and involvement	• Community engagement programmes • Public safety and security • Safety and security of operations • Employment and business opportunities • Infrastructure development • Social and welfare contributions
Business Partners	• Financial stability • Service coverage and capability • Reputation	• Written communication • Business exchange • Virtual meetings visits
Regulatory Authorities and Statutory Bodies	• Regulatory compliance • Corporate governance • Standards and certifications • Risk management	• Collaborative partnerships • Regular audits and inspections • Updates on regulations and meetings

MATERIAL SUSTAINABILITY MATTERS

The Group recognises the importance of building a sustainable business, therefore takes into consideration medium to long-term view of technology trends, environmental, social, and governance impact while developing corporate strategies.

The Group regularly reviews the strategic direction of the Company and the progress of the Company's operations, taking into account changes in the business and political environment and risk factors such as level of competition, market demand, technology changes, etc.

The Group promotes good corporate governance in the application of sustainability practices, the benefits of which are believed to translate into better corporate performance. Accordingly, the Group takes cognisance of the global environmental, social, governance and sustainability agenda. The Group recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the Group in the future.

The Group is committed to leveraging our workforce's diverse backgrounds in terms of gender, ethnicity and age, experiences, and perspectives to provide good customer service to an equally diverse customer base. The Company's commitment to recognising the importance of diversity extends to all areas of our business, including recruitment, skills, enhancement, appointment to roles, retention of employees, succession planning, and training and development.

The degree of significance of the sustainable matters to influence the assessment and decision by internal and external stakeholders was performed by using informal stakeholders' engagement through direct communication with relevant internal and external stakeholders by Head of Departments/Divisions and Executive Directors. In addition, the respective division's management heads are responsible for identifying, evaluating, monitoring, and managing economic, environmental, and social risks and opportunities directly.

Product Responsibility

We are committed to providing products that meet regulatory, safety and quality standards to fulfil customers' requirements and ensure our suppliers share the same philosophy. The quality management system we have in place is designed to monitor and control the processes from planning and development to production and after-sales service in order to comply with all the stipulated standards.

Supply Chain and Responsible Procurement Practices

Our procurement department ensures that we engage in responsible procurement practices, which is reinforced with the requirement for all our active registered vendors to periodically acknowledge their commitment to the Code of Business Ethics and Conduct. Vendors' qualifications/credentials are carefully vetted before being admitted into our list of qualified suppliers. Our initiatives start with the supplier selection process incorporating sustainability considerations such as fair labour practices and safety requirements. Compliance and commitment by vendors and suppliers to conduct business with us in a transparent manner are sought through performing audits and making continuous improvements in our procurement processes and policies.

Environmental

With the issues of global warming being the main concern and responsibility of each of us, CSH continued to demonstrate our commitment to conservation by emphasising managing our resources – reducing waste, practicing energy efficiency and introducing initiatives to reduce emissions throughout our operations. Our Board also demonstrated their commitment to minimise the environmental impact of our activities, comply with all applicable laws and regulations and communicate our commitment to our stakeholders.

Social

The Group's CSR activities are continuously guided by its firm beliefs that it can contribute positively to our society as a caring and responsible corporate entity. A sustainable business is one that enriches its people and the communities in which they operate.

SUSTAINABILITY STATEMENT
(cont'd)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Social (Cont'd)

We reach out to society via our philanthropic and CSR activities, aimed at the less fortunate where we can make a difference and our employees can participate in giving back and enriching themselves in the process.

During the financial year under review, the Group has joined the relevant authorities, government bodies and business partners to work together in the humanitarian aid delivery mission for the COVID-19 victims to help them overcome the epidemic.

Employment Diversity and Equal Opportunity

We believe that building and retaining talent are both critical in the continuous growth of the Group. Having a diverse workforce with equal opportunity regardless of age, race, and gender is one of the ways to build and retain talent.

We value our employees as they are key to competitive success in the marketplace, vital for business sustainability. As part of the Group hiring practice, we do not discriminate against any race, gender or minority. Although we emphasise equal employment opportunity, we also stress that candidates are only hired based on suitability and competency. The employees are also provided with adequate welfare and employee benefits.

Occupational Safety and Health

We are committed to ensuring our employees work in a safe and healthy environment by securing employees' health, safety, and welfare at the workplace. In our effort to prevent injuries and hazards in all work environments, various training and workshops have been conducted. Across our operations, we maintain a safe and healthy working environment by implementing key measures to prevent injuries, fatalities and occupational illness at project sites and workplaces.

The Group has taken a proactive approach to ensure the following:-

(i) Minimising employees' risk of exposure to the COVID-19 with the implementation of work-from-home ("**WFH**") and virtual meetings with any parties and online documentation system in communicating with customers and suppliers;
(ii) Introducing regular sanitisation services at our premises, which include regular disinfection of common areas and sanitisation to all office premises, warehouse and factory;
(iii) Implementing strict and effective standard operating procedures ("**SOPs**") and following the best practices as recommended by the Ministry of Health and the World Health Organisation, which ensured the continuous business or daily operations of the Group; and
(iv) Developing SOPs and/or alternative business arrangements with customers, contractors or suppliers to ensure smooth continuity of the business and operations.

Ethics and Integrity

We are committed to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs.

CSH has also implemented and strictly enforced Anti-Bribery and Anti-Corruption Policy ("**ABAC Policy**"). Directors and employees are not permitted to solicit gifts or personal favours from contractors, sub-contractors, suppliers, consultants, bankers, dealers or customers, or other parties having business dealings with the Company, whether actual or potential, regardless of value.

Our Whistleblowing Policy is established with the aim of providing a structured mechanism for employees and other stakeholders to report any concerns on any suspected or wrongful activities or wrongdoings. These refer to any potential violations or concerns relating to any laws, rules, regulations, acts, ethics, integrity and business conduct, including any violation or concerns relating to malpractice, illegal, immoral, embezzlement and fraudulent activities, which will affect the business and image of the Group.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Corporate Governance Practices

The Group is led by an effective Board that assumes responsibility for its leadership and control, and is collectively responsible for promoting its success by directing and supervising its affairs. The Directors made objective decisions in the best interests of the Group through good corporate governance practices.

The Group has ensured that the policies and procedures are in place to strengthen its corporate governance drive as well as being an effective tool to guide the Management and all its stakeholders relating to the following areas:-

- ABAC Policy
- Code of Business Ethics and Conducts
- Board Charter
- Whistleblowing Policy
- Risk Management

The Board and top-level management have taken proactive measures to ensure the Company's adherence with the Malaysian Anti-Corruption Commission's ("**MACC**") corporate liability law which came into force on 1 June 2020. The Group is committed to fighting corruption, enhancing integrity, and implementing good governance in its organisation by taking appropriate and consistent steps to ensure that the Company does not engage in corrupt activities.

Apart from the above-mentioned, a specific grievance procedure is established by the Management to enable the employees to voice their grievances through multiple communication channels to the appropriate level of authority. This is part of the Group's efforts to establish and uphold impartiality in the workplace.

Privacy Policy is put in place by the Group to collect and manage the confidential personal data collected from employees in compliance with Personal Data Protection Act.

There was no major legal action taken against the Group, nor any fine or monetary sanction imposed related to social aspects during the financial year under review.

During these unprecedented times, we continue to drive our sustainability efforts across all our business segments to ensure sustainable development of our business through the importance we have placed, particularly in our material matters that shape the Group's sustainability efforts in managing the long-term value creation of our stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of CSH Alliance Berhad (formerly known as KTG Berhad) ("**CSH**" or the "**Company**") values the importance of maintaining high standards of corporate governance within the Company to protect shareholders' value while at the same time preserving the interests of the Company's other stakeholders. The Board understands the importance of achieving the desired financial performance while maintaining its sustainability.

The Board is committed to its policy of managing the affairs of the Company with transparency, accountability and integrity by ensuring that a sound framework of best corporate governance practices is in place and thus discharging its responsibility towards protecting and enhancing long-term shareholders' value and investors' interest.

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements (**"MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial year ended 30 June 2021 ("**FYE 2021**") is appended below as set out in the latest Malaysian Code on Corporate Governance ("**MCCG**" or "**Code**").

The comprehensive Corporate Governance Report can be accessed on the Company's website by this link https://www.ktg.com.my for further details.

The Board is pleased to provide the following statement, which outlines the main corporate governance that has been in place throughout the financial year.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

(1) Clear Functions of the Board and Management

The Board has been entrusted by the shareholders in guiding the business activities of the Group through achieving an optimum balance of sound and sustainable business operation and embracing good corporate governance practice. The Board has been steadfast in upholding the responsibilities in establishing strategic direction, corporate goals and monitoring the achievement of these objectives.

The Board has maintained matters that include the review of financial statements, risk management, acquisitions and disposals, investments in joint ventures, property transactions, capital expenditure and board appointments for its approval while delegating responsibilities to other Board Committees within their terms of reference. The Board receives reports at its meetings from the respective Chairman of the respective Board Committees.

(2) Roles and Responsibilities of the Board

The Board is collectively responsible for the proper conduct of the Company's business and assumes the responsibility of effective stewardship and control of the Group. In discharging its fiduciary duties and leadership functions, the Board has, amongst others, undertaken the following as guided by the Board Charter:-

- together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on Management's proposals for the Company, and monitor its implementation by the Management;
- consider Management's recommendations on key issues including acquisitions, disposals and restructuring, funding, and significant capital expenditure;
- monitor the progress of the Company's strategies, plans and policies;
- oversee the conduct of the Company's business to evaluate whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;
- identify and understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;

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

I. Board Responsibilities (Cont'd)

(2) Roles and Responsibilities of the Board (Cont'd)

The Board is collectively responsible for the proper conduct of the Company's business and assumes the responsibility of effective stewardship and control of the Group. In discharging its fiduciary duties and leadership functions, the Board has, amongst others, undertaken the following as guided by the Board Charter (cont'd):-

- set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior management;
- ensure that the Company has in place procedures to enable effective communication with stakeholders; and
- ensure the integrity of the Company's financial and non-financial reporting.

(3) Separation of Position of the Chairman and Executive Director ("ED")

The position of the Chairman and ED are held by two (2) different individuals. En Ahmad Ruslan Zahari Bin Zakaria was redesignated as Independent Non-Executive Chairman on 11 November 2020 after Datuk Wan Khalik Bin Wan Muhammad ("**Datuk Wan Khalik**") resigned as Executive Chairman on 25 September 2020.

The Chairman is responsible for the achievement of the Group's strategic vision and also for leading the Board in its collective oversight of management while the ED focuses on the business and day-to-day management of the Group and the implementation of the Board's decisions.

The Board is mindful of the separation of the position of the Chairman and ED, and the Board Charter has specified a clear separation of powers and responsibilities between the Chairman of the Board and the ED to ensure that an equilibrium of power, authority and accountability are maintained.

(4) Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries, who are responsible for supporting and advising the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference and best practices, as well as managing the corporate governance framework of the Company. Also, the Company Secretaries ensure that the deliberations at Board and Board Committee meetings are minuted in an adequate and timely manner.

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and are qualified to act as Company Secretaries pursuant to Section 235(2) of the Companies Act 2016.

(5) Access to Information and Advice

All the Directors were given due notices of proposed Board and Board Committee meetings held during the FYE 2021. The Directors may participate in Board and Board Committee meetings either physically in person or virtually via teleconferencing and video-conferencing. Minutes of the meetings are circulated to all members of the Board and Board Committees for the Board and respective Board Committee's confirmation in a timely manner.

The Board has access to the advice and services of the Company Secretaries who are suitably qualified and competent to support the Board in carrying out its roles and responsibilities. The Board may seek independent advice from the Company Secretaries if required.

Moreover, the Board may also obtain independent professional advice at the Company's expense in furtherance of their duties. Consultants and experts would be invited to brief the Board on their areas of expertise or their reports whenever necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

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

I. Board Responsibilities (Cont'd)

(6) Board Charter

The Company has adopted a Board Charter which sets out amongst others, the following:-

- Roles and responsibilities of the Board;
- Board Meeting procedures;
- Position description of the role of the Chairman;
- Expectation of individual Director;
- Appointment of Senior Independent Director;
- Board Committees;
- Board composition;
- Nomination and Appointment of new Director;
- Tenure of Independent Director;
- Shareholdings by Board Members in the Company;
- Provision of Business or Professional Services by Independent Directors;
- Board appointment in other companies;
- Directors' training;
- Board-Management relationship;
- Board-Shareholder relationship; and
- Stakeholder relationship.

In this respect, the Board Charter is vital in helping the Board to direct its focus on matters that are pertinent to the Company.

In addition, the Company has adopted Terms of Reference for each Board Committee which spells out amongst others, the following:-

- Objectives of the respective Board Committees;
- Composition of the respective Board Committees;
- Position description of the role of the Chairman of the respective Board Committees; and
- Duties and responsibilities of the respective Board Committee.

The Board Charter and Terms of Reference of the respective Board Committees are reviewed periodically to ensure that the practices of the Board are in line with the latest laws and/or regulations and that the practices of the Board remain relevant to the Company and the business environment within which the Group operates.

The Board Charter and Terms of Reference of the respective Board Committees, which are available on the Company's website at https://www.ktg.com.my, also serve as an avenue to communicate the Company's approach to important governance practices to the Company's stakeholders.

(7) Code of Business Ethics and Conduct

To reflect the Board's commitment to the highest standards of ethical business conduct, the Board has formalised a Code of Business Ethics and Conduct, which summarises the standard of business ethics and conduct that the Board, the Management, employees and other stakeholders must observe.

The Code of Business Ethics and Conduct has been published on the Company's corporate website at https://www.ktg.com.my.

(8) Whistleblowing

The Board recognises that whistleblowing can serve as an important tool in preventing misconduct at the early stage and has established a Whistleblowing Policy that sets out avenues for individuals to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

The Whistleblowing Policy may be accessed by the public via the Company's corporate website at https://www.ktg.com.my.

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

II. Board Composition

(1) Board Composition and Balance

The Board currently comprises seven (7) Directors made up of four (4) Executive Directors and three (3) Independent Non-Executive Directors ("**Independent Directors**"). Although less than half of the Board comprises Independent Directors, the Board views the number of its Independent Directors as adequate to provide the necessary check and balance to the Board's decision-making process.

The diverse professional experience and background coupled with the mix of professional and technical knowledge among the Directors have contributed to the collective wisdom of the Board and added value to the Company. The Directors' profiles are presented on Pages 5 to 11 of this Annual Report.

Considering the nature of the Group's existing businesses and the current scale of the Group's operations, the Board is of the view that the current size and composition of the Board is adequate. However, the Board will consider suitable candidates in the future to enhance the composition of the Board if necessary.

(2) Re-election of Directors

Pursuant to the Company's Constitution, any Director appointed during the year shall retire and may seek for re-election by the shareholders at the Annual General Meeting ("**AGM**") immediately after their appointment. The Company's Constitution also requires one-third (1/3) of the Directors to retire by rotation and seek re-election at each AGM and that each Director shall submit himself/herself for re-election at least once in every three (3) years.

The Directors who are subject to re-election at the forthcoming Twenty-First ("**21st**") AGM had been assessed by the Nomination Committee, whereupon their recommendation had been considered by the Board for recommendation to the shareholders for approval at the forthcoming 21st AGM.

The Directors who are seeking re-election at the forthcoming 21st AGM of the Company are as set forth in the Notice of the 21st AGM contained in this Annual Report.

(3) Tenure of Independent Directors

Currently, all Independent Directors, namely Encik Ahmad Ruslan Zahari Bin Zakaria, Mr. Lim Peng Tong and Mr. Ng Keok Chai, have served the Board for less than nine (9) years.

The Board Charter of the Company limits the tenure of an Independent Director to not exceeding a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve on Board as an Independent Director, provided the Board shall first justify and obtain shareholders' approval for his or her retention, failing which, he or she may still serve on the Board, but as a Non-Independent Director. Furthermore, the Board has undertaken to assess its Independent Directors annually as recommended by the MCCG. In this regard, the Nomination Committee ("**NC**") has undertaken proper policies and procedures to assess the independence of the Independent Directors on the Board by taking into account the individual Director's ability to exercise independent and impartial judgement at all times and their contribution to the effective functioning of the Board.

The Independent Directors must ensure that they are independent of management and free from any business relationship which could materially interfere with their independent judgement. Their role is to provide an independent view, advice and judgement to ensure a balanced and unbiased decision-making process as well as to safeguard the interest of public shareholders. To this end, the Independent Directors are expected to advise the Chairman or the Board immediately if they believe that they may no longer be independent.

All the Independent Directors have fulfilled the criteria prescribed under the Bursa Securities MMLR, and the Board is of the opinion that the current composition of Independent Directors on the Board adequately represents the interest of the minority shareholders in the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

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

II. Board Composition (Cont'd)

(4) Appointment of Directors

The Group gives equal opportunity to all employees. In making the recommendation to the Board, the NC will consider the required mix of skills, experience, character, integrity, competence, time commitment and diversity of the potential candidate, where appropriate and, may not be limited to gender, age, ethnicity and culture background. On the other hand, the Remuneration Committee ("**RC**") is responsible for determining the appropriate remuneration packages for these appointments.

The Board views that the workplace and Board diversity are important to facilitate the decision-making process by harnessing different insights and perspectives.

Upon appointment, the newly appointed Director shall be briefed on the terms of his/her appointment, his/her duties and obligations, and on the operations of the Group.

The new Board members appointed in the FYE 2021, namely Mr. Tan Yip Jiun, Mr. Peter Yap, Mr. Chan Pak Keong and Mr. Kenny Khow Chuan Wah, who was recommended by the existing Board members, the Board has entrusted the NC with the duty to review and recommend the appointment of potential candidates as EDs for the Board's consideration.

The resigning Directors during the FYE 2021 are as shown in the table below:-

Name of Resigning Directors	Date of Resignation
Dato' Sri Aminul Islam Bin Abdul Nor	19 August 2020
Datuk Wan Khalik Bin Wan Muhammad	25 September 2020
Dato' Rathakrishnan A/L Vellaisamy	18 February 2021
Mr. Lim Mun Shung (Melvin)	16 March 2021
Mr. Tan Ooi Jin	21 May 2021
Mr. Chan Pak Keong	31 August 2021

Following the resignation of Datuk Wan Khalik as the Executive Chairman on 25 September 2020, En. Ahmad Ruslan Zahari Bin Zakaria, an Independent Non-Executive Director of the Company, was re-designated as Independent Non-Executive Chairman on 11 November 2020.

(5) Board Committees

The Board has established the following Board Committees, each with clearly defined Terms of Reference detailing the respective Board Committees' authorities, roles and responsibilities, to enhance business and corporate efficiency and effectiveness:-

- Audit Committee ("**AC**");
- Risk Management Committee;
- NC; and
- RC.

All these Board Committees have written terms of reference ("**TOR**") clearly outlining their objectives, duties and powers. However, the final decisions on all matters are determined by the Board as a whole.

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

II. Board Composition (Cont'd)

(6) AC

The AC is responsible for assisting the Board in discharging its duties and responsibilities relating to accounting and reporting practices as well as an internal control of the Group.

The Board has delegated the following responsibilities to the AC reviews the Group's accounting and internal controls and assesses the independence of the Group's External and Internal Auditors. The activities during the financial year under review have been laid out in the AC Report in this Annual Report.

The TOR of the AC is available on the Company's corporate website at https://www.ktg.com.my.

(7) NC

The Board has established the NC to assist the Board in ensuring that there is a structured oversight process in the recruitment, retaining, training and development of Directors of the Company. The NC comprises exclusively of the following Independent Directors:-

Name	Designation	Number of NC Meetings attended/held in the financial year under review
Ng Keok Chai *(Re-designated as Chairman of NC on 29 September 2021)*	Chairman	2/2
Lim Peng Tong	Member	2/2
Ahmad Ruslan Zahari Bin Zakaria *(Re-designated as Member of NC on 29 September 2021)*	Member	2/2

The NC is governed by its TOR and its principal objective is to assist the Board in its responsibilities by sourcing for and nominating potential candidates to be appointed as new Directors to the Board and to perform annual assessments on the effectiveness of the Board as a whole, the respective Board Committees, and each individual Director.

The TOR of the NC is available on the Company's corporate website at https://www.ktg.com.my.

(a) Activities are undertaken during the financial year

For the FYE 2021, the NC held two (2) meetings and passed several resolutions in writing to perform the following in the discharge of its duties and responsibilities:-

- Reviewed and recommended candidates for appointment to the Board;
- Recommended the re-election of the Directors who are to retire by rotation at the Twentieth ("**20th**") AGM;
- Reviewed the contribution and performance of each individual Director to assess the character, experience, integrity, and competence to effectively discharge their role as a Director through a comprehensive assessment system;
- Reviewed the required mix of skills and experience and other qualities of the Board;
- Evaluated the performance of the Board and respective Board Committees;
- Assessed the independence of the Independent Directors of the Company; and
- Reviewed the term of office and performance of the AC and each of the AC members and assessed the effectiveness of the AC as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

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

II. Board Composition (Cont'd)

(7) NC (Cont'd)

(b) Gender Diversity

While there is currently no female Director on the Board, the Board is committed to ensuring that Board recruitment is based on objective criteria, merit and due regard for diversity in skills and experience, and not solely gender.

(c) Ethnicity Diversity

The Board currently comprises one (1) Malay Director and six (6) Chinese Directors.

(d) Age Diversity

The general age profile of the Directors is between the thirties to sixties years of age.

While the Company does not have any specific target for age diversity in the Boardroom, the Board recognises the added value that Directors of different age groups could contribute to the Company and would endeavour to promote age diversity among the Directors and senior management.

(8) RC

The RC comprises exclusively of the following Independent Directors:-

Name	Designation	Number of RC Meetings attended/held in the financial year under review
Ng Keok Chai *(Re-designated as Chairman of RC on 29 September 2021)*	Chairman	1/1
Lim Peng Tong	Member	1/1
Ahmad Ruslan Zahari Bin Zakaria *(Re-designated as Member of RC on 29 September 2021)*	Member	1/1

The RC met once during the FYE 2021.

The RC is governed by its TOR and its principal objective is to assist the Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of Directors and senior management.

The TOR of the RC is available on the Company's corporate website at https://www.ktg.com.my.

(9) Time Commitment

Members of the Board are expected to devote sufficient time and attention to the affairs of the Company for the effective functioning of the Board as a whole. While Directors are at liberty to accept other Board appointment(s) in other companies, Directors are required to ensure that the appointment(s) is/are not in conflict with the Company's business and would not hinder the effective discharge of his/her duty as a Director of the Company.

Directors are also required to notify the Board of new Board appointment(s) in other companies and indicate the time that will be spent on the new Board appointment(s).

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

II. Board Composition (Cont'd)

(9) Time Commitment (Cont'd)

Directors are also expected to use their best endeavours to attend Board meetings where each Director shall commit to attending at least 50% of all Board Meetings and Board Committee Meetings where he is a member of, in any applicable financial year.

The Board will normally hold meetings at least four (4) times in each financial year and hold additional meetings as the situation requires. At each meeting, the Board will consider, amongst others, the following:-

- Quarterly financial results;
- Relevant financial and operational report(s) from Management; and
- Major issues and/or potential opportunities for the Company, if any.

For the FYE 2021, the Board had convened a total of five (5) Board Meetings. The attendance record of each Director at the Board of Directors' Meetings during the FYE 2021 is as follows:-

Name of Directors	Attendance
Ahmad Ruslan Zahari Bin Zakaria	5/5
Sim Chiun Wee	5/5
Lim Peng Tong	5/5
Ng Keok Chai	5/5
Tan Yip Jiun *(appointed w.e.f. 16 March 2021)*	1/1
Peter Yap *(appointed w.e.f. 5 May 2021)*	1/1
Kenny Khow Chuan Wah *(appointed w.e.f. 21 May 2021)*	1/1
Datuk Wan Khalik Bin Wan Muhammad *(resigned w.e.f. 25 September 2020)*	1/1
Dato' Sri Aminul Islam Bin Abdul Nor *(resigned w.e.f. 19 August 2020)*	0/0
Dato' Rathakrishnan A/L Vellaisamy *(resigned w.e.f. 18 February 2021)*	3/3
Lim Mun Shung (Melvin) *(resigned w.e.f. 16 March 2021)*	4/4
Tan Ooi Jin (Shane) *(resigned w.e.f. 21 May 2021)*	4/4
Chan Pak Keong *(appointed on 17 May 2021 and resigned w.e.f. 31 August 2021)*	1/1

During the intervals between Board meetings, matters requiring urgent decisions and/or approval of the Board were sought to vide circular resolutions of the Board, which were circulated to all Directors and supported with all relevant information and explanations required for an informed decision to be made.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

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

II. Board Composition (Cont'd)

(10) Training

The Board is cognisant of the importance of continuous education and training in equipping each individual Director and the Board as a whole. In this regard, with the assistance of the NC, the Board evaluates and determines the training needs of its Directors annually and encourages the Directors to attend various professional training programmes to keep abreast on issues and challenges arising from the changing business environment within which the Group operates.

During the FYE 2021, the Directors had attended the following training programmes in compliance with Paragraph 15.08 of the MMLR:-

Name of Directors	Training/Courses attended
Encik Ahmad Ruslan Zahari Bin Zakaria	• Effective Fund-Raising and Valuations for the New Normal and Post-COVID-19 • Webinar: Implementing Amendments in the Malaysian Code on Corporate Governance • Sustainability Thematic Workshop on Climate Change: Practical Steps in Measuring & Managing Greenhouse Gas Emissions • Bursa Malaysia Climate Change Thematic Workshop: Practical Steps in Measuring & Managing Greenhouse Gas (GHG) Emissions (Scope 1, 2 & 3)
Mr. Lim Peng Tong	• Webinar: Navigating Tax Audit and Investigation • Webinar on the Asean Property Market • The Malaysian Code on Corporate Governance Updated 28.4.2021 • Institute of Corporate Directors Malaysia Advocacy Dialogue – Launch of the 2020 Malaysian Board Practices Review Report
Mr. Ng Keok Chai	• Webinar: Implementing Amendments in the Malaysian Code on Corporate Governance
Mr. Sim Chiun Wee	• Budget 2021 – Tax Highlights
Tan Yip Jiun *(appointed w.e.f. 16 March 2021)*	• Mandatory Accreditation Programme
Peter Yap *(appointed w.e.f. 5 May 2021)*	• Mandatory Accreditation Programme
Kenny Khow Chuan Wah *(appointed w.e.f. 21 May 2021)*	• Budget 2021 - Tax Highlights • Good Distribution Practice for Medical Devices Awareness & Internal Audit Training

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

III. Remuneration

The Board recognises that fair remuneration is crucial to attract, retain and motivate Directors and senior management. To this end, the Board has adopted the Policy and Procedures in determining the Remuneration of Directors which considers amongst others, the demands, complexities and performance of the Company as well as the skills and experience required of each Director, to guide the Board in ensuring that the remuneration package of each Director commensurate with the responsibility and performance of each Director and is sufficient to attract, retain and motivate the Directors.

The breakdown of the remuneration packages of the Directors for the FYE 2021 are as follows:-

Group

Name of Directors	Directors Fees (1) RM	Salaries and Bonus (2) RM	Other emoluments (3) RM	Benefits in-kind RM	Total RM
Executive Directors					
Sim Chiun Wee	36,000	269,723	600	–	306,323
Tan Yip Jiun *(appointed w.e.f. 16 March 2021)*	9,000	39,693	100	–	48,793
Peter Yap *(appointed w.e.f. 5 May 2021)*	6,000	21,043	100	–	27,143
Kenny Khow Chuan Wah *(appointed w.e.f. 21 May 2021)*	4,500	7,667	100	–	12,267
Datuk Wan Khalik Bin Wan Muhammad *(resigned w.e.f. 25 September 2020)*	9,000	–	200	–	9,200
Dato' Sri Aminul Islam Bin Abdul Nor *(resigned w.e.f. 19 August 2020)*	4,500	–	–	–	4,500
Dato' Rathakrishnan A/L Vellaisamy *(resigned w.e.f. 18 February 2021)*	22,500	–	300	–	22,800
Lim Mun Shung (Melvin) *(resigned w.e.f. 16 March 2021)*	25,500	91,356	500	–	117,356
Tan Ooi Jin (Shane) *(resigned w.e.f. 21 May 2021)*	31,500	185,646	500	–	217,646
Chan Pak Keong *(appointed on 17 May 2021 and resigned w.e.f. 31 August 2021)*	4,500	16,704	100	–	21,304
Non-Executive Directors					
Ahmad Ruslan Zahari Bin Zakaria	36,000	–	600	–	36,600
Lim Peng Tong	36,000	–	600	–	36,600
Ng Keok Chai	36,000	–	600	–	36,600

(1) Approval obtained as a lump sum at the 20th AGM for the FYE 2021.
(2) Includes statutory contributions.
(3) For meeting allowances only.

For the financial year ending 30 June 2022, a total amount of Directors' Fees of RM350,000/- has been recommended to the shareholders for approval at the forthcoming 21st AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

To ensure that the Company's financial statements provide a reliable representation of the Company's financial performance and position of the Company, the Board has delegated the role of overseeing the financial reporting process of the Company to the AC, which comprises solely of Independent Directors, and was chaired by Mr. Lim Peng Tong, who is a separate person from the Chair of the Board.

The TOR of the AC, which has been made available on the Company's website at https://www.ktg.com.my, sets out in sufficient detail the specific duties, responsibilities and authority of the AC, and is reviewed and updated periodically and as and when regulatory changes and/or changes to the strategic direction of the Company required.

The composition and details of activities carried out by the AC during the financial year are set out in the AC Report of this Annual Report.

FINANCIAL REPORTING

(1) Compliance with Applicable Financial Reporting Standards

The Company's financial statements, both audited and unaudited, are prepared in accordance with the requirements of the prevailing approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

The AC would review the information to be disclosed in the quarterly results and year-end financial results to ensure completeness, accuracy and adequacy of the quarterly results and year-end financial results prior to recommending the same to the Board for endorsement and submission to Bursa Securities.

In reviewing the quarterly results and year-end financial results, the AC would also take extra caution of any significant adjustments that may arise from the external audit and consult the External Auditors on such matters should the need arise.

As fiduciaries of the Company, the Board ensures that the shareholders are presented with a clear, balanced and faithful representation of the Company's financial performance and prospects through the issuance of the audited financial statements and quarterly announcements of financial results on a timely basis and in compliance with the prevailing approved accounting standards in Malaysia.

(2) Assessment of Suitability and Independence of External Auditors

For the FYE 2021, the AC has assessed the External Auditors, namely Messrs. Folks DFK & Co, vide an annual assessment of the suitability, objectivity and independence of the External Auditors in accordance with the criteria under the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors which was revised and adopted on 25 October 2021.

Upon conducting the annual evaluation of the performance of the External Auditors, the AC was satisfied with the quality of audit, competency and sufficiency of resources, and audit independence of the External Auditors in respect of the services rendered for the FYE 2021.

In addition to the above, the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors also requires a cooling-off period of at least two (2) years to be observed by the former key audit partner of the Company's External Auditors before being appointed as a member of the AC to uphold the objectivity and independence of the Company's financial statements.

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

II. Risk Management and Internal Control Framework

(1) Sound Framework to Manage Risks

Recognising the importance of a sound system of risk management and internal controls, the Board has delegated the oversight of the risk management of the Company to the Risk Management Committee.

Besides adopting the Risk Management Strategy and Policy, the Company has also adopted an Enterprise Risk Management Framework: Integrating with Strategy and Performance to ensure sustainable growth and promote a proactive approach in reporting evaluating and managing risks associated within the respective companies, in line with the agreed risk framework and accepted by the Risk Management Committee and approved by the Board of Directors.

The Group had on 25 October 2021 adopted a revised Credit Policy to regulate and govern its moneylending business as well as ensuring sound credit-granting standards whereby comprehensive credit assessment would be conducted to evaluate the creditworthiness of borrowing applicants at the same time establishing specific criteria to be met before granting of loans. Mechanisms such as issuing reminder letters, calls, and litigation processes have been established to monitor collections and minimise default risks.

The Statement on Risk Management and Internal Control of the Group, as set out on Pages 141 to 144 of this Annual Report, provides an overview of the state of risk management and internal controls within the Group.

(2) Internal Audit Function

The internal audit function of the Group is outsourced to an outsourced professional service firm, namely YYC Advisors Sdn. Bhd. ("**YYC Advisors**"). To uphold the independence and objectivity of the internal audit function, the outsourced Internal Auditors report directly to the AC. Furthermore, to ensure the effectiveness of the internal audit function, the AC has also taken reasonable steps to ensure that the outsourced Internal Auditors' are accorded with direct and unrestricted access to the necessary and relevant information, records, physical properties and personnel in the furtherance of the Internal Auditors' duties.

The AC also follows up closely on the implementation of recommendations by the Internal Auditors. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the 2021 Annual Report.

For the FYE 2021, the AC has assessed the performance of the Internal Auditors vide an annual assessment of the suitability of the Internal Auditors and is satisfied with the effectiveness and performance of YYC Advisors.

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

I. Communication with Stakeholders

(1) Corporate Disclosure Policy

The Board acknowledges the importance of maintaining and fostering good meaningful relationships with the Company's stakeholders and recognises that the Company's actions would affect the stakeholders in one way or another. As such, as part of the Company's endeavours to establish meaningful relationships with its stakeholders, the Company has adopted a Corporate Disclosure Policy which is available to the public on the Company's corporate website at https://www.ktg.com.my. Aside from establishing good investor relations, the Corporate Disclosure Policy also provides the Company with a basis for compliance with all applicable legal and regulatory requirements on the disclosure of material information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

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

I. Communication with Stakeholders (Cont'd)

(2) Official Communication Channels for Effective Dissemination of Information

The Board has adopted the following measures with regards to communication with the Company's shareholders:-

(i) Announcements to Bursa Securities

The Board takes reasonable steps to ensure that any material information and updates as well as all periodic financial reports of the Company are published on a timely basis through announcements to Bursa Securities via the dedicated website of Bursa Securities at www.bursamalaysia.com.

(ii) Corporate Website

The Company endeavours to make all publicly disclosed material information and presentations to analysts and conferences available through the Company's corporate website at https://www.ktg.com.my for a reasonable period of time.

The Company also has designated Investor Relations & Corporate Communications personnel who have been tasked to ensure that the Company's website is kept up-to-date with the Company's latest disclosures.

(iii) Annual Reports

The Annual Report to shareholders is also one (1) of the main channels of communication between the Company and its shareholders and stakeholders. The Annual Report, which is prepared in accordance with the requirements of the MMLR, communicates comprehensive information of the financial results and activities undertaken by the Company during the financial year.

(iv) AGMs/General Meetings

The Company also seeks to provide a forum for dialogue with its shareholders where they may raise questions or seek clarifications on the Company's business and reports from the Company's Directors through the AGMs/General Meetings of the Company.

(v) Designated Spokespersons

The Company has designated a limited number of spokespersons ("**Authorised Spokesperson**") responsible for communication with the investment community, regulators or the media. The list of the Authorised Spokespersons are as follows:-

1. Chairman;
2. Authorised Director; and/or
3. Senior Manager, Investor Relations & Corporate Communications.

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

II. Conduct of General Meetings

(1) Shareholders' Participation at General Meetings

To encourage shareholders' participation at General Meetings, the Board would ensure that Notices of AGMs/ General Meetings provide a detailed explanation for the resolutions proposed along with any background information and reports or recommendation that is relevant, where required and necessary, to enable shareholders to make informed decisions in exercising their voting rights.

In addition, to enable shareholders to plan ahead and schedule their time to attend the Company's 21st AGM this year, the Company has provided all shareholders at least twenty-eight (28) days' notice before the date of the 21st AGM this year.

The Board also takes cognisant that interaction with the Board at AGMs and General Meetings allows shareholders to hear directly from the Board on the Board's management of the Company's affairs and the strategic direction. As such, the Directors would take all reasonable and practicable steps to ensure their attendance at AGMs and General Meetings of the Company.

With the health interest of the shareholders in mind amidst the COVID-19 pandemic, the general meetings of the Company have been and will continue to be held on a fully virtual basis via live stream webcast and online remote voting using remote participation and voting facilities where shareholders are able to vote and communicate with the Directors via the provided platform.

(2) Poll Voting

In line with Paragraph 8.29A of the MMLR on the requirement for poll voting for any resolution set out in the notices of general meetings, the Company had conducted its voting on all resolutions at the 20th AGM held on 27 November 2020 by poll to facilitate the polling process and provide a more accurate outcome of the poll results. Furthermore, to ensure a transparent polling process, an independent scrutineer was also appointed to scrutinise the polling process and verify the poll results.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 25 October 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. STATUS OF UTILISATION OF PROCEEDS

a) Rights issue of Irredeemable Convertible Preference Shares ("**ICPS**") with free detachable warrants ("**Rights Issue**")

On 19 April 2016, CSH Alliance Berhad (formerly known as KTG Berhad) ("**CSH**" or "**the Company**") had completed a rights issue of 522,500,000 new ICPS together with 52,250,000 free detachable warrants and raised total gross proceeds of RM31.35 million ("**Proceeds**") to be utilised in the manner as set out in the Circular to Shareholders of CSH dated 5 February 2016, as approved by the shareholders of CSH at the Extraordinary General Meeting ("**EGM**") held on 1 March 2016. Subsequently, on 9 August 2017, the Company announced its intention to vary the utilisation of the proceeds raised from the Rights Issue as set out in the Circular to Shareholders of CSH dated 8 September 2017, as approved by the shareholders of CSH at the EGM held on 9 October 2017.

On 25 August 2017 and 29 August 2017, the Company announced one (1) of its subsidiaries, namely, Profit Sunland Sdn. Bhd. ("**PSSB**") had entered into two (2) Deeds of Mutual Rescission and Revocation with JV Muhibbah Sdn. Bhd. for the rescission and revocation of the two (2) Managing Contractor Agreements for the development of Southern City Project – Phase 1B and Southern City Project - Phase 2. As such, the Company redeployed the balance of RM15.68 million allocated for the Southern City Project – Phase 2 as additional working capital for CSH and its subsidiaries ("**Group**"), particularly for the Perumahan Penjawat Awam ("**PPAM**") Project and as initial outlays and/or working capital for future construction, development and/or other projects and/or for the acquisitions of companies, properties and/or lands as and when opportunities arise.

On 8 October 2019, the Company announced that the Board of Directors ("**Board**") had resolved to extend the timeframe for a period of eighteen (18) months from 9 October 2019 to 8 April 2021 to provide additional time for the Group to utilise the proceeds for PPAM Project. The delay in utilising proceeds allocated for the PPAM Project was mainly due to the development agreement pending finalisation from the Ministry of Housing and Local Government.

Proceeds raised from corporate proposals above had been fully utilised as of 30 June 2021 as follows:-

Description	Proposed/ Revised Utilisation RM'000	Actual Utilisation as at 30 June 2021 RM'000	Deviation RM'000	%
Southern City Project - Phase 1B	4,000	4,000	–	–
Construction Project in Johor	8,000	8,000	–	–
PPAM Project	8,851[(1)]	8,851	–	–
Future projects and/or acquisitions	4,500	4,500	–	–
Working capital	5,327[(1)(2)]	5,3237	–	–
Expenses in relation to the Rights Issue	672[(2)]	672	–	–
	31,350	**30,016**		

Notes:-

1 On 30 November 2020, the balance of unutilised proceeds allocated for the PPAM Project was RM1,148,541.92. The Company had on 1 December 2020 via Directors' Resolution in Writing resolved to vary the utilisation of the entire remaining balance of unutilised proceeds allocated for the PPAM project of RM1,148,541.92 for the working capital of the Group.

2 The variation of the actual amount of expenses for the rights issue was adjusted against the working capital of the Company.

ADDITIONAL COMPLIANCE INFORMATION
(cont'd)

1. STATUS OF UTILISATION OF PROCEEDS (CONT'D)

b) Private Placement of new CSH Shares

The Private Placement was completed following the listing of 84,087,000 new CSH Shares on the Main Market of Bursa Malaysia Securities Berhad on 17 March 2021, and the details of the utilisation of proceeds raised from the Private Placement as of 30 June 2021 are disclosed in the table below:-

Description	Proposed utilisation RM'000	Actual utilisation as at 30 June 2021 RM'000	Balance of Proceeds RM'000	Intended Timeframe of Utilisation
Moneylending business	6,000	6,000	–	Within 24 Months
Glove business	4,000	4,000	–	Within 15 Months
Working capital	7,177	876	6,301	Within 15 Months
Expenses for the Private Placement	145	145	–	Immediate
	17,322	**11,021**	6,301	

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid by the Company and its subsidiaries for the financial year ended 30 June 2021 are as follows:-

	Company RM	Group RM
Audit fees	60,000	231,000
Non-audit fees	3,000	3,000
Total	**63,000**	**234,000**

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company or by any of its subsidiaries (not being contracts entered into in the ordinary course of business) involving the interests of Directors, or Major Shareholders either still subsisting at the end of the financial year ended 30 June 2021, or if not then subsisting, entered into since the end of the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION
(cont'd)

4. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of a revenue or trading nature for the Group during the financial year under review did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as follows:-

Company/ Subsidiaries involved	Transacting Parties	Nature of Transactions	The Aggregate Value of Transactions from 1 July 2020 to 30 June 2021 (RM'000)	Interested Related Parties
Line Haul Sdn. Bhd. ("**LHSB**")	ChipSeng Heng Enterprise Sdn. Bhd. ("**ChipSeng Heng Enterprise**")	Payment for renting of trucks	573	Tan Yip Jiun[1]; Tan Yow Hua[2]; ChipSeng Heng (Holdings) Sdn. Bhd. ("**ChipSengHeng**")
LHSB	Line Clear Express & Logistics Sdn. Bhd. ("**LCEL**")	Payment for renting of trucks	170	Chan Swee Ying[3], MMAG Holdings Berhad
LHSB	LCEL	Provision of haulage and transportation services as well as other related logistics services to MMAG Group	501	Chan Swee Ying[3], MMAG Holdings Berhad

Nature of relationships:-

1. *Tan Yip Jiun, being an Executive Director and a Major Shareholder of the Company via his indirect shareholdings in the Company through ChipSengHeng (a major shareholder of the Company), is also a Director and Major Shareholder of ChipSengHeng Enterprise.*
2. *Tan Yow Hua, who is the father of Tan Yip Jiun and a Major Shareholder of the Company via his indirect shareholdings in the Company through ChipSengHeng (a major shareholder of the Company), is also a Director and Major Shareholder of ChipSengHeng Enterprise.*
3. *MMAG Holdings and Chan Swee Ying (who has a substantial interest in MMAG Holdings) are substantial shareholders of the Company.*

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

CSH Alliance Berhad (formerly known as KTG Berhad) ("**CSH**" or "**the Company**") is required under Paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") to ensure that its Board of Directors makes a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements.

CSH and its subsidiaries ("**the Group**")'s consolidated annual audited financial statements for the financial year ended 30 June 2021 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act 2016 ("**CA 2016**") to give a true and fair view of the affairs of the Group and of the Company. The Statement by the Directors pursuant to Section 251 (2) of the CA 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated annual audited financial statements for the financial year ended 30 June 2021.

In order to ensure that the financial statements are properly drawn up, the Board has taken the following measures:-

- ensure the adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;

- ensure that applicable approved accounting standards have been followed;

- where applicable, judgments and estimates are made on a reasonable and prudent basis; and

- upon due inquiry into the state of affairs of the Group and of the Company, there are no material matters that may affect the ability of the Group and of the Company to continue in business on a going concern basis.

The Board has ensured that the quarterly reports and annual audited financial statements of the Group are released to Bursa Securities in a timely manner in order to keep our investing public informed of the Group's latest performance and developments.

The Board has also ensured that the Group maintains accounting records that disclose with reasonable accuracy the financial position of the Group, and which enable the Board to ensure the financial statements comply with the CA 2016.

The Board has taken the necessary steps that are reasonably available to the Board to safeguard the Group's assets and prevent and detect fraud and other irregularities.

CSH ALLIANCE BERHAD

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors submit herewith their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities and the details of the subsidiaries are set out in Note 8.2 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of the subsidiaries during the financial year.

CHANGE OF NAME

The Company changed its name from "KTG Berhad" to "CSH Alliance Berhad" with effect from 27 September 2021.

RESULTS

	Group RM	Company RM
Loss for the year attributable to owners of the Company	(16,636,661)	(36,391,542)

RESERVES AND PROVISIONS

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

SHARE CAPITAL

During the financial year, the Company increased its issued and paid-up ordinary shares from RM106,499,700 comprising 232,844,600 ordinary shares to RM336,906,763 comprising of 690,705,280 ordinary shares through the following:-

(a) Issuance of 371,748,400 new ordinary shares on the conversion of 371,748,400 Irredeemable Convertible Preference Shares ("ICPS") at the conversion ratio of one (1) ICPS and RM0.54 in cash for one (1) ordinary share;
(b) Issuance of 2,024,980 new ordinary shares on the conversion of 20,249,800 ICPS at the conversion ratio of ten (10) ICPS for one (1) ordinary share;
(c) Issuance of 84,087,000 new ordinary shares through a private placement exercise on 15 March 2021 at an issue price of RM0.206 per ordinary share for a total cash consideration of RM17,321,922; and
(d) Issuance of 300 new ordinary shares by way of an exercise of 300 Warrants 2016/2021 at an exercise price of RM0.60 per Warrant.

The movements in the issued and paid-up share capital of the Company during the financial year are further disclosed in Notes 16.1 and 16.2 to the financial statements.

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

DIVIDENDS

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

DIRECTORS' REPORT
(cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS 2016/2021

The Warrants 2016/2021 ("the Warrants") were constituted under the Deed Poll dated 7 March 2016. The Warrants were issued on 8 April 2016 in conjunction with the rights issue of the Company's Irredeemable Convertible Preference Shares and have expired on 7 April 2021. Each Warrant entitled the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share at an exercise price of RM0.60 per Warrant. The other salient features and terms of the Warrants are disclosed in Note 17.1 to the financial statements.

The movements in the Warrants during the financial year were as follows:-

	Number of Warrants			
	As at 01.07.2020	**Exercised**	**Expired**	**As at 30.06.2021**
Warrants 2016/2021	45,623,200	(300)	(45,622,900)	–

The Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

DIRECTORS

The names of the Directors of the Company who held office since the beginning of the financial year to the date of this report are as follows:-

Ahmad Ruslan Zahari bin Zakaria
Lim Peng Tong
Ng Keok Chai
Sim Chiun Wee
Tan Yip Jiun *(Appointed on 16 March 2021)*
Peter Yap *(Appointed on 5 May 2021)*
Kenny Khow Chuan Wah *(Appointed on 21 May 2021)*
Chan Pak Keong *(Appointed on 17 May 2021 and resigned on 31 August 2021)*
Dato' Rathakrishnan A/L Vellaisamy *(Resigned on 18 February 2021)*
Lim Mun Shung *(Resigned on 16 March 2021)*
Tan Ooi Jin *(Resigned on 21 May 2021)*

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report are as follows:-

Fan Shue King
Sim Chiun Wee
Goh Hui Chen
Kenny Khow Chuan Wah
Yap Yee Siew Audrey
Tan Yip Jiun *(Appointed on 21 October 2020)*
Peter Yap *(Appointed on 7 May 2021)*
Wong Chee Jiun *(Appointed on 26 August 2021)*
Wong Teck Fatt *(Appointed on 26 August 2021)*
Lee Poh Chuan *(Appointed on 14 February 2021 and resigned on 11 October 2021)*
Khoo Boo Lim *(Appointed on 24 February 2021 and resigned on 11 October 2021)*
Yap Kian Mun *(Appointed on 8 March 2021 and resigned on 22 March 2021)*
Nur Athirah Elany Binti Abdul Rahiman *(Appointed on 22 March 2021 and resigned on 4 May 2021)*
Dato' Sri Aminul Islam Bin Abdul Nor *(Resigned on 26 February 2021)*
Dato' Rathakrishnan A/L Vellaisamy *(Resigned on 26 February 2021)*
Tan Ooi Jin *(Resigned on 21 May 2021)*
Lim Mun Shung *(Resigned on 21 May 2021)*
Tham Choi Kuen *(Resigned on 9 March 2021)*

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company during the financial year were as follows:-

Shareholdings in the Company

	Number of ordinary shares			
	As at 01.07.2020	**Acquired**	**Disposed**	**As at 30.06.2021**
Sim Chiun Wee				
- indirect *	23,000,000	–	(23,000,000)	–
Tan Yip Jiun				
- indirect **	–	84,087,000	–	84,087,000

* *Deemed interested by virtue of his shareholdings in KTG Marketing Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016. Ceased to have any interest in the Company following the disposal of shares by KTG Marketing Sdn. Bhd. via open market.*

** *Deemed interested by virtue of his shareholdings in ChipSeng Heng Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

None of the Directors held any interests in the ICPS and the Warrrants issued by the Company.

By virtue of his interests in shares in the Company, Tan Yip Jiun is also deemed to be interested in shares of the wholly-owned subsidiaries of the Company.

Other than as disclosed above, no other Directors in office at the end of the financial year held any interests, direct or indirect, in shares and debentures of the Company and its subsidiaries during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than those disclosed as directors' remuneration in Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or his nominees or with a firm of which he is a member or with a company in which he has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business as disclosed in Note 29 to the financial statements.

As at the end of the financial year and during the financial year, there did not subsist any arrangement to which the Company was a party, whereby the Directors or their nominees might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

No indemnity was given to nor was there any insurance effected for the Directors or officers of the Group and of the Company during the financial year.

DIRECTORS' REPORT
(cont'd)

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

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

(iv) 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.

(c) As 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; and

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

(d) In the opinion of the Directors:-

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

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

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT
(cont'd)

MATERIAL EVENTS DURING THE FINANCIAL YEAR

Material events during the financial year are disclosed in Note 35 to the financial statements.

MATERIAL EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Material events subsequent to the financial year end are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Messrs. Folks DFK & Co., have expressed their willingness to continue in office.

The details of remuneration paid or payable to the auditors of the Group and of the Company are disclosed in Note 24 to the financial statements.

No indemnity was given to nor was there any insurance effected for the auditors during the financial year.

On behalf of the Board of Directors,

SIM CHIUN WEE
Director

KENNY KHOW CHUAN WAH
Director

This report is made pursuant to the directors' resolution passed on 25 October 2021.

Date: 25 October 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	4	30,153,534	29,719,459	7,726,644	7,927,167
Investment properties	5	22,187,000	23,144,160	–	–
Right-of-use assets	6.1	2,658,196	–	–	–
Intangible asset	7	24,722,222	–	–	–
Investments in subsidiaries	8	–	–	9,913,220	33,163,820
Goodwill	9	1,984,468	3,520,381	–	–
Other investment	10	22,000,000	–	22,000,000	–
Financing receivables	11	16,820,160	7,499,213	–	–
Amount due from subsidiaries	14	–	–	57,613,664	49,645,131
		120,525,580	63,883,213	97,253,528	90,736,118
Current Assets					
Inventories	12	13,118,525	28,028,372	–	–
Financing receivables	11	65,910,918	–	–	–
Trade and other receivables	13	20,312,789	13,882,330	16,597	4,387,749
Amount due from subsidiaries	14	–	-	131,005,213	12,055,103
Tax recoverable		101,446	154,257	–	–
Fixed and short-term deposits, cash and bank balances	15	101,956,416	16,669,057	63,377,763	2,380,947
		201,400,094	58,734,016	194,399,573	18,823,799
Total Assets		321,925,674	122,617,229	291,653,101	109,559,917

The notes set out on pages 54 to 130 form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION
(cont'd)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	336,906,763	118,840,518	336,906,763	118,840,518
Accumulated losses		(26,332,902)	(10,699,944)	(49,199,341)	(13,811,502)
Other reserves	17	–	1,231,394	–	1,003,710
Total Equity		310,573,861	109,371,968	287,707,422	106,032,726
Non-current Liabilities					
Lease liabilities	6.2	125,298	–	–	–
Hire purchase payables	18	17,328	42,002	–	–
Deferred tax liabilities	19	2,120,456	2,184,033	–	–
		2,263,082	2,226,035	–	–
Current Liabilities					
Lease liabilities	6.2	2,567,627	–	–	–
Hire purchase payables	18	24,674	30,795	–	–
Trade and other payables	20	6,214,361	10,913,140	372,839	252,709
Amount due to directors	21	3,931	7,834	–	–
Amount due to subsidiaries	14	–	–	3,572,840	3,274,482
Taxation		278,138	67,457	–	–
		9,088,731	11,019,226	3,945,679	3,527,191
Total Liabilities		11,351,813	13,245,261	3,945,679	3,527,191
Total Equity and Liabilities		321,925,674	122,617,229	291,653,101	109,559,917

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	22	16,916,447	8,848,264	–	–
Cost of sales		(11,231,188)	(6,292,243)	–	–
Gross profit		5,685,259	2,556,021	–	–
Other income		865,327	2,856,359	2,593,575	3,430,327
Selling and distribution costs		(475,320)	(454,506)	–	–
Administrative expenses		(7,662,063)	(9,711,008)	(2,167,921)	(5,402,905)
Other expenses		(14,707,420)	(196,212)	(36,817,196)	(1,328,504)
Operating loss		(16,294,217)	(4,949,346)	(36,391,542)	(3,301,082)
Finance costs	23	(69,541)	(7,246)	–	(6,292,160)
Loss before taxation	24	(16,363,758)	(4,956,592)	(36,391,542)	(9,593,242)
Taxation	25	(272,903)	(67,552)	–	–
Loss for the year		(16,636,661)	(5,024,144)	(36,391,542)	(9,593,242)
Other comprehensive income					
Item that will be reclassified subsequently to profit or loss, net of tax effects:					
Reclassification of exchange translation difference to profit or loss on de-registration of a foreign subsidiary		(227,684)	–	–	–
Exchange loss on translation of foreign subsidiary		–	(3,808)	–	–
Total other comprehensive loss for the year		(227,684)	(3,808)	–	–
Total comprehensive loss for the year		(16,864,345)	(5,027,952)	(36,391,542)	(9,593,242)
Loss for the year attributable to:					
Owners of the Company		(16,636,661)	(5,024,144)	(36,391,542)	(9,593,242)
Total comprehensive loss attributable to:					
Owners of the Company		(16,864,345)	(5,027,952)	(36,391,542)	(9,593,242)
Loss per share attributable to owners of the Company (sen)					
Basic, from loss for the year	26.1	(4.42)	(2.18)		
Diluted, from loss for the year	26.2	(4.42)	(2.18)		

The notes set out on pages 54 to 130 form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Attributable to Owners of the Company					
	Non-distributable					
	Share Capital					
Group	Ordinary Shares RM	Irredeemable Convertible Preference Shares ("ICPS") RM	Warrants Reserve RM	Exchange Translation Reserve RM	Accumulated Losses RM	Total Equity RM
2021						
Balance at 1 July 2020	106,499,700	12,340,818	1,003,710	227,684	(10,699,944)	109,371,968
Loss for the year	–	–	–	–	(16,636,661)	(16,636,661)
Reclassification of exchange translation difference to profit or loss on the de-registration of a foreign subsidiary	–	–	–	(227,684)	–	(227,684)
Total comprehensive loss for the year	–	–	–	(227,684)	(16,636,661)	(16,864,345)
Issuance of ordinary shares pursuant to:						
- conversion of ICPS	213,084,954	(12,340,818)	–	–	–	200,744,136
- a private placement exercise	17,321,922	–	–	–	–	17,321,922
- exercise of Warrants	187	–	(7)	–	–	180
Warrants expired	–	–	(1,003,703)	–	1,003,703	–
Balance at 30 June 2021	336,906,763	–	–	–	(26,332,902)	310,573,861
2020						
Balance at 1 July 2019	95,641,580	12,938,938	1,003,710	231,492	(5,675,800)	104,139,920
Loss for the year	–	–	–	–	(5,024,144)	(5,024,144)
Exchange loss on translation of a foreign subsidiary	–	–	–	(3,808)	–	(3,808)
Total comprehensive loss for the year	–	–	–	(3,808)	(5,024,144)	(5,027,952)
Issuance of ordinary shares pursuant to conversion of ICPS	10,858,120	(598,120)	–	–	–	10,260,000
Balance at 30 June 2020	106,499,700	12,340,818	1,003,710	227,684	(10,699,944)	109,371,968

The notes set out on pages 54 to 130 form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
(cont'd)

	Non-distributable				
	Share Capital				
Company	Ordinary Shares RM	ICPS RM	Warrants Reserve RM	Accumulated Losses RM	Total Equity RM
Balance at 1 July 2020	106,499,700	12,340,818	1,003,710	(13,811,502)	106,032,726
Loss for the year, representing total comprehensive loss for the year	–	–	–	(36,391,542)	(36,391,542)
Issuance of ordinary shares pursuant to:					
- conversion of ICPS	213,084,954	(12,340,818)	–	–	200,744,136
- a private placement exercise	17,321,922	–	–	–	17,321,922
- exercise of Warrants	187	–	(7)	–	180
Warrants expired	–	–	(1,003,703)	1,003,703	–
Balance at 30 June 2021	336,906,763	–	–	(49,199,341)	287,707,422
Balance at 1 July 2019	95,641,580	12,938,938	1,003,710	(4,218,260)	105,365,968
Loss for the year, representing total comprehensive loss for the year	–	–	–	(9,593,242)	(9,593,242)
Issuance of ordinary shares pursuant to conversion of ICPS	10,858,120	(598,120)	–	–	10,260,000
Balance at 30 June 2020	106,499,700	12,340,818	1,003,710	(13,811,502)	106,032,726

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Loss before taxation	(16,363,758)	(4,956,592)	(36,391,542)	(9,593,242)
Adjustments for:-				
Amortisation of intangible asset	277,778	–	–	–
Bad debts written off	15,538	–	–	–
Deposit forfeited	–	(500,000)	–	(500,000)
Deposit written off	–	267	–	–
Depreciation in respect of assets under lease included within:				
- Property, plant and equipment (Note 4.4)	68,259	59,160	–	–
- Investment properties (Note 5)	235,615	117,111	–	–
- Right-of-use assets (Note 6.1)	1,343,131	–	–	–
Depreciation of property, plant and equipment	873,975	959,291	24,140	26,050
Gain on termination of lease-to-own agreement	–	(1,269,380)	–	(1,269,380)
Goodwill written off	–	51,398	–	–
Impairment losses on investments in subsidiaries	–	–	22,050,600	1,248,738
Reversal of impairment losses on investment in a subsidiary	–	–	–	(500,000)
Impairment losses on property, plant and equipment	200,000	–	200,000	–
Impairment losses on investment properties	721,545	–	–	–
Impairment losses on other receivables	2,872,183	–	2,872,183	–
Impairment losses on amount due from subsidiaries	–	–	–	74,167
Reversal of impairment losses on amount due from a subsidiary	–	–	(1,500)	–
Interest income	(110,395)	(151,944)	(2,028)	(96,250)
Interest expense	69,541	7,246	–	6,292,160
Inventories written down	37,621	51,545	–	–
Inventories written off	–	117	–	–
Net gain on de-registration of a subsidiary	(211,932)	–	–	–
Net gain on disposal of property, plant and equipment	(6,833)	(7,700)	–	–
Operating loss before working capital changes carried forward	(9,977,732)	(5,639,481)	(11,248,147)	(4,317,757)

STATEMENTS OF CASH FLOWS
(cont'd)

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from operating activities (Cont'd)				
Operating loss before working capital changes brought forward	(9,977,732)	(5,639,481)	(11,248,147)	(4,317,757)
Net unrealised (gain)/loss on foreign exchange	(126,496)	3,379	–	–
Net loss on disposal of subsidiaries	10,801,667	–	4,399,900	–
Property, plant and equipment written off	4,388	5,599	2,479	5,599
Unwinding of discount on other receivables measured at amortised cost	(106,896)	(348,894)	(106,896)	(348,894)
Unwinding of discount on amount due from subsidiaries measured at amortised cost	–	–	(2,478,882)	(713,913)
Waiver of debts on amount due to payables	–	(13,586)	–	–
Amount due from subsidiaries written off upon disposal/de-registration	–	–	7,292,034	–
Operating profit/(loss) before working capital changes	594,931	(5,992,983)	(2,139,512)	(5,374,965)
Increase in financing receivables	(75,231,865)	(7,499,213)	–	–
Increase in inventories	(852,633)	(952,771)	–	–
(Increase)/Decrease in trade and other receivables	(7,279,427)	3,841,800	1,605,865	(1,038,494)
Increase/(Decrease) in trade and other payables	3,093,996	(5,037,266)	120,130	(1,433,602)
Cash utilised in operations	(79,674,998)	(15,640,433)	(413,517)	(7,847,061)
Interest paid	(69,541)	(7,246)	–	–
Tax (paid)/refunded	(250,434)	164,053	–	198,270
Net cash used in operating activities	(79,994,973)	(15,483,626)	(413,517)	(7,648,791)
Cash flows from investing activities				
Interest received	110,395	151,944	2,028	96,250
Incorporation of a subsidiary (Note 8.4 and Note 8.8)	–	–	(200)	(100)
Acquisitions of subsidiaries (Note 8.3 and Note 8.7)	(2,936,514)	(2,313,231)	(3,100,000)	(2,314,505)
Subscription to additional shares in a subsidiary	–	–	(99,900)	–
Acquisition of other investment	(22,000,000)	–	(22,000,000)	–
Net cash (outflow)/inflow from disposal of subsidiaries (Note 8.6)	(460)	–	200	–
Net cash used in investing activities carried forward	(24,826,579)	(2,161,287)	(25,197,872)	(2,218,355)

The notes set out on pages 54 to 130 form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
(cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from investing activities (Cont'd)				
Net cash used in investing activities brought forward	(24,826,579)	(2,161,287)	(25,197,872)	(2,218,355)
Additions to investment properties	–	(1,055,811)	–	–
Purchase of property, plant and equipment (Note 27.1)	(1,584,371)	(40,209)	(26,096)	(8,598)
Purchase of intangible asset	(25,000,000)	–	–	–
Proceeds from disposal of property, plant and equipment	–	7,700	–	–
Net advances to subsidiaries	–	–	(131,730,295)	(7,587,783)
Net cash used in investing activities	(51,410,950)	(3,249,607)	(156,954,263)	(9,814,736)
Cash flows from financing activities				
Increase in fixed deposits pledged as security	(15,083)	(37,723)	–	–
Advances from/(Repayment to) directors (Note 27.2)	2,930	(255,191)	–	–
Advances from subsidiaries (Note 27.2)	–	–	298,358	131,203
Proceeds from shares issued pursuant to exercise of Warrants	180	–	180	–
Proceeds from shares issued pursuant to a private placement exercise	17,321,922	–	17,321,922	–
Proceeds from shares issued pursuant to conversion of Irredeemable Convertible Preference Shares	200,744,136	10,260,000	200,744,136	10,260,000
Hire purchase instalments paid (Note 27.2)	(30,795)	(90,665)	–	–
Repayment of lease liabilities (Note 6.3)	(1,329,339)	–	–	–
Net cash from financing activities	216,693,951	9,876,421	218,364,596	10,391,203
Net increase/(decrease) in cash and cash equivalents	85,288,028	(8,856,812)	60,996,816	(7,072,324)
Cash and cash equivalents at beginning of year	16,035,296	24,895,916	2,380,947	9,453,271
Net exchange differences	(15,752)	(3,808)	–	–
Cash and cash equivalents at end of year (Note 27.3)	101,307,572	16,035,296	63,377,763	2,380,947

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

1. GENERAL INFORMATION

CSH Alliance Berhad (formerly known as KTG Berhad) is a public company limited by shares, incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad.

Its registered office is located at Level 7, Menara Milennium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur and the principal place of business is located Level 2, No 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is that of investment holding. The principal activities and the details of the subsidiaries are set out in Note 8.2.

These financial statements comprise the consolidated financial statements and the financial statements of the Company and they are presented in Ringgit Malaysia ("RM").

The financial statements were approved and authorised for issue by the Board of Directors on 25 October 2021.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of the accounting pronouncements as disclosed in Note 2.2 below.

2.2 Application of Accounting Pronouncements

During the financial year, the Group and the Company have applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS Interpretations Committee Agenda Decision ("Agenda Decision") which are effective for accounting period beginning on or after 1 July 2020:-

Amendments to MFRS 3 - Definition of a Business *(effective on 1 January 2020)*
Amendments to MFRS 101 and Amendments to MFRS 108 - Definition of Material *(effective on 1 January 2020)*
Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform *(effective on 1 January 2020)*
Amendments to MFRS 16 - Covid-19-Related Rent Concessions *(effective on 1 June 2020)*
Agenda Decision on IAS 23 *Borrowing Costs* Relating to Over Time Transfer of Constructed Goods *(effective on 1 July 2020)*

The initial application of amendments to MFRSs did not have any significant impact on the Group’s and the Company’s financial statements for the current and prior financial periods.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New MFRS and Amendments to MFRSs That Are In Issue But Not Yet Effective

The Group and the Company have not early adopted the following new MFRS and amendments to MFRSs that have been issued by the MASB but are not yet effective:-

Effective for annual periods beginning on or after 1 January 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2

Effective for annual periods beginning on or after 1 April 2021
Amendment to MFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022
Amendments to MFRS 3 - Reference to the Conceptual Framework
Amendments to MFRS 116 - Proceeds before Intended Use
Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2018 - 2020":
- Amendment to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendment to MFRS 9, Financial Instruments
- Amendment to MFRS 16, Leases
- Amendment to MFRS 141, Agriculture

Effective for annual periods beginning on or after 1 January 2023
MFRS 17, Insurance Contracts
Amendments to MFRS 17 - Insurance Contracts
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 - Disclosure of Accounting Policies
Amendments to MFRS 108 - Definition of Accounting Estimates
Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for annual periods beginning on or after a date to be determined by the MASB
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will apply the above new MFRS and amendments to MFRSs that are applicable once they become effective and the adoption is not expected to have any material impact on the Group's and on the Company's financial statements in the period of initial application.

2.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of Consolidation (Cont'd)

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group:-

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Subsidiaries are consolidated using the acquisition method as explained in Note 2.5 and consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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 carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

2.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method except for combinations of entities or businesses under common control. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Business Combinations (Cont'd)

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The accounting policy for goodwill is set out in Note 2.6. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

2.6 Goodwill

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

2.7 Foreign Currencies

2.7.1 Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates i.e. the entity's functional currency. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Foreign Currencies (Cont'd)

2.7.2 Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

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

2.7.3 Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(c) All resulting exchange differences are recognised in other comprehensive income and are accumulated in foreign currency translation reserve within equity.

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in the functional currency of the Company or the foreign operation are recognised in profit or loss of the Company or of the foreign operation, as appropriate. In the Group's financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under foreign currency translation reserve will be reclassified to profit or loss.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.12. On disposal of such investments, the difference between the net disposal proceeds and the net carrying value of the investments is recognised as a gain or loss on disposal in the Company's profit or loss.

2.9 Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Freehold land and capital work-in-progress are not depreciated. All other property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The estimated useful lives of the Group's property, plant and equipment are as follows:-

Buildings	Over remaining useful lives of between 34 and 50 years
Furniture, fittings and equipment	5 years
Motor vehicles	5 years
Plant and machinery	5 years
Renovation	5 years

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.12.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

2.10 Investment Properties

Investment properties are land and/or buildings which are held for rental yields or for capital appreciation or for both or land held for a currently undetermined future use. The investment properties are initially measured at cost, including direct transaction costs and borrowing costs if the investment properties meet the definition of a qualifying asset.

The investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Investment in freehold land is stated at cost and is not depreciated. In respect of acquired leasehold properties, the depreciation policy is disclosed in Note 2.16.1. Investment properties are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the period of the retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Non-current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

On initial classification as held for sale, non-current assets or disposal groups (other than investment properties that are accounted for in accordance with fair value model, deferred tax assets, financial assets and inventories) are measured at the lower of their carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2.12 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories, contract assets and assets arising from costs to obtain or fulfil a contract, deferred tax assets, investment property that is measured at fair value and non-current assets or disposal groups held for sale) are reviewed for impairment 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 to determine the amount of impairment loss. For goodwill recognised in a business combination and that has an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill arising from a business combination allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

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

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Inventories

2.13.1 Property development costs

Property development costs comprise cost of land and related acquisition costs and all costs that are directly attributable to development activities less cumulative amount recognised as expense in the profit or loss. Cost includes interest on borrowings used to finance the property development projects and other direct expenditure and related overheads incurred in the process of development. Property development costs are stated at the lower of costs and net realisable value.

On completion of development, property development costs of unsold units are transferred to completed development units.

2.13.2 Completed development units held for sale

Inventories of completed development units and held for sale are stated at the lower of cost and net realisable value. Costs comprise cost of land and related development costs and are allocated to each unit based on the relative sale value of the properties.

2.13.3 Raw materials, work-in-progress and finished goods

These inventories comprised only ceramic products and are measured at the lower of cost and net realisable value.

Cost of raw materials and finished goods is determined on the first-in, first-out basis. In the case of work-in-progress and finished goods, costs include costs of materials, direct labour and attributable production overheads that are based on normal operating capacity.

2.13.4 Net realisable value

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

2.14 Contract Assets and Contract Liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date. Contract assets are reviewed for impairment in accordance with the Group's accounting policy on impairment of financial assets as disclosed in Note 2.18.4.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Contract Costs

Contract costs are recognised as an asset when the following criteria are met:-

(a) In relation to incremental costs of obtaining a contract, the Group recognises the costs as an asset if the Group expects to recover those costs.

(b) In relation to costs to fulfil a contract, the Group recognises the contract costs as an asset if (i) they relate directly to a contract or to an anticipated contract that the Group can specifically identify; (ii) when the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (iii) the costs are expected to be recovered.

These assets are initially measured at cost and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration expected to be received less the remaining costs expected to be incurred. A reversal of impairment loss is recognised in profit or loss when the impairment conditions no longer exist or have improved. The increased carrying amount does not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

2.16 Leases

2.16.1 The Group as a lessee

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

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liability.

Depreciation for right-of-use asset is calculated using the straight-line method and commences from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets of the Group comprise acquired leasehold land and buildings which are included under the line items of Property, Plant and Equipment (Note 4) and Investment Properties (Note 5) and assets on lease (Note 6). The depreciation rates of the right-of-use assets are as follows:-

Leasehold land	Between 50 and 97 years
Leasehold buildings	50 years
Buildings on lease	Between 24 and 36 months
Fleet of trucks on lease	12 months

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (Cont'd)

2.16.1 The Group as a lessee (Cont'd)

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:-

- fixed lease payments (including in-substance fixed payments), less lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Variable lease payment that does not depend on an index or a rate is recognised as an expense in the period in which it is incurred.

The lease liability is remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") and which is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied all of the following conditions:-

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects on payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

If a rent concession does not result in a lease modification, the Group accounts for the change in lease payments as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs.

If a rent concession result in a lease modification, the Group accounts the rent concession as either a new lease or as a remeasurement of an existing lease.

The Group has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (Cont'd)

2.16.2 The Group as a lessor

Leases for which the Group is a lessor are classified as finance leases or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. All other leases are classified as operating leases.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. The finance income is recognised over the term of the lease based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the Group in obtaining an operating lease are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.17 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over their estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the differences between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

The intangible asset of the Group is intellectual property rights of IT solution/platform related to logistics business process and is estimated to have a useful life of 15 years.

2.18 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial Assets (Cont'd)

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to:-

- the recognition of an asset to be received and the liability to pay for it on the trade date which is the date the Group commits itself to purchase or sell an asset; and

- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.18.1 Classification

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets:-

(a) at amortised cost;

(b) fair value through other comprehensive income; and

(c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

2.18.2 Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories:-

(i) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition:-

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial Assets (Cont'd)

2.18.2 Measurement (Cont'd)

(a) Debt instruments (Cont'd)

(i) Amortised cost (Cont'd)

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss.

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

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL at initial recognition:-

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

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss.

(iii) Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial Assets (Cont'd)

2.18.2 Measurement (Cont'd)

(b) Equity instruments (Cont'd)

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

2.18.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

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

2.18.4 Impairment of financial assets and contract assets

The Group recognises loss allowance for expected credit losses ("ECLs") on contracts assets and the following financial assets:-

(a) financial assets measured at amortised cost; and

(b) debt instruments measured at fair value through other comprehensive income ("FVOCI").

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects 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 i.e. 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 i.e. a lifetime ECL.

For trade receivables, the Group applies a simplified approach in measuring ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected loss rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial Assets (Cont'd)

2.18.4 Impairment of financial assets and contract assets (Cont'd)

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

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow in its entirety or a portion thereof.

2.19 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, bank balances, deposits with licensed banks and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, reduced by bank overdrafts. The statements of cash flows are prepared using the indirect method.

2.20 Share Capital

2.20.1 Ordinary shares

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

2.20.2 Preference shares

Redeemable preference shares are classified as financial liabilities as they bear non-discretionary dividends and are redeemable in cash by the holders. The non-discretionary dividends are recognised as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity as they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Company's equity instruments. Discretionary dividends are recognised as distribution within equity.

2.21 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Financial Liabilities (Cont'd)

2.21.1 Classification and measurement

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial liabilities at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost. The Group does not have any financial liabilities at fair value through profit or loss.

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method and any gain or loss is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.21.2 Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.22 Offsetting Financial Instruments

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.23 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 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. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

2.24 Employee Benefits

2.24.1 Short-term employee benefits

Wages, salaries and social security contributions, paid annual and sick leave, bonuses and non-monetary benefits are recognised as an expense in profit or loss or included in the costs of assets, where applicable, in the period in which the associated services are rendered by employees of the Group.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Employee Benefits (Cont'd)

2.24.2 Post-employment benefits

Defined contribution plans

The Group provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are recognised as an expense in profit or loss in the period to which the contributions relate or included in the costs of assets, where applicable.

2.24.3 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits at the earlier of (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the Group recognises costs for a restructuring.

Termination benefits falling over more than twelve (12) months after the end of the reporting period are discounted to present value.

2.25 Income Taxes

Tax expense is the aggregate amount of current and deferred taxes. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

2.27 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of qualifying assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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

2.28 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of any treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, net of any treasury shares held, for the effects of all dilutive potential ordinary shares.

2.29 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors, who makes decision about resources to be allocated to the segments and to assess their performance and for which discrete financial information is available.

2.30 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and leasing transactions, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, 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 fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are 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;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.31 Revenue from Contracts with Customers

The Company recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Depending on the terms of a contract with customer, control may transfer over time or at a point in time.

The Group satisfies a performance obligation over time and therefore transfers control of a good or service over time if the Group's performance:-

(i) does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date; or

(ii) creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) provides benefits that the customer simultaneously receives and consumes as the Group performs.

Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

There is no significant financing component in contracts with customers as the payment terms is less than twelve (12) months from the date of billings. Therefore, no adjustment is made to the promised amount of consideration for the effects of time value of money.

The Group recognises revenue from the following business activities:-

(a) Manufacture and sales of pottery, ceramic, porcelain and related products

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customers' acceptance of the products. The normal credit term is 30 to 90 days upon delivery. Revenue is recognised based on the amount specified in the contract, net of discounts, if any.

A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Haulage and hub-to-hub delivery services

Revenue from haulage and hub-to-hub delivery services is recognised in the reporting period in which the services are rendered and the Group has a present right to the payment for the services.

(c) Construction contracts

The Group constructs properties under long-term contracts with customers who are property developers. The constructions are on the land owned by the customers. Revenue from property construction is recognised over time using the input method which is based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under MFRS 15. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.31 Revenue from Contracts with Customers (Cont'd)

The Group recognises revenue from the following business activities (Cont'd):-

(c) Construction contracts (Cont'd)

The Group becomes entitled to invoice customers for construction of properties based on a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work certified by a third party assessor and a progress billing for the related milestone payment. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is billed to the customer. If the milestone payment exceeds the revenue recognised to date, then the Group recognises a contract liability for the difference. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue and the milestone payment is always less than twelve (12) months.

(d) Property development

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

Revenue is measured at the fixed transaction price agreed under the sale and purchase agreements less variable considerations such as discounts, rebates and incentives, and consideration payable to customers.

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

The Group recognises revenue in respect of unit sold over time using the input method which is based the stage of completion determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the assets sold.

2.32 Revenue from Other Sources and Other Income

(a) Financing receivables

Interest income on financing receivables is recognised in profit or loss using the effective interest rate ("EIR") method.

EIR is a method of calculating the amortised cost of financing receivables and of allocating the corresponding interest income over the relevant period. EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financing receivables or, when appropriate, a shorter period to the net carrying amount of the financing receivables.

(b) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.32 Revenue from Other Sources and Other Income (Cont'd)

(c) Rental income

Rental income is recognised on an accrual basis over the period of tenancy.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of 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 results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

3.2 Key sources of estimation uncertainty

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

(a) Impairment of property, plant and equipment, investment properties, right-of-use assets, intangible asset and investments in subsidiaries

The Group assesses impairment of property, plant and equipment, investment properties, right-of-use assets, intangible asset and investments in subsidiaries when the events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the costs to sell or expected value in use of the relevant assets. The carrying amounts of these assets are disclosed in Notes 4, 5, 6, 7 and 8.

(b) Useful life of intangible asset

This relates to the Group's intellectual property rights of IT solution/platform as disclosed in Note 7. The Group estimates the useful life of the intellectual property rights to be 15 years which is based on a sub-licensing agreement entered into between the Group and its customer. The initial sub-licensing period is for 10 years and the sub-licensing agreement provides for an extension option to renew for another 5 years. A significant assumption has been made by the Group that it is reasonably certain that the Group and the customer will exercise the extension option.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

3.2 Key sources of estimation uncertainty (Cont'd)

(c) Impairment of goodwill

The Group performs an annual assessment of the carrying value of its goodwill against the recoverable amount of the cash generating unit ("CGU") to which the goodwill has been allocated. The measurement of the recoverable amount of CGU is determined based on the value in use method which requires the management to estimate the future cash flows expected to arise from the CGU's ongoing operations, the growth rate that reflects the management's expected future performance and a suitable discount rate in order to calculate the present value. The relevant information and assumptions are disclosed in Note 9.

(d) Valuation of unquoted equity investment classified as financial asset at fair value through other comprehensive income

In respect of unquoted equity investment where fair value is not available from active markets, the fair value is measured using a valuation technique which involves significant judgement to estimate the expected future cash flows and an appropriate discount rate in order to calculate the present value of the future cash flows as further explained in Note 32.2(a). The fair value of the unquoted equity investment is disclosed in Note 10.

(e) Measurement of expected credit loss allowances on trade receivables

The Group applies a simplified approach in measuring loss allowances on expected credit losses ("ECLs") for trade receivables. The measurement requires the use of significant assumptions about risk of default and expected loss rate and the future economic conditions.

The expected loss rates are based on the payment profiles of its customers in relation to the invoices issued for sales of goods and services rendered over a period of two (2) years prior to the end of each reporting period and the corresponding historical credit loss experienced within those periods.

The historical loss rates are then adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") as a relevant factor and accordingly adjusts the expected loss rates based on expected changes in the factor.

At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analysed. When the historical observed loss rates vary from the original estimates, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables and the cumulative allowance for impairment losses are disclosed in Note 13.1.

(f) Measurement of expected credit loss allowances on financing receivables, other receivables and deposits and amount due from subsidiaries

The Group applies general approach in measuring loss allowances for financing receivables, other receivables and deposits. The methodology used to measure the loss allowance is based on whether there has been a significant increase in credit risk since initial recognition of the financing receivables, other receivables and deposits. In respect of the amount due from subsidiaries, the Company uses a similar methodology in measuring the loss allowance.

Where the credit risk varies from the original estimates, such difference will impact the carrying value of the financing receivables, other receivables and deposits and the amount due from subsidiaries. The carrying amounts of financing receivables, other receivables and deposits are disclosed in Notes 11, 13.2 and 13.3 respectively. The amount due from subsidiaries is disclosed in Note 14.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 The movements of property, plant and equipment during the financial year were as follows:-

Group - 2021

	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Right-of-use assets (Note 4.2) RM	Total RM
Costs									
At beginning of year	4,740,000	20,093,451	321,594	4,549,827	1,169,291	683,103	4,522,939	7,238,999	43,319,204
Additions	–	–	1,254,528	256,726	–	73,117	–	–	1,584,371
Reclassification	4,550,000	(1,570,000)	–	–	–	–	(2,980,000)	–	–
Disposal of a subsidiary	–	–	–	–	–	(7,601)	–	–	(7,601)
De-registration of a subsidiary	–	–	–	(100,884)	(58,812)	–	(22,939)	(1,625,429)	(1,808,064)
Disposals	–	–	–	–	(238,174)	–	–	–	(238,174)
Write-off	–	–	–	–	–	(15,491)	–	–	(15,491)
At end of year	9,290,000	18,523,451	1,576,122	4,705,669	872,305	733,128	1,520,000	5,613,570	42,834,245
Accumulated depreciation									
At beginning of year	–	4,342,374	274,979	4,115,754	1,106,057	625,661	–	1,341,044	11,805,869
Charge for the year	–	470,259	117,657	237,102	21,219	27,738	–	68,259	942,234
Disposal of a subsidiary	–	–	–	–	–	(3,927)	–	–	(3,927)
De-registration of a subsidiary	–	–	–	(77,053)	(48,642)	–	–	(673,033)	(798,728)
Disposals	–	–	–	–	(238,174)	–	–	–	(238,174)
Write-off	–	–	–	–	–	(11,103)	–	–	(11,103)
At end of year	–	4,812,633	392,636	4,275,803	840,460	638,369	–	736,270	11,696,171
Accumulated impairment losses									
At beginning of year	–	594,540	–	213,831	10,170	–	22,939	952,396	1,793,876
Impairment loss	–	–	–	–	–	–	200,000	–	200,000
De-registration of a subsidiary	–	–	–	(23,831)	(10,170)	–	(22,939)	(952,396)	(1,009,336)
At end of year	–	594,540	–	190,000	–	–	200,000	–	984,540
Carrying amounts as at 30 June 2021	9,290,000	13,116,278	1,183,486	239,866	31,845	94,759	1,320,000	4,877,300	30,153,534

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

4.1 The movements of property, plant and equipment during the financial year were as follows (Cont'd):-

Group - 2020

	Freehold land RM	Leasehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Right-of-use assets (Note 4.2) RM	Total RM
Costs										
At beginning of year	3,440,000	2,790,000	22,199,050	321,594	4,524,669	1,250,171	675,051	22,939	–	35,223,474
Effects on adoption of MFRS 16 (Note 4.2):										
- transfer to right-of-use assets	–	(2,790,000)	(4,205,599)	–	–	–	–	–	6,995,599	–
- transfer from prepaid land lease payments	–	–	–	–	–	–	–	–	243,400	243,400
As restated	3,440,000	–	17,993,451	321,594	4,524,669	1,250,171	675,051	22,939	7,238,999	35,466,874
Additions	1,300,000	–	2,100,000	–	25,158	–	15,051	4,500,000	–	7,940,209
Disposals	–	–	–	–	–	(80,880)	–	–	–	(80,880)
Write-off	–	–	–	–	–	–	(6,999)	–	–	(6,999)
At end of year	4,740,000	-	20,093,451	321,594	4,549,827	1,169,291	683,103	4,522,939	7,238,999	43,319,204
Accumulated depreciation										
At beginning of year	–	361,324	4,753,720	238,993	3,819,230	1,060,595	593,444	–	–	10,827,306
Effects on adoption of MFRS 16 (Note 4.2):										
- transfer to right-of-use assets	–	(361,324)	(878,168)	–	–	–	–	–	1,239,492	–
- transfer from prepaid land lease payments	–	–	–	–	–	–	–	–	42,392	42,392
As restated	–	–	3,875,552	238,993	3,819,230	1,060,595	593,444	–	1,281,884	10,869,698
Charge for the year	–	–	466,822	35,986	296,524	126,342	33,617	–	59,160	1,018,451
Disposals	–	–	–	–	–	(80,880)	–	–	–	(80,880)
Write-off	–	–	–	–	–	–	(1,400)	–	–	(1,400)
At end of year	–	–	4,342,374	274,979	4,115,754	1,106,057	625,661	–	1,341,044	11,805,869

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

4.1 The movements of property, plant and equipment during the financial year were as follows (Cont'd):-

Group - 2020 (Cont'd)

	Freehold land RM	Leasehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Right-of-use assets (Note 4.2) RM	Total RM
Accumulated impairment losses										
At beginning of year	–	–	1,345,928	–	213,831	10,170	–	22,939	–	1,592,868
Effects on adoption of MFRS 16 (Note 4.2):										
- transfer to right-of-use assets	–	–	(751,388)	–	–	–	–	–	751,388	–
- transfer from prepaid land lease payments	–	–	–	–	–	–	–	–	201,008	201,008
As restated/Balance at end of year	–	–	594,540	–	213,831	10,170	–	22,939	952,396	1,793,876
Carrying amounts as at 30 June 2020	4,740,000	–	15,156,537	46,615	220,242	53,064	57,442	4,500,000	4,945,559	29,719,459

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

4.1 The movements of property, plant and equipment during the financial year were as follows (Cont'd):-

	Freehold land RM	Buildings RM	Renovation RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
Company - 2021						
Costs						
At beginning of year	1,300,000	2,100,000	60,381	38,262	4,500,000	7,998,643
Additions	–	–	–	26,096	–	26,096
Reclassification	4,550,000	(1,570,000)	–	–	(2,980,000)	–
Write-off	–	–	–	(6,196)	–	(6,196)
At end of year	5,850,000	530,000	60,381	58,162	1,520,000	8,018,543
Accumulated depreciation						
At beginning of year	–	7,000	43,590	20,886	–	71,476
Charge for the year	–	5,367	11,370	7,403	–	24,140
Write-off	–	–	–	(3,717)	–	(3,717)
At end of year	–	12,367	54,960	24,572	–	91,899
Accumulated impairment losses						
At beginning of year	–	–	–	–	–	–
Impairment loss	–	–	–	–	200,000	200,000
At end of year	–	–	–	–	200,000	200,000
Carrying amounts as at 30 June 2021	5,850,000	517,633	5,421	33,590	1,320,000	7,726,644
Company - 2020						
Costs						
At beginning of year	–	–	60,381	36,663	–	97,044
Additions	1,300,000	2,100,000	–	8,598	4,500,000	7,908,598
Write-off	–	–	–	(6,999)	–	(6,999)
At end of year	1,300,000	2,100,000	60,381	38,262	4,500,000	7,998,643
Accumulated depreciation						
At beginning of year	–	–	31,514	15,312	–	46,826
Charge for the year	–	7,000	12,076	6,974	–	26,050
Write-off	–	–	–	(1,400)	–	(1,400)
At end of year	–	7,000	43,590	20,886	–	71,476
Carrying amounts as at 30 June 2020	1,300,000	2,093,000	16,791	17,376	4,500,000	7,927,167

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

4.2 Right-of-use assets included within the property, plant and equipment comprised the following:-

	Leasehold land RM	Land use rights RM	Leasehold buildings RM	Total RM
Group - 2021				
Costs				
At beginning of year	4,545,700	243,400	2,449,899	7,238,999
De-registration of a subsidiary	–	(243,400)	(1,382,029)	(1,625,429)
At end of year	4,545,700	–	1,067,870	5,613,570
Accumulated depreciation				
At beginning of year	398,915	42,392	899,737	1,341,044
Charge for the year	50,267	–	17,992	68,259
De-registration of a subsidiary	–	(42,392)	(630,641)	(673,033)
At end of year	449,182	–	287,088	736,270
Accumulated impairment losses				
At beginning of year	–	201,008	751,388	952,396
De-registration of a subsidiary	–	(201,008)	(751,388)	(952,396)
At end of year	–	–	–	–
Carrying amounts as at 30 June 2021	4,096,518	–	780,782	4,877,300
Group - 2020				
Costs				
At beginning of year	–	–	–	–
Effects on adoption of MFRS 16 (Note 4.1)	2,790,000	243,400	4,205,599	7,238,999
Reclassification	1,755,700	–	(1,755,700)	–
At end of year	4,545,700	243,400	2,449,899	7,238,999
Accumulated depreciation				
At beginning of year	–	–	–	–
Effects on adoption of MFRS 16 (Note 4.1)	361,324	42,392	878,168	1,281,884
Charge for the year	37,591	–	21,569	59,160
At end of year	398,915	42,392	899,737	1,341,044
Accumulated impairment losses				
At beginning of year	–	–	–	–
Effects on adoption of MFRS 16 (Note 4.1)	–	201,008	751,388	952,396
At end of year	–	201,008	751,388	952,396
Carrying amounts as at 30 June 2020	4,146,785	–	798,774	4,945,559

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

4.2 Right-of-use assets included within the property, plant and equipment comprised the following (Cont'd):-

The Group leases certain leasehold buildings to earn rental income. The Group classifies these leases as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the properties. The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is set out as follows:-

	Group	
	2021 RM	**2020 RM**
Less than 1 year	22,500	12,000
Between 2 to 5 years	12,000	–
	34,500	12,000

4.3 Property, plant and equipment include the following assets acquired under hire purchase arrangements:-

Group

	Cost RM	**Accumulated depreciation RM**	**Carrying amount RM**	**Current depreciation RM**
2021				
Motor vehicles	106,094	(74,266)	31,828	21,219
2020				
Motor vehicles	798,027	(744,976)	53,051	108,210

4.4 Depreciation charge for the financial year comprised the following:-

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Depreciation of property, plant and equipment	873,975	959,291	24,140	26,050
Depreciation of right-of-use assets	68,259	59,160	–	–
	942,234	1,018,451	24,140	26,050

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. INVESTMENT PROPERTIES

Group

	Own assets	Right-of-use assets	
	Vacant freehold land RM	Vacant leasehold land RM	Total RM
2021			
Costs			
At beginning of year/At end of year	800,000	22,737,901	23,537,901
Accumulated depreciation			
At beginning of year	–	393,741	393,741
Charge for the year	–	235,615	235,615
At end of year	–	629,356	629,356
Accumulated impairment losses			
At beginning of year	–	–	–
Impairment loss	–	721,545	721,545
At end of year	–	721,545	721,545
Carrying amounts as at 30 June 2021	800,000	21,387,000	22,187,000
Fair values as at 30 June 2021	800,000	21,387,000	22,187,000
2020			
Costs			
At beginning of year	800,000	–	800,000
Acquisition of a subsidiary (Note 8.7(a))	–	21,682,090	21,682,090
Additions	–	1,055,811	1,055,811
At end of year	800,000	22,737,901	23,537,901
Accumulated depreciation			
At beginning of year	–	–	–
Acquisition of a subsidiary (Note 8.7(a))	–	276,630	276,630
Charge for the year	–	117,111	117,111
At end of year	–	393,741	393,741
Carrying amounts as at 30 June 2020	800,000	22,344,160	23,144,160
Fair values as at 30 June 2020	800,000	21,387,000	22,187,000

Investment properties of the Group are non-income generating freehold and leasehold land and direct operating expenses recognised in profit or loss during the financial year in relation to the investment properties were RM69,018 (2020: RM146,106).

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

6.1 Right-of-use assets

The right-of-use assets in this note comprised the leases of properties and fleet of trucks ("the leased assets"). The right-of-use assets in respect of leasehold properties acquired by the Group are disclosed in Note 4 - Property, Plant and Equipment and Note 5 - Investment Properties.

The movements in the carrying amounts of the leased assets during the financial year were as follows:-

	Office premises RM	Living accommodation RM	Fleet of trucks RM	Total RM
Group - 2021				
Carrying amount				
At beginning of year	–	–	–	–
Acquisition of a subsidiary	–	–	2,505,287	2,505,287
Additions	712,536	131,974	651,530	1,496,040
Depreciation charge	(319,511)	(3,666)	(1,019,954)	(1,343,131)
At end of year	393,025	128,308	2,136,863	2,658,196

Group - 2020: NIL

The leased assets are depreciated on the straight-line method over the following lease terms:-

Office premises	24 months
Living accommodation	36 months
Fleet of trucks	12 months

Lease contracts of the Group include extension and termination options. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options are only included in the lease term if the Group considered it reasonably certain to exercise the option. The assessment of reasonably certain is revised upon the occurrence of either a significant event or a significant change in circumstances that is within its control and that was not previously included in its determination of the lease term.

6.2 Lease liabilities

	Group 2021 RM	2020 RM
Non-current	125,298	–
Current	2,567,627	–
	2,692,925	–

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

6.3 Cash flows for leases

	Group 2021 RM	Group 2020 RM
Included in cash flows from operating activities		
Payment for short-term leases	96,367	287,759
Payment for leases of low-value assets	12,180	95,719
Payment for interest on lease liabilities	65,662	–
Included in cash flows from financing activities		
Payment for principal portion of lease liabilities	1,329,339	–
Total cash outflows for leases	1,503,548	383,478

Expenses relating to short-term leases and leases of low-value assets are disclosed in Note 24. Interest expense on lease liabilities is disclosed in Note 23.

7. INTANGIBLE ASSET

	Group 2021 RM	Group 2020 RM
Costs		
At beginning of year	–	–
Addition	25,000,000	–
At end of year	25,000,000	–
Accumulated amortisation		
At beginning of year	–	–
Charge for the year	277,778	–
At end of year	277,778	–
Carrying amount as at 30 June	24,722,222	–

The intangible asset of the Group represents an acquired intellectual property rights of IT solution/platform related to logistics business process. The cost of this acquired intangible asset is amortised on the straight-line method to administrative expenses over the estimated useful life of 15 years (2020: NIL).

8. INVESTMENTS IN SUBSIDIARIES

	Company 2021 RM	Company 2020 RM
Unquoted shares, at cost	61,372,013	66,248,617
Less: Allowance for impairment losses (Note 8.1)	(51,458,793)	(33,084,797)
Carrying amount	9,913,220	33,163,820

8.1 Allowance for impairment losses

Movements in the allowance for impairment losses on investments in subsidiaries were as follows:-

	Company 2021 RM	Company 2020 RM
Balance at beginning of year	33,084,797	32,336,059
Additions	22,050,600	1,248,738
Write-off	(3,676,604)	–
Reversals	–	(500,000)
Balance at end of year	51,458,793	33,084,797

The Company carried out impairment assessments on subsidiaries with impairment indicators such as continuing operating losses and reduced shareholders' fund. The recoverable amount of the Company's investments in these subsidiaries is determined based on adjusted net tangible assets as a proxy to fair value less costs to sell and is within Level 3 of the fair value hierarchy. As a result of the impairment assessments, the Company has recognised an additional impairment loss of RM22,050,600 in respect of its investments in four (4) subsidiaries (2020: RM1,248,738 in respect of its investments in three (3) subsidiaries) and a write-off of impairment loss of RM3,676,604 on its investment in one (1) subsidiary (2020: reversal of RM500,000 on its investment in one (1) subsidiary). The current year write-off was due to the de-registration of a subsidiary as further explained in Note 8.5.

8.2 Details of the subsidiaries

Details of the subsidiaries are as follows:-

Name of company	Principal activities	Country of incorporation	Effective interest in equity 2021 %	Effective interest in equity 2020 %
Asian Pottery (Penang) Sdn. Bhd.	Marketing of pottery and porcelain products, ceramic wares and ornaments	Malaysia	100	100
Profit Sunland Sdn. Bhd.	Property construction and related businesses	Malaysia	100	100
Oriwina Sdn. Bhd.	Manufacturing and trading of ceramic wares	Malaysia	100	100
Asia Pottery Home & Garden Sdn. Bhd.	Retail, trading and wholesale of all kinds of clay products such as pottery, ceramics and porcelain products	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.2 Details of the subsidiaries (Cont'd)

Details of the subsidiaries are as follows (Cont'd):-

Name of company	Principal activities	Country of incorporation	Effective interest in equity 2021 %	2020 %
Sunmark Point Sdn. Bhd.	Investment holding	Malaysia	100	100
Asian Pottery Manufacturers Sdn. Bhd.	Dormant	Malaysia	100	100
Asian Earthernware Sdn. Bhd.	Dormant	Malaysia	100	100
Asiarise Holdings Sdn. Bhd.	Dormant	Malaysia	100	100
Asian Porcelain Sdn. Bhd.	Dormant	Malaysia	100	100
APPI Sdn. Bhd.	Dormant	Malaysia	100	100
Instant Initiative Sdn. Bhd.	Property investment	Malaysia	100	100
Million Rich Development Sdn. Bhd.	Property development and other related services	Malaysia	100	100
KTG Marine (M) Sdn. Bhd.	Marine construction and coastal reclamation works	Malaysia	100	100
Titanium Hallmark Sdn. Bhd.	Property development and other related services	Malaysia	100	100
CSH Network Capital Sdn. Bhd. (formerly known as MMAG Capital Sdn. Bhd.)	Moneylending	Malaysia	100	100
Line Haul Sdn. Bhd.	Transportation and logistics - providing haulage and hub-to-hub delivery services	Malaysia	100	–

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.2 Details of the subsidiaries (Cont'd)

Details of the subsidiaries are as follows (Cont'd):-

Name of company	Principal activities	Country of incorporation	Effective interest in equity 2021 %	2020 %
CSH Solutions Sdn. Bhd. (formerly known as Alpine Cube Sdn. Bhd.)	Information technology solutions and other related services	Malaysia	100	–
Bio Beacon Supply Sdn. Bhd.	Dormant	Malaysia	100	–
CSH Priority Sdn. Bhd.	Hire purchase financing	Malaysia	100	–
Guangxi Asian Pottery Co. Ltd.*	Dormant	The People's Republic of China	–	100
Klasik Ikhtiar Sdn. Bhd.	Property development	Malaysia	–	100
DWL Technologies Sdn. Bhd.	ICT related services	Malaysia	–	100
Held through Asian Pottery Manufacturers Sdn. Bhd.				
Metro Craft Sdn. Bhd.	Dormant	Malaysia	100	100

* Not audited by Folks DFK & Co.

8.3 Acquisitions of subsidiaries in the current financial year

(a) Acquisition of Line Haul Sdn. Bhd. ("LHSB")

On 18 March 2021, the Company acquired the entire issued and paid-up share capital of LHSB comprising 500,000 ordinary shares for a total cash consideration of RM3,000,000. The acquisition was completed on 26 March 2021. LHSB is principally involved in the business of middle mile logistics services providing haulage and hub-to-hub deliveries services.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.3 Acquisitions of subsidiaries in the current financial year (Cont'd)

(a) Acquisition of Line Haul Sdn. Bhd. ("LHSB") (Cont'd)

The acquisition has the following effects on the financial results of the Group in the current financial year:-

	LHSB's amounts consolidated from the date of acquisition to 30.06.2021 RM
Revenue	3,147,674
Cost of sales	(2,655,680)
Gross profit	491,994
Administrative expenses	(220,988)
Operating profit	271,006
Finance cost	(42,399)
Profit before taxation	228,607
Taxation	(76,443)
Profit for the period	152,164

If the acquisition had occurred at the beginning of the financial year, the Group's loss for the financial year would have decreased by RM520,532.

The assets acquired and liabilities recognised as at the date of acquisition were as follows:-

	Fair value recognised on acquisition RM	LHSB's carrying amount RM
Right-of-use assets	2,505,287	2,505,287
Trade and other receivables	1,805,361	1,805,361
Cash and bank balances	63,486	63,486
Lease liabilities	(2,526,223)	(2,526,223)
Trade and other payables	(654,932)	(654,932)
Taxation	(177,447)	(177,447)
Net identifiable assets acquired	1,015,532	1,015,532
Goodwill on acquisition	1,984,468	
Total purchase consideration discharged by cash	3,000,000	
Cash and cash equivalents of subsidiary acquired	(63,486)	
Net cash outflow from acquisition	2,936,514	

The acquisition-related costs of RM15,000 have been charged to administrative expenses in the Group's and the Company's profit or loss for the current financial year.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.3 Acquisitions of subsidiaries in the current financial year (Cont'd)

(b) Acquisition of CSH Solutions Sdn. Bhd. (formerly known as Alpine Cube Sdn. Bhd.) ("CSHSSB")

On 23 April 2021, the Company acquired the entire issued and paid-up share capital of CSHSSB comprising 100,000 ordinary shares for a total cash consideration of RM100,000. The acquisition was completed on 28 April 2021. CSHSSB is principally involved in the business of providing information technology solutions and other related services.

The acquisition has the following effects on the financial results of the Group in the current financial year:-

	CSHSSB's amounts consolidated from the date of acquisition to 30.06.2021 RM
Revenue	–
Administrative expenses	(302,906)
Loss before taxation	(302,906)
Taxation	–
Loss for the period	(302,906)

Since CSHSSB was only incorporated on 8 March 2021, the effects to the Group's loss for the financial year would not be significant had the acquisition occurred at the beginning of the Group's financial year.

The asset acquired as at the date of acquisition was as follows:-

	Fair value recognised on acquisition RM	CSHSSB's carrying amount RM
Cash at bank	100,000	100,000
Net identifiable asset acquired	100,000	100,000
Total purchase consideration discharged by cash	100,000	
Cash and cash equivalents of subsidiary acquired	(100,000)	
Net cash outflow from acquisition	–	

The acquisition-related costs of RM6,000 have been charged to administrative expenses in the Group's and the Company's profit or loss for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.4 Incorporation of new subsidiaries during the financial year

(a) Incorporation of Bio Beacon Supply Sdn. Bhd. ("BBSSB")

On 14 January 2021, the Company incorporated BBSSB with an issued and paid-up capital of RM100 divided into 100 ordinary shares. As at 30 June 2021 and up to the date of approval of these financial statements, BBSSB was still dormant.

(b) Incorporation of CSH Priority Sdn. Bhd. ("CSHPSB")

On 25 March 2021, the Company incorporated CSHPSB with an issued and paid-up capital of RM100 divided into 100 ordinary shares. Subsequently, the issued and paid-up capital of CSHPSB was increased from RM100 to RM100,000 through the issue of 99,900 new ordinary shares at an issue price of RM1 each which were fully subscribed by the Company in cash. CSHPSB will be principally involved in the business of providing hire purchase financing for commercial vehicles as well as industrial machineries and equipment. As at 30 June 2021 and up to the date of approval of these financial statements, CSHPSB was still dormant.

8.5 De-registration of Guangxi Asian Pottery Co. Ltd. ("Guangxi") during the financial year

On 11 January 2021, Guangxi had applied for de-registration and on 8 February 2021, Guangxi was de-registered following the notification of de-registration issued by China's GuiGang City State Administration for Market Regulation. The de-registration has resulted in a gain of RM211,932 to the Group which has been included under other income of the Group's profit or loss. The de-registration did not result in any gain or loss to the Company as the cost of investment in Guangxi amounted to RM3,676,604 had been fully impaired previously.

8.6 Disposals of subsidiaries during the financial year

(a) Disposal of Klasik Ikhtiar Sdn. Bhd. ("KISB")

On 9 April 2021, the Company disposed its entire equity interest in KISB for a total cash consideration of RM100. The disposal was completed on 22 April 2021 and had resulted in a loss of RM10,806,835 and RM4,399,900 to the Group and to the Company respectively. The loss recognised has been included under other expenses of the Group's and the Company's current financial year profit or loss.

The effects of disposal on the financial results of the Group as at the date of disposal were as follows:-

	As at the date of disposal RM
Property, plant and equipment	3,674
Inventories	15,724,859
Cash and bank balances	560
Trade and other payables	(8,442,539)
Net assets disposed	7,286,554
Goodwill on consolidation	3,520,381
Disposal consideration	(100)
Loss on disposal	10,806,835
Cash flows arising from disposal:-	
Cash consideration received	100
Cash and bank balances of subsidiary disposed	(560)
Net cash outflow on disposal	(460)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.6 Disposals of subsidiaries during the financial year (Cont'd)

(a) Disposal of Klasik Ikhtiar Sdn. Bhd. ("KISB") (Cont'd)

The effects of disposal on the financial results of the Company as at the date of disposal were as follows:-

	As at the date of disposal RM
Cost of investment	4,400,000
Disposal consideration	(100)
Loss on disposal of investment in KISB	4,399,900

(b) Disposal of DWL Technologies Sdn. Bhd. ("DTSB")

On 18 August 2020, the Company disposed its entire equity interest in DTSB for a total cash consideration of RM100. The disposal was completed on 28 August 2020 and had resulted in gain of RM5,168 which was included under other income of the Group's profit or loss during the financial year. The disposal did not result in any gain or loss to the Company.

The effects of disposal on the financial results of the Group as at the date of disposal were as follows:-

	As at the date of disposal RM
Cash and bank balances	100
Other payables	(5,168)
Net liabilities disposed	(5,068)
Disposal consideration	(100)
Gain on disposal	(5,168)
Cash flows arising from disposal:-	
Cash consideration received	100
Cash and bank balances of subsidiary disposed	(100)
Net cash flows on disposal	–

8.7 Acquisitions of subsidiaries in the previous financial year

(a) Acquisition of Titanium Hallmark Sdn. Bhd. ("THSB")

On 10 January 2020, the Company acquired the entire issued and paid-up share capital of THSB comprising 100 ordinary shares for a total cash consideration of RM267,100. The acquisition was completed on 13 January 2020. THSB is principally involved in the business of property development and other related services.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.7 Acquisitions of subsidiaries in the previous financial year (Cont'd)

(a) Acquisition of Titanium Hallmark Sdn. Bhd. ("THSB") (Cont'd)

The acquisition had the following effects on the financial results of the Group in the previous financial year:-

	THSB's amounts consolidated from the date of acquisition to 30.06.2020 RM
Revenue	–
Administrative expenses	(285,170)
Loss before taxation	(285,170)
Taxation	137
Loss for the period	(285,033)

If the acquisition had occurred at the beginning of the previous financial year, the Group's loss for the previous financial year would have increased by RM279,340.

The assets acquired and liabilities recognised as at the date of acquisition were as follows:-

	Fair value recognised on acquisition RM	THSB's carrying amount RM
Investment properties	21,405,460	21,108,784
Bank balance	240	240
Accruals	(2,800)	(2,800)
Amount due to directors of THSB	(3,151,908)	(3,151,908)
Deposit received	(17,966,407)	(17,966,407)
Deferred tax liabilities	(17,485)	(17,485)
Net identifiable asset/(liabilities) acquired	267,100	(29,576)
Goodwill on acquisition	–	
Total purchase consideration discharged by cash	267,100	
Cash and cash equivalents of subsidiary acquired	(240)	
Net cash outflow from acquisition	266,860	

The acquisition-related costs of RM8,000 had been charged to administrative expenses in the Group's and the Company's profit or loss for the previous financial year.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.7 Acquisitions of subsidiaries in the previous financial year (Cont'd)

(b) Acquisition of CSH Network Capital Sdn. Bhd. (formerly known as MMAG Capital Sdn. Bhd.) ("CSHNCSB")

On 13 March 2020, the Company acquired the entire issued and paid-up share capital of CSHNCSB comprising 2,000,000 ordinary shares for a total cash consideration of RM2,047,405. The acquisition was completed on 17 March 2020. CSHNCSB is principally involved in the business of moneylending.

The acquisition had the following effects on the financial results of the Group in the previous financial year:-

	CSHNCSB's amounts consolidated from the date of acquisition to 30.06.2020 RM
Revenue	587,016
Administrative expenses	(355,017)
Profit before taxation	231,999
Taxation	(57,240)
Profit for the period	174,759

If the acquisition had occurred at the beginning of the previous financial year, the Group's loss for the previous financial year would have increased by RM3,640.

The asset acquired and liabilities recognised as at the date of acquisition were as follows:-

	Fair value recognised on acquisition RM	CSHNCSB's carrying amount RM
Cash and bank balances	1,034	1,034
Accruals	(2,432)	(2,432)
Amount due from immediate holding company	1,997,405	1,997,405
Net identifiable assets acquired	1,996,007	1,996,007
Goodwill on acquisition written off	51,398	
Total purchase consideration discharged by cash	2,047,405	
Cash and cash equivalents of subsidiary acquired	(1,034)	
Net cash outflow from acquisition	2,046,371	

The acquisition-related costs of RM5,000 had been charged to administrative expenses in the Group's and the Company's profit or loss for the previous financial year.

The goodwill written off was not deductible for income tax purposes.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.8 Incorporation of DWL Technologies Sdn. Bhd. in the previous financial year

On 6 August 2019, the Company incorporated a new wholly-owned subsidiary, named DWL Technologies Sdn. Bhd. ("DTSB") with an issued and paid up capital of RM100 divided into 100 ordinary shares. DTSB will be principally involved in the business of providing ICT solutions including technology-based security systems, cross-border communications technology and management system solutions.

On 18 August 2020, the DTSB was disposed of as further explained in Note 8.6(b) above.

9. GOODWILL

	Group	
	2021 RM	2020 RM
Carrying amount		
Balance at beginning of year	3,520,381	3,520,381
Acquisition of a subsidiary (Note 8.3(a))	1,984,468	–
Disposal of a subsidiary (Note 8.6(a))	(3,520,381)	–
Balance at end of year	1,984,468	3,520,381

9.1 Allocation of goodwill

The carrying amount of goodwill is attributable to the following subsidiaries:-

		Group	
	Segments	2021 RM	2020 RM
Line Haul Sdn. Bhd.	Transportation and logistics	1,984,468	–
Klasik Ikhtiar Sdn. Bhd.	Property development	–	3,520,381
		1,984,468	3,520,381

9.2 Impairment assessment on goodwill

For the purpose of annual impairment assessment, goodwill has been allocated to the Group's cash-generating unit ("CGU") which is the subsidiary itself and the recoverable amount of this CGU is determined based on the value in use calculation. This calculation is based on a discounted future cash flow model using the cash flow forecast and projections covering a five-year period and approved by management. The key assumptions for the computation of value in use are further described in Note 9.3.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

9. GOODWILL (CONT'D)

9.3 Key assumptions used for value in use calculation

(a) Discount rate

A pre-tax discount rate of 10.41% (2020: 6.58%) has been applied in determining the recoverable amount of the CGU. The discount rate is determined based on the weighted average cost of capital of the CGU and reflects the management's estimate of the risks specific to the CGU and the economic environment in which the CGU operates.

(b) Projected revenue and gross margin

This has been estimated based on the management's business plan which reflects the expectation of achievable growth based on market development and industry outlook.

9.4 Impact of possible changes in key assumptions

The management have considered and assessed reasonably possible changes of key assumptions and have not identified any instances that could cause the carrying amount of the goodwill to exceed its recoverable amount.

10. OTHER INVESTMENT

	Group and Company	
	2021 RM	2020 RM
Unquoted equity investment in a Malaysian corporation at fair value through other comprehensive income ("FVOCI")	22,000,000	–

The Company has irrevocably elected to classify the unquoted equity investment at FVOCI at initial recognition. The Company considers this classification to be more relevant as it reflects the Company's intention to hold it as a long-term strategic investment and it is not held for trading purpose.

The fair value measurement of the unquoted equity investments and the level of fair value hierarchy are disclosed in Note 32.

11. FINANCING RECEIVABLES

	Group	
	2021 RM	2020 RM
Total gross financing receivables	86,133,773	9,147,562
Less: Unearned financing income	(3,402,695)	(1,648,349)
Financing receivables	82,731,078	7,499,213

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11. FINANCING RECEIVABLES (CONT'D)

The secured and unsecured financing receivables included under non-current and current assets are as follows:-

	Group	
	2021 RM	2020 RM
Non-current assets:		
- secured	16,162,780	7,499,213
- unsecured	657,380	–
	16,820,160	7,499,213
Current assets:		
- secured	61,433,321	–
- unsecured	4,477,597	–
	65,910,918	–
	82,731,078	7,499,213

The secured financing receivables as at the end of the reporting period are secured against properties and stocks quoted on Bursa Malaysia Securities Berhad and are subject to interest at 4% (2020: 12%) per annum. The unsecured financing receivables are subject to interest at rates ranging from 5% to 7% (2020: NIL) per annum.

12. INVENTORIES

	Group	
	2021 RM	2020 RM
At cost		
Raw materials	325,076	254,037
Work-in-progress	54,086	75,999
Finished goods	1,021,561	467,490
Completed properties held for sales	11,583,000	11,583,000
Property development costs (Note 12.1)	–	15,375,471
	12,983,723	27,755,997
At net realisable value		
Work-in-progress	1,283	–
Finished goods	133,519	272,375
	13,118,525	28,028,372

The amount of inventories recognised as an expense during the financial year was RM7,409,906 (2020: RM6,292,243) and this has been included in cost of sales in the Group's profit or loss.

The amount of inventories that has been recognised as an expense during the financial year includes a write down of RM37,621 (2020: RM51,545).

12. INVENTORIES (CONT'D)

The Group leases certain completed properties held for sales to earn rental income while the Group seeking for prospective purchasers. The Group classifies these leases as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the properties. The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is set out as follows:-

	Group	
	2021 RM	2020 RM
Less than 1 year	46,700	163,780
Between 2 to 5 years	–	12,500
	46,700	176,280

12.1 Property development costs

	Group	
	2021 RM	2020 RM
Balance at beginning of year	15,375,471	14,688,031
Additional development costs incurred	349,388	687,440
Disposal of a subsidiary (Note 8.6(a))	(15,724,859)	–
Balance at end of year	–	15,375,471

The property development costs in the previous financial year were attributable to the expenditure incurred on the preliminary development stage in respect of a project undertaken by the then subsidiary, Klasik Ikhtiar Sdn. Bhd. ("KISB") under the Perumahan Penjawat Awam Malaysia ("PPAM") programme. Further development work on this project was dependent upon the finalisation of a development agreement by the Ministry of Housing and Local Government, which was still pending prior to the date of disposal of KISB.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables (Note 13.1)	6,096,629	1,202,459	–	–
Other receivables (Note 13.2)	581,242	3,392,788	–	2,767,686
Deposits (Note 13.3)	13,522,010	9,273,408	13,950	1,613,950
Prepayments	111,507	11,085	2,647	6,113
Goods and Services Tax recoverable	1,401	2,590	–	–
	20,312,789	13,882,330	16,597	4,387,749

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. TRADE AND OTHER RECEIVABLES (CONT'D)

13.1 Trade receivables

	Group 2021 RM	Group 2020 RM
Trade receivables	6,127,366	1,233,196
Less: Allowance for impairment losses	(30,737)	(30,737)
	6,096,629	1,202,459

The Group's normal trade credit periods of trade receivables range from 7 to 60 days (2020: 14 to 60 days). Other credit periods are assessed and approved on a case by case basis.

The Group's exposure to credit risk and loss allowance on expected credit losses ("ECLs") on trade receivables are summarised below:-

2021

	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Not credit impaired			
Current - Not past due	3,542,799	–	3,542,799
0 to 30 days past due	1,677,483	–	1,677,483
31 to 60 days past due	872,169	–	872,169
61 to 90 days past due	2,220	–	2,220
91 to 120 days past due	–	–	–
More than 120 days past due	1,958	–	1,958
	6,096,629	–	6,096,629
Credit impaired			
Individually impaired	30,737	(30,737)	–
	6,127,366	(30,737)	6,096,629

2020

	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Not credit impaired			
Current - Not past due	1,048,026	–	1,048,026
0 to 30 days past due	154,375	–	154,375
31 to 60 days past due	–	–	–
61 to 90 days past due	–	–	–
91 to 120 days past due	–	–	–
More than 120 days past due	58	–	58
	1,202,459	–	1,202,459
Credit impaired			
Individually impaired	30,737	(30,737)	–
	1,233,196	(30,737)	1,202,459

13. TRADE AND OTHER RECEIVABLES (CONT'D)

13.1 Trade receivables (Cont'd)

There were no movements in the Group's loss allowance on ECLs during the current and previous financial years.

The Group's trade receivables are denominated in the following currencies:-

	Group 2021 RM	Group 2020 RM
Ringgit Malaysia	4,634,383	57
United States Dollar	1,462,246	1,202,402
	6,096,629	1,202,459

13.2 Other receivables

These comprised:-

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Amount receivable from disposal of a subsidiary	2,872,183	2,765,286	2,872,183	2,765,286
Other receivables	621,242	667,502	40,000	42,400
Less: Allowance for impairment losses	(2,912,183)	(40,000)	(2,912,183)	(40,000)
	581,242	3,392,788	–	2,767,686

The movements in the allowance for impairment losses on other receivables during the financial year were as follows:-

	Group and Company 2021 RM	Group and Company 2020 RM
Balance at beginning of year	40,000	40,000
Impairment on amount receivable from disposal of a subsidiary	2,872,183	–
Balance at end of year	2,912,183	40,000

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. TRADE AND OTHER RECEIVABLES (CONT'D)

13.2 Other receivables (Cont'd)

Amount receivable from disposal of a subsidiary

The amount receivable arose from a settlement arrangement between the Company and the purchaser of Sama Restu Sdn. Bhd. ("SRSB"), a former subsidiary of the Group, of the amount owing by SRSB to the Company. Pursuant to the settlement arrangement, the amount owing by SRSB of RM2,872,183 was to be settled by the purchaser within twenty four (24) months from the unconditional date on 13 April 2019.

On 1 July 2021, the purchaser requested for an extension of time from the Company to remit payment on or before 31 March 2022, for which the Company has agreed. Considering the uncertainty over the recovery of the amount outstanding in view of the financial challenges faced by the purchaser, the Company has recognised a full allowance for impairment loss in the current year financial statements.

13.3 Deposits

These comprised:-

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Deposits paid pursuant to Concept Masterplan Agreements (Note 13.3(a))	7,398,165	7,398,165	–	–
Deposit for purchase of plant and machinery (Note 13.3(b))	5,970,000	–	–	–
Refundable deposit for acquisition of a subsidiary (Note 13.3(c))	–	1,600,000	–	1,600,000
Earnest deposit paid for purchase of a property	–	206,000	–	–
Other deposits	153,845	69,243	13,950	13,950
	13,522,010	9,273,408	13,950	1,613,950

(a) Deposits paid pursuant to Concept Masterplan Agreement

These refundable security deposits ("the Deposits") were paid by a subsidiary, Million Rich Development Sdn. Bhd. ("MRDSB"), pursuant to a Concept Masterplan Agreement ("CMPA") entered into between MRDSB and Arena Progresif Sdn. Bhd. ("Arena") on 4 July 2017 which has been terminated on 9 April 2021. The deposits were paid to enable Arena to acquire two (2) parcels of land ("the Land") for the purpose of development in accordance with the CMPA.

On 4 June 2021, MRDSB and Arena have agreed that:-

(i) Arena grants MRDSB the exclusive and irrevocable mandate/appointment to sell or dispose the Land;

(ii) The mandate/appointment to sell or dispose the Land shall be for a period for twenty four (24) months from the date of acceptance; and

(iii) MRDSB shall be entitled for a fee of 20% of the actual selling price of the Land.

As at the date of approval of these financial statements, the Land has yet to be disposed.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

13.3 Deposits (Cont'd)

(b) Deposit for purchase of plant and machinery

The deposit of RM5,970,000 represents 15% down payment required to be paid by the Group pursuant to a Turnkey Agreement entered into by APPI Sdn. Bhd. ("APPI"), a wholly-owned subsidiary of the Company, of which RM4,000,000 has been paid and the balance of RM1,970,000 was still outstanding as at end of the financial year (Note 20). For further details of the Turnkey Agreement, refer to Note 35.1.

(c) Refundable deposit for acquisition of a subsidiary

On 22 January 2020, the Company entered into a Share Sale Agreement ("the SSA") with two (2) individuals (collectively referred to as "the Vendors") for the acquisition of the entire issued and paid-up share capital comprising 1,000,000 ordinary shares in Four Seasons Seafood Sdn. Bhd. ("FSS") for a total cash consideration of RM98,209 ("the Purchase Consideration"), plus the settlement of the amount owing by FSS to one of the Vendors in the sum of RM4,280,696. Upon the execution of the SSA, the Company paid a refundable deposit of RM1,600,000 to the Company's solicitor as a proof of fund for the proposed acquisition.

On 26 April 2021, a notice of termination of the SSA was issued by the Company to the Vendors due to unfulfillment of certain conditions by the extended cut-off date. The deposit was then refunded to the Company.

14. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2021 RM	**2020 RM**
<u>Amount due from subsidiaries</u>		
Non-current		
Non-trade (Note 14(a))	57,613,664	49,645,131
Current		
Non-trade (Note 14(b))	131,189,263	12,253,026
Less: Allowance for impairment losses (Note 14(c))	(184,050)	(197,923)
	131,005,213	12,055,103
Total amount due from subsidiaries	188,618,877	61,700,234
<u>Amount due to subsidiaries</u>		
Current		
Non-trade (Note 14(b))	(3,572,840)	(3,274,482)

(a) The non-current portion of the amount due from subsidiaries is in respect of advances that are unsecured, interest-free and is not expected to be receivable within the next twelve (12) months.

(b) The current portion of the amount due from/(to) subsidiaries is in respect of advances that are unsecured, interest-free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. AMOUNT DUE FROM/(TO) SUBSIDIARIES (CONT'D)

(c) The movements in the allowance for impairment losses on amount due from subsidiaries during the financial year were as follows:-

	Company	
	2021 RM	2020 RM
Credit impaired		
Balance at beginning of year	197,923	123,756
Addition	–	74,167
Reversal	(1,500)	–
Write-off	(12,373)	–
Balance at end of year	184,050	197,923

The additional allowance for impairment has been included under the line item other expenses of the Company's profit or loss.

15. FIXED AND SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposits with licensed banks	722,802	706,243	–	–
Short-term deposits with licensed banks	55,000,377	–	55,000,377	–
Cash and bank balances	46,233,237	15,962,814	8,377,386	2,380,947
	101,956,416	16,669,057	63,377,763	2,380,947

(a) The Group's fixed deposits as at the end of the financial year have effective interest rates ranging from 1.65% to 3.10% (2020: 1.90% to 3.10%) per annum and original maturity period of between 1 and 12 months (2020: 1 and 12 months).

The Group's and the Company's short-term deposits as at the end of the financial year have effective interest rates of 0.25% (2020: NIL) per annum and original maturity period of 1 day (2020: NIL).

(b) The Group's fixed deposits with licensed banks include an amount of RM648,844 (2020: RM633,761) which have been pledged for bank guarantee facilities granted to a subsidiary of the Company.

(c) The Group's and the Company's deposits, cash and bank balances are denominated in the following currencies:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	101,834,858	16,475,984	63,377,763	2,380,947
United States Dollar	120,520	192,089	–	–
Australian Dollar	847	798	–	–
Euro	191	186	–	–
	101,956,416	16,669,057	63,377,763	2,380,947

16. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid-up ordinary shares (Note 16.1)	690,705,280	336,906,763	232,844,600	106,499,700
Irredeemable Convertible Preference Shares (Note 16.2)	–	–	391,998,200	12,340,818
	690,705,280	336,906,763	624,842,800	118,840,518

16.1 Issued and fully paid-up ordinary shares

	Group and Company			
	2021		2020	
	Number of shares	Amount RM	Number of shares	Amount RM
Balance at beginning of year	232,844,600	106,499,700	213,844,600	95,641,580
Shares issued pursuant to:				
- conversion of ICPS	373,773,380	213,084,954	19,000,000	10,858,120
- a private placement exercise	84,087,000	17,321,922	–	–
- exercise of warrants	300	187	–	–
Balance at end of year	690,705,280	336,906,763	232,844,600	106,499,700

Ordinary shares of the Company have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

During the financial year, the Company increased its issued and paid-up ordinary shares from RM106,499,700 comprising 232,844,600 ordinary shares to RM336,906,763 comprising of 690,705,280 ordinary shares through the following:-

(a) Issuance of 371,748,400 new ordinary shares on the conversion of 371,748,400 Irredeemable Convertible Preference Shares ("ICPS") at the conversion ratio of one (1) ICPS and RM0.54 in cash for one (1) ordinary share;

(b) Issuance of 2,024,980 new ordinary shares on the conversion of 20,249,800 ICPS at the conversion ratio of ten (10) ICPS for one (1) ordinary share;

(c) Issuance of 84,087,000 new ordinary shares through a private placement exercise on 15 March 2021 at an issue price of RM0.206 per ordinary share for a total cash consideration of RM17,321,922; and

(d) Issuance of 300 new ordinary shares by way of an exercise of 300 Warrants 2016/2021 at an exercise price of RM0.60 per Warrant.

In the previous financial year, the Company increased its issued and paid-up ordinary shares from RM95,641,580 comprising 213,844,600 ordinary shares to RM106,499,700 comprising 232,844,600 ordinary shares through the issuance of 19,000,000 new ordinary shares on the conversion of 19,000,000 ICPS at the conversion ratio of one (1) ICPS and RM0.54 in cash for one (1) ordinary share.

All the new ordinary shares issued during the current and previous financial years rank pari passu in all respects with the then existing issued ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

16. SHARE CAPITAL (CONT'D)

16.2 Irredeemable Convertible Preference Shares ("ICPS")

	Group and Company			
	2021		2020	
	Number of shares	Amount RM	Number of shares	Amount RM
Balance at beginning of year	391,998,200	12,340,818	410,998,200	12,938,938
Converted to ordinary shares (Note 16.1)	(391,998,200)	(12,340,818)	(19,000,000)	(598,120)
Balance at end of year	–	–	391,998,200	12,340,818

The ICPS were issued on 8 April 2016 at RM0.06 each and have expired on 7 April 2021. The salient features of the ICPS were as follows:-

(a) The ICPS were not redeemable for cash and were convertible at any time within five (5) years commencing on and including the date of issue of the ICPS up to and including the maturity date. Any remaining ICPS that were not converted by the maturity date would be automatically converted into new ordinary shares at the conversion ratio of ten (10) ICPS into one (1) new ordinary share.

(b) The Conversion Ratio and Conversion Price had been fixed at either ten (10) ICPS to be converted into one (1) new ordinary share or a combination of one (1) ICPS and RM0.54 in cash for one (1) new ordinary share.

(c) The Company had full discretion over the declaration of dividends, if any. Dividends declared and payable annually in arrears were non-cumulative and would be in priority over the ordinary shares.

(d) The ICPS ranked pari passu amongst themselves and ranked in priority to any other class of shares in the capital of the Company. In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital:-

   (i) The ICPS holders had the rights to receive in priority to the holders of ordinary shares, cash repayment in full of the amount of non-cumulative preferential dividend that had been declared and remaining in arrears;

   (ii) After the payment of any dividends to the ICPS holders, the remaining assets would be distributed first to the ICPS holders in full of the amount which would be equal to the issue price of each ICPS, provided that there was no further right to participate in any surplus capital or surplus profits of the Company; and

   (iii) In the event that the Company had insufficient assets to permit the full payment of the issue price, the Company's assets would be distributed pro rata on an equal priority to the ICPS holders in proportion to the amount that each ICPS holder would otherwise be entitled to receive.

(e) The ICPS holders were not entitled to any voting right or participation in any rights, allotments and/or other distribution in the Company, except on resolutions which vary or were deemed to vary the rights and privileges attaching to the ICPS, until and unless such holders convert their ICPS into new ordinary shares.

17. OTHER RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-distributable				
Warrants reserve (Note 17.1)	–	1,003,710	–	1,003,710
Exchange translation reserve (Note 17.2)	–	227,684	–	–
	–	1,231,394	–	1,003,710

17.1 Warrants reserve

The warrants reserve arose from the allocation of the proceeds received from the issuance of Warrants 2016/2021 ("the Warrants") by reference to the fair value of the Warrants net of discount, amounting to RM0.022 per Warrant and net of expenses incurred in relation to the Rights Issue completed on 19 April 2016. The Warrants have expired on 7 April 2021.

The movements of the warrant reserve during the financial year were as follows:-

	Group and Company	
	2021 RM	2020 RM
Balance at beginning of year	1,003,710	1,003,710
Exercise of Warrants	(7)	–
Warrants expired	(1,003,703)	–
Balance at end of year	–	1,003,710

The Warrants were issued on 8 April 2016 in conjunction with the rights issue of the Company's Irredeemable Convertible Preference Shares. The Warrants were constituted under the Deed Poll dated 7 March 2016 ("the Deed Poll") and exercisable at any time within five (5) years commencing on and including the date of issuance. Any Warrants which were not exercised at date of maturity would lapse and cease to be valid for any purpose.

Each Warrant entitled the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share at an exercise price of RM0.60 per Warrant. The new ordinary shares allotted and issued upon the exercise of the Warrants ranked pari passu in all respects with the existing ordinary shares of the Company, save and expect that they would not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which was prior to the date of allotment of the new ordinary share arising from exercise of the Warrants.

As at 30 June 2021, the total number of Warrants that remain unexercised were NIL (2020: 45,623,200).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

17. OTHER RESERVES (CONT'D)

17.2 Exchange translation reserve

	Group	
	2021 RM	2020 RM
Balance at beginning of year	227,684	231,492
Reclassification of exchange translation difference to profit or loss on the de-registration of a foreign subsidiary	(227,684)	–
Foreign currency translation loss	–	(3,808)
Balance at end of year	–	227,684

18. HIRE PURCHASE PAYABLES

	Group	
	2021 RM	2020 RM
Future minimum payments:		
- Within 1 year	26,700	34,550
- Between 2 to 5 years	17,747	44,447
	44,447	78,997
Future finance charges on hire purchase	(2,445)	(6,200)
Present value	42,002	72,797
Payable within 1 year (included under current liabilities)	(24,674)	(30,795)
Payable between 2 to 5 years (included under non-current liabilities)	17,328	42,002

19. DEFERRED TAX LIABILITIES

	Group	
	2021 RM	2020 RM
Balance at beginning of year	2,184,033	2,230,079
Acquisition of a subsidiary (Note 8.7(a))	–	17,485
Recognised in profit or loss (Note 25)	(63,577)	(63,531)
Balance at end of year	2,120,456	2,184,033

19.1 The deferred tax liabilities as at the reporting period are attributable to the revaluation of the land and buildings upon acquisition of subsidiaries.

19. DEFERRED TAX LIABILITIES (CONT'D)

19.2 As at the end of the financial year, the amounts of unabsorbed tax losses, unutilised capital allowances, unutilised reinvestment allowances, unutilised increased export allowance and other deductible temporary differences for which deferred tax assets have not been recognised in the financial statements are as follows:-

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Unabsorbed tax losses	14,297,003	12,486,338	800,016	800,016
Unutilised capital allowances	4,556,733	4,518,270	13,528	13,528
Unutilised reinvestment allowances	5,718,607	6,454,453	–	–
Unutilised increased exports allowance	52,245	52,245	–	–
Other deductible temporary differences	102,592	230,478	–	–
	24,727,180	23,741,784	813,544	813,544

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Trade payables	1,914,245	9,087,550	–	–
Other payables and accruals	4,300,004	1,825,478	372,839	252,709
Goods and Services Tax payable	112	112	–	–
	6,214,361	10,913,140	372,839	252,709

The normal credit periods of trade payables range from 30 to 90 days (2020: 30 to 90 days).

Other payables as at 30 June 2021 include the remaining down payment amounting to RM1,970,000 which was required to be paid by the Group pursuant to a Turnkey Agreement as explained in Note 13.3(b).

21. AMOUNT DUE TO DIRECTORS

The amount due to directors is non-trade in nature, unsecured, interest-free and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. REVENUE

Analyses of the Group's revenue disaggregated by business segments, primary geographical markets and timing of revenue recognition are as follows:-

	2021 RM	2020 RM
Analysis by business segments		
Revenue from contract with customers		
Ceramic - Sales of pottery, ceramic, porcelain and related products	10,484,894	8,261,248
Transportation and logistics - Haulage services	3,147,674	–
Others	694,382	–
	14,326,950	8,261,248
Revenue from other sources		
Interest income from moneylending activities	2,589,497	587,016
	16,916,447	8,848,264
Geographical markets		
Malaysia	14,622,970	7,462,147
Europe	445,977	772,611
United States	1,760,305	563,058
Others	87,195	50,448
	16,916,447	8,848,264
Timing of recognition for revenue from contracts with customers		
At a point in time	14,326,950	8,261,248

23. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest implicit on financial assets measured at amortised costs:				
- amount due from subsidiaries	–	–	–	6,292,160
Interest on lease liabilities	65,662	–	–	–
Interest on hire purchase	3,879	7,246	–	–
	69,541	7,246	–	6,292,160

24. LOSS BEFORE TAXATION

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
This is stated after charging:-				
Amortisation of intangible asset	277,778	–	–	–
Auditors' remuneration:				
- Annual statutory audit				
Current year	227,246	197,500	60,000	60,000
Under provided in prior year	9,500	20,072	–	–
- Non-audit fees				
Current year	3,000	3,000	3,000	3,000
Depreciation in respect of assets under leases included within:				
- Property, plant and equipment (Note 4.4)	68,259	59,160	–	–
- Investment properties (Note 5)	235,615	117,111	–	–
- Right-of-use assets (Note 6.1)	1,343,131	–	–	–
Depreciation of property, plant and equipment	873,975	959,291	24,140	26,050
Impairment losses on:				
- Investments in subsidiaries	–	–	22,050,600	1,248,738
- Other receivables	2,872,183	–	2,872,183	–
- Amount due from subsidiaries	–	–	–	74,167
- Property, plant and equipment	200,000	–	200,000	–
- Investment properties	721,545	–	–	–
Bad debts written off	15,538	–	–	–
Deposit written off	–	267	–	–
Directors' remuneration:				
- Executive Directors of the Company				
Fees	153,000	355,000	153,000	355,000
Salaries and other remuneration	634,332	787,150	154,545	682,430
- Non-executive Directors of the Company				
Fees	108,000	175,000	108,000	175,000
Other remuneration	1,800	–	1,800	–
- Directors of subsidiaries				
Fees	–	40,000	–	–
Salaries and other remuneration	166,397	573,907	–	–
Goodwill written off	–	51,398	–	–
Inventories written down	37,621	51,545	–	–
Inventories written off	–	117	–	–
Property, plant and equipment written off	4,388	5,599	2,479	5,599
Expenses relating to leases of low-value assets	12,000	95,719	1,320	2,664
Expenses relating to short-term leases	96,367	287,759	–	276,959
Net loss on disposals of subsidiaries	10,801,667	–	4,399,900	–
Amount due from subsidiaries written off upon disposal/de-registration	–	–	7,292,034	–
Loss on foreign exchange:				
- Realised	164,067	63,406	–	–
- Unrealised	–	3,379	–	–

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

24. LOSS BEFORE TAXATION (CONT'D)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
and crediting:-				
Gain on de-registration of a foreign subsidiary	211,932	–	–	–
Gain on disposal of property, plant and equipment	6,833	7,700	–	–
Gain on foreign exchange:				
- Realised	–	–	3,569	–
- Unrealised	126,496	–	–	–
Gain on termination of lease-to-own agreement	–	1,269,380	–	1,269,380
Interest income from fixed and short-term deposits placed with licensed banks	110,395	151,944	2,028	96,250
Deposit forfeited	–	500,000	–	500,000
Rental income	216,380	386,905	700	1,890
Reversal of impairment losses on investment in a subsidiary	–	–	–	500,000
Reversal of impairment losses on amount due from a subsidiary	–	–	1,500	–
Unwinding of discount on amount due from subsidiaries measured at amortised cost	–	–	2,478,882	713,913
Unwinding of discount on other receivables measured at amortised cost	106,896	348,894	106,896	348,894
Waiver of debts on amount due to payables	–	13,586	–	–

25. TAXATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current year Malaysian income tax	347,670	130,238	–	–
Deferred tax income resulting from the origination and reversal of temporary differences (Note 19)	(63,577)	(63,531)	–	–
	284,093	66,707	–	–
(Over)/Under provided in prior years:				
- Income tax	(11,190)	845	–	–
	272,903	67,552	–	–

25. TAXATION (CONT'D)

25.1 The general income tax rate in Malaysia for the financial year under review is 24% (2020: 24%) of taxable income.

A reconciliation of tax expense applicable to the loss before taxation at the applicable statutory tax rate to the tax expense at the effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Loss before taxation	(16,363,758)	(4,956,592)	(36,391,542)	(9,593,242)
Taxation at the statutory tax rate of 24% (2020: 24%)	(3,927,302)	(1,189,582)	(8,733,970)	(2,302,378)
Tax effects in respect of:-				
Expenses not deductible for taxation purposes	4,913,081	2,157,390	9,356,737	2,301,848
Income not subject to tax	(893,130)	(1,041,526)	(621,803)	–
Current year deferred tax assets not recognised	443,189	282,382	–	530
Double deduction of expenses	–	(15,657)	–	–
Tax savings arising from the utilisation of previously unrecognised deferred tax assets	(251,745)	(126,300)	(964)	–
Taxation (over)/under provided in prior years:				
- Income tax	(11,190)	845	–	–
Total tax expense	272,903	67,552	–	–

25.2 Subject to the agreement with the Inland Revenue Board, the Group and the Company have the following estimated amounts of unabsorbed tax losses, unutilised capital allowances, unutilised reinvestment allowances and unutilised increased export allowance which are available for set-off against future taxable income:-

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Unabsorbed tax losses:				
- expiring in 2025	10,679,277	10,679,277	800,016	800,016
- expiring in 2026	750,136	748,393	–	–
- expiring in 2027	1,058,668	1,058,668	–	–
- expiring in 2028	1,808,922	–	–	–
Unutilised capital allowances	4,556,733	4,518,270	13,528	13,528
Unutilised reinvestment allowances	5,718,607	6,454,453	–	–
Unutilised increased exports allowance	52,245	52,245	–	–
	24,624,588	23,511,306	813,544	813,544

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

26. LOSS PER SHARE

26.1 Basic

The basic loss per ordinary share is calculated based on the Group's loss for the financial year attributable to owners of the Company and on the weighted average number of shares in issue during the financial year as follows:-

	Group	
	2021	**2020**
Loss attributable to owners of the Company (RM)	(16,636,661)	(5,024,144)
Weighted average number of ordinary shares in issue	376,452,068	230,569,936
Basic loss per ordinary share (Sen)	(4.42)	(2.18)

26.2 Diluted

The diluted loss per ordinary share is the same with the basic loss per ordinary share as there is an anti-dilutive effect arising from the assumed conversion of the ICPS and assumed exercise of the Warrants. Further, both the ICPS and the Warrants have expired on 7 April 2021.

27. NOTES TO STATEMENTS OF CASH FLOWS

27.1 Purchase of property, plant and equipment

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash purchase	1,584,371	40,209	26,096	8,598
Properties derived from termination of lease-to-own agreement	–	7,900,000	–	7,900,000
	1,584,371	7,940,209	26,096	7,908,598

27.2 Liabilities arising from financing activities

Changes in the Group's and in the Company's liabilities arising from financing activities, including both cash and non-cash changes, during the financial year are analysed in the tables below.

2021

	As at 01.07.2020 RM	**Non-cash settlement RM**	**Net cash flows RM**	**As at 30.06.2021 RM**
Group				
Amount due to directors (Note 21)	7,834	(6,833)	2,930	3,931
Hire purchase payables (Note 18)	72,797	–	(30,795)	42,002
	80,631	(6,833)	(27,865)	45,933
Company				
Amount due to subsidiaries	3,274,482	–	298,358	3,572,840

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

27. NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)

27.2 Liabilities arising from financing activities (Cont'd)

2020

	As at 01.07.2019 RM	Net cash flows RM	As at 30.06.2020 RM
Group			
Amount due to directors (Note 21)	263,025	(255,191)	7,834
Hire purchase payables (Note 18)	163,462	(90,665)	72,797
	426,487	(345,856)	80,631
Company			
Amount due to subsidiaries	3,143,279	131,203	3,274,482

27.3 Cash and cash equivalents at end of year

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
As presented in the statement of financial position				
Fixed deposits with licensed banks (Note 15)	722,802	706,243	–	–
Short-term deposits with licensed banks (Note 15)	55,000,377	–	55,000,377	–
Cash and bank balances (Note 15)	46,233,237	15,962,814	8,377,386	2,380,947
	101,956,416	16,669,057	63,377,763	2,380,947
Less: Fixed deposits pledged with a licensed bank	(648,844)	(633,761)	–	–
Cash and cash equivalents at end of year	101,307,572	16,035,296	63,377,763	2,380,947

28. STAFF COSTS AND EMPLOYEES INFORMATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Staff costs comprised:-				
Salaries, wages and bonuses	4,297,203	5,939,113	623,978	2,995,844
Amount contributed under defined contribution plan:				
- Employees Provident Fund	433,047	612,910	43,333	298,002
Others	142,965	256,434	17,579	31,477
	4,873,215	6,808,457	684,890	3,325,323

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or when both parties are under the common control of another party.

Other than those already disclosed elsewhere in these financial statements, the transactions carried out with related parties during the financial year and balances at end of financial year were as follows:-

29.1 Transactions with related parties

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Transactions with companies in which certain Directors of the Company have substantial interests:				
- Subscription fees	(13,795)	(14,150)	(6,013)	(5,660)
- Haulage services rendered	1,644,900	–	–	–
- Haulage services received	(206,950)	–	–	–
- Professional services rendered	–	(14,000)	–	(14,000)
- Rental of trucks	(743,000)	–	–	–
- Rental paid for office premises	(30,000)	–	–	–
- Rental received for office premises	7,500	15,500	–	–

29.2 The year-end outstanding balances with related parties

The year-end outstanding balances with related parties and their terms and conditions are disclosed in Notes 14 and 21. The movements of impairment losses in respect of the amount due by related parties are disclosed in Note 14(c).

29.3 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group are the Directors of the Company and executive directors of major subsidiaries and their remuneration for the financial year were as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term employee benefits	968,387	1,761,800	392,742	1,230,800
Post-employment benefits				
- Contribution to Employees Provident Fund	84,964	165,280	19,456	83,560
Others	10,178	3,976	5,147	2,770
	1,063,529	1,931,056	417,345	1,317,130

29. RELATED PARTY TRANSACTIONS (CONT'D)

29.3 Key management personnel compensation (Cont'd)

The year-end outstanding balance in relation to key management personnel compensation is:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Included under other payables and accruals	80,538	140,891	80,538	140,891

30. SEGMENT REPORTING

30.1 Operating Segments

The Group has five reportable segments which comprised its major business segments and are based on their products and services. The reportable segments are as follows:-

(a) Ceramic — Involved in the retail, trading, manufacturing, exporting and marketing of pottery, porcelain products and ceramics wares and ornaments.

(b) Construction and property — Involved in property construction and other related businesses, investment and property development and other related services.

(c) Financial services — Involved in moneylending and hire purchase businesses.

(d) Transportation and logistics — Involved in transportation and logistics business and related information technology solutions and services.

(e) Others — Involved in investment holding and general trading.

The manufacturing and trading of pottery and porcelain products are managed by two different operating segments within the Group. These operating segments are aggregated to form a reportable segment known as ceramic segment due to the nature and economic characteristics of the products which are similar and inter-related.

The management monitors the performance of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. The performance of each business segment is evaluated based on the segment's profit or loss which is measured on a basis not significantly different from the profit or loss included in the consolidated financial statements.

Inter-segment transactions have been accounted for on a basis that is consistent with the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

30. SEGMENT REPORTING (CONT'D)

30.1 Operating Segments (Cont'd)

2021

	Ceramic RM	Construction and Property RM	Financial Services RM	Transportation and Logistics RM	Others RM	Consolidated RM
Revenue						
Total revenue	11,476,548	–	2,589,497	3,147,674	694,382	17,908,101
Inter-segment revenue	(991,654)	–	–	–	–	(991,654)
External sales	10,484,894	–	2,589,497	3,147,674	694,382	16,916,447
Results						
Segment results	675,706	(84,457)	999,210	1,333,803	(2,165,264)	758,998
Interest income	15,131	1,476	91,760	–	2,028	110,395
Depreciation and amortisation	(815,383)	(290,825)	(302,706)	(1,365,703)	(24,141)	(2,798,758)
Other non-cash items	(84,431)	(723,454)	–	–	(13,556,967)	(14,364,852)
Operating (loss)/profit	(208,977)	(1,097,260)	788,264	(31,900)	(15,744,344)	(16,294,217)
Finance costs	(4,198)	–	(22,944)	(42,399)	–	(69,541)
(Loss)/Profit before taxation	(213,175)	(1,097,260)	765,320	(74,299)	(15,744,344)	(16,363,758)
Taxation	(6,602)	(46,266)	(206,986)	(76,443)	63,394	(272,903)
(Loss)/Profit for the year	(219,777)	(1,143,526)	558,334	(150,742)	(15,680,950)	(16,636,661)
Assets						
Segment assets	29,182,390	44,261,987	119,887,065	32,581,819	95,910,967	321,824,228
Unallocated assets						101,446
Consolidated total assets						321,925,674
Liabilities						
Segment liabilities	3,838,798	129,032	620,114	3,980,936	384,339	8,953,219
Unallocated liabilities						2,398,594
Consolidated total liabilities						11,351,813

30. SEGMENT REPORTING (CONT'D)

30.1 Operating Segments (Cont'd)

2021 (Cont'd)

	Ceramic RM	Construction and Property RM	Financial Services RM	Transportation and Logistics RM	Others RM	Consolidated RM
Other Information						
Depreciation and amortisation	815,383	290,825	302,706	1,365,703	24,141	2,798,758
Non cash items other than depreciation and amortisation:						
- Bad debts written off	15,538	–	–	–	–	15,538
- Impairment losses on:						
- property, plant and equipment	–	–	–	–	200,000	200,000
- investment properties	–	721,545	–	–	–	721,545
- receivables	–	–	–	–	2,872,183	2,872,183
- Inventories written down	37,621	–	–	–	-	37,621
- Loss on disposal of subsidiaries	–	–	–	–	10,801,667	10,801,667
- Property, plant and equipment written off	–	1,909	–	–	2,479	4,388
- Net (gain)/loss on foreign exchange:						
- Realised	167,636	–	–	–	(3,569)	164,067
- Unrealised	(129,531)	–	–	–	3,035	(126,496)
- Gain on de-registration of a subidiary	–	–	–	–	(211,932)	(211,932)
- Gain on disposal of property, plant and equipment	(6,833)	–	–	–	–	(6,833)
- Unwinding of discount on other receivables measured at amortised cost	–	–	–	–	(106,896)	(106,896)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

30. SEGMENT REPORTING (CONT'D)

30.1 Operating Segments (Cont'd)

2020

	Ceramic RM	Construction and Property (Restated) # RM	Financial Services RM	Others RM	Consolidated RM
Revenue					
Total revenue	8,789,742	–	587,016	–	9,376,758
Inter-segment revenue	(528,494)	–	–	–	(528,494)
External sales	8,261,248	-	587,016	–	8,848,264
Results					
Segment results	(157,544)	(598,024)	231,999	(5,406,008)	(5,929,577)
Interest income	38,354	17,340	–	96,250	151,944
Depreciation and amortisation	(980,332)	(129,180)	–	(26,050)	(1,135,562)
Other non-cash items	(111,014)	13,586	–	2,061,277	1,963,849
Operating (loss)/profit	(1,210,536)	(696,278)	231,999	(3,274,531)	(4,949,346)
Finance costs	(7,246)	–	–	–	(7,246)
(Loss)/Profit before taxation	(1,217,782)	(696,278)	231,999	(3,274,531)	(4,956,592)
Taxation	(168)	(73,538)	(57,240)	63,394	(67,552)
(Loss)/Profit for the year	(1,217,950)	(769,816)	174,759	(3,211,137)	(5,024,144)
Assets					
Segment assets	23,164,362	61,097,296	19,183,677	19,017,637	122,462,972
Unallocated assets					154,257
Consolidated total assets					122,617,229
Liabilities					
Segment liabilities	1,613,713	9,046,941	65,740	267,377	10,993,771
Unallocated liabilities					2,251,490
Consolidated total liabilities					13,245,261

30. SEGMENT REPORTING (CONT'D)

30.1 Operating Segments (Cont'd)

2020 (Cont'd)

	Ceramic RM	Construction and Property (Restated) # RM	Financial Services RM	Others RM	Consolidated RM
Other Information					
Depreciation and amortisation	980,332	129,180	–	26,050	1,135,562
Non cash items other than depreciation and amortisation:					
- Deposit written off	267	–		–	267
- Goodwill written off	–	–		51,398	51,398
- Inventories written down	51,545	–		–	51,545
- Inventories written off	117	–		–	117
- Property, plant and equipment written off	–	–		5,599	5,599
- Net loss on foreign exchange:	–			–	
- Realised	63,406	–		–	63,406
- Unrealised	3,379	–		–	3,379
- Gain on disposal of property, plant and equipment	(7,700)	–		–	(7,700)
- Gain on termination of lease-to-own agreement	–	–		(1,269,380)	(1,269,380)
- Deposit forfeited	–	–		(500,000)	(500,000)
- Unwinding of discount on other receivables measured at amortised cost	–	–		(348,894)	(348,894)
- Waiver of debts on amount due to payables	–	(13,586)		–	(13,586)

\# *The Construction, Property Investment and Property Development segments have been aggregated to conform with the current financial year's segment reporting as the management considered them to be one operating unit under property division.*

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

30. SEGMENT REPORTING (CONT'D)

30.2 Geographical Segments

In determining geographical segments of the Group, revenue is based on the geographical location of customers and non-current assets are based on the geographical location of the assets. The non-current assets do not include financial instruments and deferred tax assets.

	2021		2020	
	Revenue RM	Non-current assets RM	Revenue RM	Non-current assets RM
Malaysia	14,622,970	81,705,420	7,462,147	56,384,000
Europe	445,977	–	772,611	–
United States	1,760,305	–	563,058	–
Others	87,195	–	50,448	–
	16,916,447	81,705,420	8,848,264	56,384,000

30.3 Major Customers

The following is the major customer with revenue 10% equal or more than ten percent of Group's revenue:-

	Group		
	2021 RM	2020 RM	Segment
Customer 1	6,523,199	5,669,710	Ceramic
Customer 2	3,147,674	–	Transportation and logistics

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Financial assets of the Group include financing receivables, trade and other receivables, fixed and short-term deposits with licensed banks, cash and bank balances.

Financial liabilities of the Group include trade and other payables, amount due to directors and hire purchase payables.

In respect of the Company, financial assets and financial liabilities also include the amounts due from and due to subsidiaries respectively.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.1 Categories of Financial Instruments

The Group's and the Company's financial instruments are categorised as follows:-

(a) Financial assets as per statement of financial position

	2021 Carrying amount RM	2021 Amortised cost RM	2020 Carrying amount RM	2020 Amortised cost RM
Group				
Financing receivables	82,731,078	82,731,078	7,499,213	7,499,213
Trade receivables	6,096,629	6,096,629	1,202,459	1,202,459
Other receivables and deposits #	8,133,252	8,133,252	12,666,196	12,666,196
Fixed and short-term deposits, cash and bank balances	101,956,416	101,956,416	16,669,057	16,669,057
	198,917,375	198,917,375	38,036,925	38,036,925
Company				
Other receivables and deposits	13,950	13,950	4,381,636	4,381,636
Amount due by subsidiaries	188,618,877	188,618,877	61,700,234	61,700,234
Fixed and short-term deposits, cash and bank balances	63,377,763	63,377,763	2,380,947	2,380,947
	252,010,590	252,010,590	68,462,817	68,462,817

\# *Exclude deposit for purchase of machinery (Note 13.3(b))*

(b) Financial liabilities as per statement of financial position

	2021 Carrying amount RM	2021 Amortised cost RM	2020 Carrying amount RM	2020 Amortised cost RM
Group				
Trade payables	1,914,245	1,914,245	9,087,550	9,087,550
Other payables and accruals	4,300,004	4,300,004	1,825,478	1,825,478
Amount due to directors	3,931	3,931	7,834	7,834
Hire purchase payables	42,002	42,002	72,797	72,797
	6,260,182	6,260,182	10,993,659	10,993,659
Company				
Other payables and accruals	372,839	372,839	252,709	252,709
Amount due to subsidiaries	3,572,840	3,572,840	3,274,482	3,274,482
	3,945,679	3,945,679	3,527,191	3,527,191

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management

The Group's financial instruments are subject to a variety of financial risks including credit risk, liquidity and cash flow risks and market risks.

The Group's overall financial risk management objective is to seek to address and control the risks to which the Group is exposed and to minimise or avoid the incidence of loss that may result from its exposure to such risks and to enhance returns where appropriate.

The Board is primarily responsible for the management of these risks and to formulate policies and procedures for the management thereof. The risks are managed by regular risk reviews, internal control systems, on-going formulation and adherence to financial risk policies and mitigated by insurance coverage where appropriate.

(a) Credit risk

Risk management

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its financing receivables, trade and other receivables, fixed deposits placed with licensed banks and bank balances. The Company's exposure to credit risk includes the amount due from subsidiaries.

Credit risk is addressed by the application of credit evaluation and close monitoring procedures by the management. New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses. Collateral is required for the business of financing activities.

The Group's deposits and bank balances are only placed with licensed banks and the management considers the risk of material loss in the event of non-performance by the financial counterparty to be unlikely.

The Group's fixed deposits and bank balances are only placed with licensed banks and the management considers the risk of material loss in the event of non-performance by the financial counterparty to be unlikely.

Measurement of expected credit loss allowances

The Group has three types of financial assets which are subject to the expected credit losses ("ECLs") impairment model and they are:-

- Financing receivables;
- Trade receivables;
- Other receivables and deposits; and
- Fixed and short-term deposits, cash and bank balances.

In respect of the Company, this includes the amount due from subsidiaries.

Fixed and short-term deposits and bank balances have a low credit risk as they are placed with reputable banks with high quality external credit ratings. Consequently, no allowance for impairment loss has been provided for in the financial statements.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Measurement of expected credit loss allowances (Cont'd)

Financing receivables

Impairment of financing receivables are recognised on the general approach within MFRS 9 using the forward-looking ECL model. Financing receivables are generally collateralised against stocks quoted on Bursa Malaysia Securities Berhad and Singapore Stock Exchange, properties, and fixed and/or floating charges over the assets a business. In respect unsecured lendings, customers are required to provide individual and/or corporate guarantee and indemnity to the Group. When measuring ECLs, the assessment is performed on individual customer and the Group takes into account of the cash flows expected from the realisation of the collaterals and the customer's financial strength.

In respect of secured financing receivables as at the end of the financial year, the market values of the collaterals as at 30 June 2021 are higher than the amount outstanding and hence, no loss allowance has been recognised in the financial statements.

In respect of the unsecured financing receivables, the management have not experienced any default on repayment and the management consider the risk of default by the borrowers as at the reporting date to be unlikely. Hence, no loss allowance has been recognised in the financial statements in relation to the unsecured financing receivables.

Trade receivables using the simplified approach

The Group applies the MFRS 9 simplified approach in measuring ECLs which estimates a lifetime expected credit loss allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of its customers in relation to the billings and invoices issued to customers over a period of two (2) years prior to the end of each reporting period and the corresponding historical credit loss experienced within that period.

The historical loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle their debts. The Group has identified the Gross Domestic Product ("GDP") as a relevant factor and accordingly adjusts the expected loss rates based on expected changes in the factor.

Where the credit risk of a debtor has increased significantly and past due more than one (1) year, its ECLs are assessed individually by considering historical payment trends and financial strength of the debtor.

The gross carrying amounts of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor is having significant financial difficulty and does not have sufficient cash flows to repay its debts. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The Group's exposure to credit risk and allowance on ECLs for trade receivables are disclosed in Note 13.1.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Measurement of expected credit loss allowances (Cont'd)

Trade receivables using the simplified approach (Cont'd)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Other receivables and refundable deposits

Impairment of other receivables and refundable deposits are recognised on the general approach within MFRS 9 using the forward-looking ECL model. The methodology used to determine the amount of impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets.

Other than those disclosed in Notes 13.2 and 13.3, based on the management's assessment, the probability of default by these counterparties is low and hence, no loss allowance has been recognised in the financial statements.

Amount due from subsidiaries

The Company provides unsecured advances to subsidiaries and the Company monitors the results from their operations regularly.

The Company considers that the advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. Since the Company is able determine the timing of repayments of the advances, the Company considers the advances to be in default if the subsidiaries are not able to pay when demanded. This is normally evidenced by the subsidiaries' continuing losses and having a deficit in shareholders' fund.

The Company determines that the probability of default for the amount due from subsidiaries individually using internal information. The Company's exposure to credit risk and loss allowance on amount due from subsidiaries are disclosed in Note 14. Other than those already impaired, no loss allowance has been recognised on the remaining amount due from subsidiaries as the Company considers them as low credit risk.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Credit risk concentration profile

As at the end of the reporting period, the Group has significant concentration of credit risk arising from the exposure as disclosed below:-

(i) Amount due from eight (8) major customers representing approximately 94% (2020: one (1) customer representing 100%) of the total financing receivables. In addition to the collateral obtained by the Group, the repayments from the customer are closely monitored by the management to ensure that the terms agreed with the customer are complied with.

(ii) Amount due from two (2) major customers representing approximately 87% (2020: one (1) major customer representing approximately 92%) of the total trade receivables. The amounts due and repayments from these customers are closely monitored by the management to ensure that the credit limits and terms agreed with the customers are complied with.

(iii) Deposits paid pursuant to the Concept Masterplan Agreement representing approximately 55% (2020: 80%) of total deposits. In addition to the security obtained by the Group, the obligations by the counterparties are closely monitored by the management to ensure that they are appropriately fulfilled.

(b) Liquidity and cash flow risks

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

Liquidity and cash flow risks are addressed by annual and continuous review and forward planning of cash flow in relation to business plans to ensure a balanced and prudent portfolio of cash and other liquid assets and credit facilities is maintained. The proper management of credit risks has the effect of further minimising the incidence and effects of liquidity and cash flow risks.

Maturity analysis

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

	Maturity Profile				
	Less than 1 year RM	Between 1 year to 5 years RM	More than 5 years RM	Total RM	Effective interest rate
Group					
2021					
Trade payables	1,914,245	–	–	1,914,245	–
Other payables	4,300,004	–	–	4,300,004	–
Amount due to directors	3,931	–	–	3,931	–
Hire purchase payables	26,700	17,747	–	44,447	7.07%

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management (Cont'd)

(b) Liquidity and cash flow risks (Cont'd)

Maturity analysis

The maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows (Cont'd):-

	Maturity Profile				
	Less than 1 year RM	Between 1 year to 5 years RM	More than 5 years RM	Total RM	Effective interest rate
Group (Cont'd)					
2020					
Trade payables	9,087,550	–	–	9,087,550	–
Other payables	1,825,478	–	–	1,825,478	–
Amount due to directors	7,834	–	–	7,834	–
Hire purchase payables	34,550	44,447	–	78,997	4.61% to 4.86%
Company					
2021					
Other payables	372,839	–	–	372,839	–
Amount due to subsidiaries	3,572,840	–	–	3,572,840	–
2020					
Other payables	252,709	–	–	252,709	–
Amount due to subsidiaries	3,274,482	–	–	3,274,482	–

(c) Market risk

Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market prices.

The Group's main market risk exposure are currency and interest rate fluctuations and which are discussed under the respective risk headings.

(d) Currency risk

The Group operates internationally and is exposed to foreign currency risk arising form transactions denominated in currencies other than functional currencies of the entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD") and European Union Euro ("EURO"). Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group does not speculate in foreign currency derivatives.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management (Cont'd)

(d) Currency risk (Cont'd)

Exposure to currency risk

The foreign currency exposure profile of the Group's financial assets as at the end of the reporting period is as follows:-

	Denominated in foreign currency			
	USD RM	**AUD RM**	**EURO RM**	**Total RM**
2021				
Fixed and short-term deposits, cash and bank balances	120,520	847	191	121,558
2020				
Fixed and short-term deposits, cash and bank balances	192,089	798	186	193,073

The Group does not have any exposure in foreign currencies in respect of its financial liabilities as at the end of the reporting period (2020: NIL).

Currency risk sensitivity analysis

A 10 percent strengthening or weakening of the foreign currency against the functional currencies at the end of the reporting period would have increased or decreased profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	
	2021 RM	**2020 RM**
USD	12,052	19,209
AUD	85	80
EURO	19	19

(e) Interest rate risk

The Group has interest rate risk in respect of its hire purchase payables, financing receivables and fixed and short-term deposits with licensed banks.

The Group's hire purchase payables, financing receivables, fixed and short-term deposits with licensed banks are subject to interest based on fixed rates.

Market interest rate movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate borrowing arrangements and interest bearing deposits are restructured and reduced.

Interest rate risk sensitivity analysis

As the Group's hire purchase payables, financing receivables, fixed and short-term deposits with licensed banks are based on fixed rates, a change in interest rate at the end of the reporting period would not affect profit or loss or equity.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FAIR VALUE MEASUREMENT

32.1 Fair Value Measurement Hierarchy

Other than as analysed in the tables below, the Group and the Company consider that the carrying amounts of those financial assets and financial liabilities are reasonable approximation of their fair values, either due to their short-term nature or that they are priced to market interest rates.

There were no transfers in between fair value levels during the financial year ended 30 June 2021 and 30 June 2020.

(a) Assets measured at fair value

	Fair value measurement using			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
2021				
Group and Company				
Unquoted equity investment at fair value through other comprehensive income (Note 10)	–	–	22,000,000	22,000,000

2020 - NIL

The Group and the Company do not have liabilities measured at fair value as at the end of the reporting period.

(b) Assets not measured at fair value but for which fair value is disclosed

	Fair value measurement using				
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total fair value RM**	**Carrying amount RM**
Group					
2021					
Investment properties	–	22,187,000	–	22,187,000	22,187,000
2020					
Investment properties	–	22,187,000	–	22,187,000	23,144,160

32.2 Determination of Fair Value

(a) Unquoted equity investment at fair value through other comprehensive income

The fair value of the unquoted equity investment has been determined by the management with reference to a valuation using discounted cash flow method. The inputs used for the determination of fair value are categorised as Level 3. The significant unobservable inputs to the valuation model are discount rate, projected future cash flows and terminal value. An increase in discount rate and decrease in projected future cash flows and terminal value will result in a significant decrease to the fair value and vice versa.

The fair value measurement of the unquoted equity investment is regularly monitored and reviewed by the management including any changes to the significant unobservable input and the management report directly to the Directors of the Company.

32. FAIR VALUE MEASUREMENT (CONT'D)

32.2 Determination of Fair Value (Cont'd)

(b) Investment properties

The fair value of the investment properties has been determined by an external independent property valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the property being valued.

The fair value is within Level 2 of the fair value hierarchy. The fair value has been generally derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

33. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital using debt-to-equity ratio. The Group's policy to maintain a prudent level of debt-to-equity ratio that complies with regulatory requirements and debt covenants, if any.

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

34. CAPITAL COMMITMENT

Capital commitment as at the end of the financial year was as follows:-

	Group	
	2021 RM	**2020 RM**
Capital expenditure for purchase of plant and machinery:		
- Authorised and contracted for	35,800,000	–

35. MATERIAL EVENTS DURING THE FINANCIAL YEAR

35.1 On 24 December 2020, APPI Sdn. Bhd. (“APPI”), a wholly-owned subsidiary of the Company entered into a Memorandum of Understanding with Howellcare Industries Sdn. Bhd. (“Howellcare”), to appoint Howellcare as a turnkey contractor to plan, design, supply, install and commissioning of four (4) units of Nitrile Butadiene Rubber (“NBR”) double former glove dipping production lines and with four (4) lines of utilities support system at the Group’s existing factories located at Kawasan Perindustrian Kamunting Raya, Perak ("the Factories") for a total contract value of RM54,800,000 (“Glove Project”) (“MOU”).

APPI had on 26 March 2021 entered into a definitive agreement for the turnkey commissioning of NBR double former glove dipping production plant with Howellcare (“Turnkey Agreement”), which will enable the Group to set up two (2) NBR double former glove dipping production lines with utilities support system at the Factories for a total contract price of RM39,800,000.

The commissioning of two (2) NBR double former glove dipping production lines has yet to commence as at the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

35. MATERIAL EVENTS DURING THE FINANCIAL YEAR (CONT'D)

35.2 On 15 March 2021, the Company undertook a private placement exercise and issued 84,087,000 new ordinary shares in the Company at an issue price of RM0.206 per share for a total cash consideration of approximately RM17.32 million. The new ordinary shares issued were listed on the Main Market of Bursa Malaysia Securities Berhad on 17 March 2021.

35.3 On 22 March 2021, the Company had entered into a shares sale agreement with Line Clear Ventures Holdings Sdn. Bhd. ("LCVH") to undertake the acquisition of 14,400,000 ordinary shares in Line Clear Express & Logistics Sdn. Bhd. ("LCEL"), representing 15% of the equity interest in LCEL, from LCVH for a total cash consideration of RM22,000,000. The acquisition was completed on 21 April 2021.

35.4 On 9 April 2021, Million Rich Development Sdn. Bhd. ("MRDSB") had entered into a deed of mutual rescission and revocation with Arena Progresif Sdn. Bhd. ("APSB") and both parties mutually agreed to terminate the concept masterplan agreement dated 4 July 2017 (amended by a supplemental agreement dated 15 December 2017). Pursuant to the termination, APSB shall refund the deposit of RM7,398,165 to MRDSB within two months from the date of the deed of mutual rescission and revocation or within such other period as may be extended by MRDSB, whereby MRDSB reserves the right to charge interest on any of the unpaid sums. Refer to Note 13.3(a) for details of the settlement arrangement entered into between MRDSB and APSB with regard to the deposit.

36. MATERIAL EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

36.1 On 2 August 2021, the Company incorporated Omnipack Sdn. Bhd. ("Omnipack") with an issued and paid-up capital of RM100 divided into 100 ordinary shares. Omnipack is principally involved in the business of manufacturing and trading in styrofoam box and other packaging business. As of the date of the approval of these financial statements, Omnipack has commenced its business.

36.2 At an extraordinary general meeting held on 22 September 2021, the shareholders have approved the Company's proposals to undertake the following:-

(a) diversification of the existing businesses of the Group to include manufacturing and trading of gloves and other personal protective equipment products and related business;

(b) diversification of the existing businesses of the Group to include transportation and logistics business;

(c) diversification of the existing businesses of the Group to include hire purchase business;

(d) diversification of the existing businesses of the Group to include information technology ("IT") business; and

(e) renounceable rights issue of up to 690,705,280 new ordinary shares in the Company ("CSH Shares") ("Rights Shares") on the basis of one (1) Rights Share for every one (1) existing CSH Share held on an entitlement date to be determined, together with up to 690,705,280 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed for.

(collectively referred to as "the Proposals")

As at the date of approval of these financial statements, other than for item (e), the remaining Proposals are being implemented.

STATEMENT BY DIRECTORS

We, SIM CHIUN WEE and KENNY KHOW CHUAN WAH, being the two of the Directors of CSH Alliance Berhad (formerly known as KTG Berhad), do hereby state that, in the opinion of the Directors, the financial statements set out on pages 46 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Board of Directors dated 25 October 2021.

SIM CHIUN WEE
Director

KENNY KHOW CHUAN WAH
Director

Date: 25 October 2021

STATUTORY DECLARATION

I, KENNY KHOW CHUAN WAH, being the Director primarily responsible for the financial management of CSH Alliance Berhad (formerly known as KTG Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 46 to 130 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)
KENNY KHOW CHUAN WAH at Kuala Lumpur in the)
Federal Territory this 25 October 2021)

KENNY KHOW CHUAN WAH
(MIA MEMBERSHIP NO.: CA 31967)

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CSH ALLIANCE BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CSH ALLIANCE BERHAD (formerly known as KTG BERHAD), which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 130.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 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.

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT
(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
1. Unquoted equity investment classified at fair value through other comprehensive income As disclosed in Note 10 to the financial statements, the Group has a new unquoted equity investment with a fair value of RM22,000,000 as at 30 June 2021. The fair value has been determined by the management with reference to a valuation using discounted cash flow method. For the related disclosures, refer to the following notes to the financial statements:- • Note 2.18.2(b) - Accounting policy for measurement of equity investments. • Note 3.2(d) - Key sources of estimation uncertainty on measurement of unquoted equity investment where fair value is not available from active markets. • Note 32.2(a) - Disclosures about how has the fair value been determined and the significant unobservable inputs to the valuation model. The inputs used for the determination of fair value are categorised as Level 3 of the fair value hierarchy. The measurement of fair value using the discounted cash flow method is highly subjective and we focused on this area as the valuation is highly dependent upon, among others, the achievability of the investee's business plans.	Our procedures include the following:- • Considered the valuers' qualifications and determine whether there were any matters which might affect their objectivity or which may impose limitations or restrictions during valuation process; • Read the valuation report to obtain understanding and evaluated reasonableness of the methodology and key inputs used by the valuers; and • Performed sensitivity analysis on a reasonable possible change in key inputs used in the valuation model comprising the discount rate, projected future cash flows and terminal value.

INDEPENDENT AUDITORS' REPORT
(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
2. Measurement of expected credit losses on financing and trade receivables As disclosed in Notes 11 and 13.1 to the financial statements, the aggregate carrying amount of the Group's financing and trade receivables as at 30 June 2021 amounted to RM88,827,707 and this represents approximately 27% of the total assets of the Group. For other disclosures, refer to the following notes to the financial statements:- • Note 2.18.4 – Accounting policy for measurement of expected credit losses • Notes 3.2(e) and (f) – Key sources of estimation uncertainty on measurement of expected credit loss allowances on trade receivables and on financing receivables, respectively • Note 31.2(a) - Disclosures about credit risk management in respect of financing receivables and trade receivables The measurement of expected credit loss ("ECL") requires the application of significant judgement and the estimation of the effects of uncertain future events such as risk of default and changes in macroeconomic conditions. In view of the significance of the carrying amount and the high level of subjectivity involved in the estimation of the ECL, we considered that this area as a key audit matter.	Our procedures include the following:- • Assessed the management's internal control for monitoring the debts and collections thereon; • In respect of financing receivables, we checked to security held by the Group and collections subsequent to the financial year end; and • In respect of trade receivables, we checked the appropriateness of the historical data used in assessing the historical loss rates. We also evaluated the reasonableness of forward-looking macroeconomic factor used in determining the expected loss rates.

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 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.

INDEPENDENT AUDITORS' REPORT
(cont'd)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 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
(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 or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors is disclosed in Note 8.2 to the financial statements.

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.

FOLKS DFK & CO.
NO.: AF 0502
CHARTERED ACCOUNTANTS

SAM SIOW CHENG
NO.: 03306/06/2023 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Date: 25 October 2021

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE ("AC")

The AC comprises the following members:-

Name	Designation	Directorship
Lim Peng Tong	Chairman	Independent Non-Executive Director
Ahmad Ruslan Zahari Bin Zakaria	Member	Independent Non-Executive Director
Ng Keok Chai	Member	Independent Non-Executive Director

The composition of the AC is in compliance with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the Malaysian Code on Corporate Governance ("**MCCG**") where all three (3) AC members are Independent Non-Executive Directors. In addition, none of the Independent Directors have appointed Alternate Directors.

The member of the AC meets the requisite qualifications under Paragraph 15.09(1)(c) of the MMLR of Bursa Securities.

The duties and responsibilities of the AC are spelt out in the Terms of Reference of the AC, a copy of which is available on the Company's website at https://www.ktg.com.my.

MEETINGS AND ATTENDANCE OF AC MEMBERS

The AC held five (5) meetings during the financial year ended 30 June 2021. The Executive Directors, Chief Financial Officer (resigned on 31 May 2021) and representatives of the External and Internal Auditors were invited to attend AC meetings when required, in order to facilitate direct communications regarding matters of significant concern or interest. The Minutes of the AC meetings were circulated to all members of the Board for their notation.

The details of the attendance of the AC members are as follows:-

Name	Attendance*
Lim Peng Tong	5/5
Ahmad Ruslan Zahari Bin Zakaria	5/5
Ng Keok Chai	5/5

* The AC Meetings were held on 27 August 2020, 15 October 2020, 27 November 2020, 25 February 2021 and 27 May 2021 respectively.

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC

During the financial year ended 30 June 2021, the AC had discharged its functions and carried out its duties as set out in its Terms of Reference.

The AC has also met up with the External Auditors without the presence of all the Executive Board members once during the financial year to encourage a greater exchange of free and honest views between both parties. The External Auditors highlighted that matters that required the attention of the AC had been highlighted during the particular private session.

AUDIT COMMITTEE REPORT
(cont'd)

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC (CONT'D)

A summary of the work of the AC in the discharge of its functions and duties for the financial year ended 30 June 2021 and how it has met its responsibilities during the financial year are as follows:-

1. Financial Results

a) Reviewed the quarterly financial results of the Company focusing particularly on changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements before recommending them for approval by the Board of Directors for the announcement to Bursa Securities; and

b) Reviewed the reports and the audited financial statements of the Company together with the External Auditors prior to tabling to the Board for approval.

In the review of the annual audited financial statements, the AC had discussed with Management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements as well as issues and reservations arising from the statutory audit.

The AC had met on the following dates during the financial year to deliberate on the financial reporting matters:-

Date of Meeting	Financial Reporting Statement Reviewed
27 August 2020	• Fourth quarter results for the financial year ended 30 June 2020
15 October 2020	• Audited Financial Statements for the financial year ended 30 June 2020
27 November 2020	• First quarter results for the financial period ended 30 September 2020
25 February 2021	• Second quarter results for the financial period ended 31 December 2020
27 May 2021	• Third quarter results for the financial period ended 31 March 2021

2. External Audit

a) Reviewed the Report on Significant Audit Findings for the financial year ended 30 June 2020, which included the External Auditors' significant audit findings and observations, the status of the audit, independence of the External Auditors and summary of adjusted audit differences;

b) Reviewed and discussed the Follow-Up Report for the financial year ended 30 June 2020 and areas for concern raised by the External Auditors;

c) Reviewed the Outline of Audit Plan for the financial year ended 30 June 2021 presented by the External Auditors, which included the external auditors' audit approach and methodology, audit timetable, significant audit areas, reporting and deliverables in the current evolving environment due to the COVID-19, significant audit findings arising from previous year's audit, Malaysian Financial Reporting Standard and fees;

d) Assessed the suitability, objectivity, independence and performance of the External Auditors; and

e) Reviewed and evaluated the adequacy and effectiveness of the Group's accounting policies, procedures and system of internal controls.

During the financial year, the AC had a private discussion with the External Auditors on 27 August 2020, without the presence of the Executive Directors and Management of the Company to discuss issues that arose from the external audit.

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC (CONT'D)

A summary of the work of the AC in the discharge of its functions and duties for the financial year ended 30 June 2021 and how it has met its responsibilities during the financial year are as follows (Cont'd):-

3. Internal Audit

a) Assessed the performance of the Internal Auditors;

b) Reviewed and approved the Internal Audit Services Proposal for the financial year ended 30 June 2021 and the internal audit fees;

c) Reviewed two (2) Internal Auditor's Reports for the financial year ended 30 June 2021, which includes internal audit findings and the Management responses to rectify and improve the system of internal control; and

d) Monitored the implementation of the action plan recommended by Internal Auditors arising from its audits in order to obtain assurance that all key risks and controls have been dealt with effectively.

4. Related Party Transactions ("RPT")

a) Reviewed any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure, or course of conduct that raises questions on management integrity at each AC quarterly meeting.

b) Reviewed the proposed Related Party Transaction Policy and Procedures and recommended the same to the Board of Directors for approval and adoption.

5. Other matters

a) Reviewed the composition of the Audit Committee to be in compliance with the MMLR of Bursa Securities and the best corporate governance practices;

b) Reviewed the AC Report for disclosure in the 2020 Annual Report; and

c) Reviewed the draft Circular to Shareholders for the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature and recommended the same to the Board for approval.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Company's internal audit function, which is outsourced to a professional service firm, assists the Board and the AC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system and reports directly to the AC.

A summary of work of the internal audit function for the financial year ended 30 June 2021 is as follows:-

(a) Formulated the internal audit plan and presented the plan for the AC's review and approval;

(b) Executed the internal audit review on the sales and marketing management of Asian Pottery (Penang) Sdn. Bhd. ("**APPSB**"), a wholly-owned subsidiary of the Company with the objective to ensure there are proper controls, authorisation, policy, and/or procedures in place to improve the control environment, internal control and governance process of APPSB;

AUDIT COMMITTEE REPORT
(cont'd)

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION (CONT'D)

A summary of work of the internal audit function for the financial year ended 30 June 2021 is as follows (Cont'd):-

(c) Executed the internal audit review on the production planning of Oriwina Sdn. Bhd. ("**Oriwina**"), a wholly-owned subsidiary of the Company, to ensure proper controls, authorisation, policy, and/or procedures in place to improve the control environment, internal control, and governance process of Oriwina; and

(d) Based on the audit reviews carried out, reported the results of the audit reviews to the AC in the AC held on 25 February 2021 and 27 May 2021, respectively. The reports highlighted internal control weaknesses identified and corresponding recommendations for improvements.

The internal audit reviews carried out during the financial year ended 30 June 2021 did not reveal weaknesses that have resulted in any material losses, contingencies, or uncertainties that would require separate disclosure in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**the Board**") of CSH Alliance Berhad (formerly known as KTG Berhad) ("**CSH**" or "**the Company**") is pleased to present its Statement on Risk Management and Internal Control ("**SORMIC**") for the financial year ended 30 June 2021, which has been prepared pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**MMLR**") and in accordance with the SORMIC: Guidelines for Directors of Listed Issuers, issued by Task Force on Internal Control with the support and endorsement of Bursa Securities. The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

BOARD RESPONSIBILITY

The Board undertakes the responsibility and re-affirms its commitment to maintaining a sound system of internal control that supports the achievement of the corporate policies, aims and objectives of the Company and its subsidiaries through continuous improvement on internal control and risk management. The Company's system of risk management and internal control is designed to safeguard shareholders' investments and the Company's assets as well as to review the adequacy and integrity of the system of internal control. The responsibility of reviewing the adequacy and integrity of the Company's system of internal control is delegated to the Audit Committee ("**AC**"), which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal audit function.

However, as there are inherent limitations in any system of internal control, such a system put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Company's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

On 20 April 2011, the Board had established the Risk Management Committee ("**RMC**") which comprises majority of Independent Non-Executive Directors, and plays a more focused role in the direction and oversight of the Group's risk management policies. The composition of the RMC is as follows:-

Name	Designation	Directorship
Lim Peng Tong	Chairman	Independent Non-Executive Director
Ng Keok Chai	Member	Independent Non-Executive Director
Kenny Khow Chuan Wah *(appointed w.e.f. 25 October 2021)*	Member	Executive Director
Ahmad Ruslan Zahari Bin Zakaria *(resigned w.e.f. 25 October 2021)*	Member	Independent Non-Executive Director

The RMC, together with the Operational Management and Risk Officers, work hand-in-hand to safeguard the assets of the Company by identifying key business risks and ensuring that the identified risks are properly managed within budget as well as the Company's operational and strategic plans.

The Board, together with the RMC, have tried to determine the core capabilities, divisions, competitive advantages, formation of the value-added chain, and thus key factors that contribute to the Group's value drivers. The risk management strategy will be aligned with the actions taken with business strategy, which is necessary to maximise organisational effectiveness.

Aside from the risk management policy, the Group has adopted an Enterprise Risk Management ("**ERM**") Framework: Integrating with Strategy and Performance to ensure sustainable growth and promote a proactive approach in reporting evaluating and managing risks associated within the respective companies, in-line with the agreed risk framework and accepted by the RMC and approved by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

RISK MANAGEMENT (CONT'D)

Based on the ERM Framework, risk assessments that have been conducted through a combination of discussion by the Head of Department/Business Units and the top management, the Board and the RMC had noted the risk profiling results, which outlines the process followed in conducting an assignment and the risk register outputs from the exercise conducted. The results from the risk assessments will be able to provide the basis for business improvement strategies, developing cost-effective control strategies, and possibly internal audits to prioritise operational review.

The Group had on 25 October 2021 adopted a revised Credit Policy to regulate and govern its moneylending business as well as ensuring sound credit-granting standards whereby comprehensive credit assessment would be conducted to evaluate the creditworthiness of borrowing applicants at the same time establishing specific criteria to be met before granting of loans. Mechanisms such as the issuance of reminder letters, calls, and litigation processes have been established to monitor collections and minimise default risks.

INTERNAL CONTROL

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters that require the Board's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted upon in a timely manner.

Issues relating to the business operations are highlighted to the Board's attention during Board meetings. The AC reviews internal control matters and updates the Board on significant control gaps for the Board's attention and action.

The other salient features of the Group's systems of internal controls are as follows:-

- Group's business objectives are communicated throughout the organisation through its business plan, management meetings as well as the interaction between the Executive Directors, Management and employees;

- Defined organisation structure and delegation of responsibilities enable a clear reporting line from lower management level up to the Board;

- Policies, Procedures and Standard Operating Procedures which are systematically documented, revised regularly and made available to guide staff in their daily operations;

- Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;

- Quarterly review of the financial performance of the Group by the Board and the AC;

- A Code of Business Ethics and Conduct is well communicated to all employees of the Group. All employees of the Group shall adhere to the Code of Business Ethics and Conduct of the Group, which sets out the principles and standards to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties; and

- The Anti-Bribery and Anti-Corruption ("**ABAC**") Policy of the Group was revised and adopted on 25 October 2021. The said ABAC Policy, which has been made available on the Company's website at https://www.ktg.com.my, sets out the Group's ABAC management and governance framework as well as the Group's responsibilities in observing and upholding the Group's stance against bribery and corruption. Training and briefing in relation to ABAC Policy of the Group have been provided to all existing employees, Management as well as Board of the Group, and the same would be provided for all new employees, Management and Directors to ensure all individuals within the Group are fully aware of the ABAC Policy.

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

INTERNAL CONTROL (CONT'D)

Further, the following key internal control structures which provide guidance for the employees of the Group in dealing with risks in a rational and target-oriented manner are in place to assist the Board in maintaining a proper internal control system:-

- Adoption of the Group's risk management policy statement by all business units and divisions and decisions in relation to risk management to be made at the operational level where knowledge and expertise reside. Responsibility for risk management will be undertaken by business units or divisions with the guidance from the RMC;

- Risks identified to be formally reported to the RMC and the Board during the RMC Meeting to be held periodically;

- Incorporation of risk management in relation to business and operational planning into new projects; and

- Promotion of a proactive risk management approach and creation of the necessary risk awareness and cultivation of an intra-group risk and control culture.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm as part of its efforts in ensuring that the Group systems of internal controls are adequate and effective. The internal audit activities of the Group are carried out according to the internal audit service proposal approved by the AC. The internal audit function adopts a risk-based approach and prepares its audit plans based on the risk profile of the Group and significant risks identified. The internal audit provides an assessment of the adequacy and integrity of the Group's system of internal controls and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the internal audit assessments are reported periodically to the AC.

The internal audit report is reviewed by the AC and forwarded to the Management so that any recommended corrective actions can be implemented. The Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required timeframe. In addition, the status of the implementation of corrective actions to address the weaknesses is also followed up by the AC and RMC to ensure that these actions have been satisfactorily implemented. The Management will continue to ensure that appropriate actions are taken to enhance and strengthen the internal control environment.

During the financial year under review, two (2) cycles of the internal audit were carried out for two (2) of its wholly-owned subsidiaries, Asian Pottery (Penang) Sdn. Bhd. and Oriwina Sdn. Bhd. Based on the internal audit reviews carried out, none of the weaknesses noted have resulted in any material losses, contingencies, or uncertainties that would require separate disclosure in this annual report.

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 30 June 2021 amounted to RM29,000.00.

REVIEW BY THE BOARD

The Board's review of risk management and internal control effectiveness is based on information from:-

- Management within the organisation is responsible for the development and maintenance of the risk management and internal control system; and

- The work by the internal audit function, which submitted its reports to the AC together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The Board considered the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Company's business environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

REVIEW BY THE EXTERNAL AUDITORS

The External Auditors of the Company have reviewed this Statement on Risk Management and Internal Control for the inclusion in this Annual Report and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the risk management processes and internal controls.

CONCLUSION

For the financial year under review and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is of the view that the Company's system of internal control is adequate to safeguard shareholders' investments and the Company's assets and has not resulted in any material loss, contingency or uncertainty.

The Board has not identified any circumstances that suggest any fundamental deficiencies in the Company's system of internal control. However, the Board is also cognisant that the Company's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, when necessary, the Board will put in place appropriate action plans to further enhance the system of internal control.

The Board has obtained assurance from the Executive Directors on whether the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, for the financial year ended 30 June 2021.

This statement was approved by the Board of Directors on 25 October 2021.

LIST OF GROUP PROPERTIES
AS AT 30 JUNE 2021

No.	Location	Description and Existing Usage	Land Area (sq. ft.)	Built-Up Area (sq. ft.)	Tenure	Approximate Age Of Building (Years)	Net Book Value as at 30 June 2021 (RM)	Date of Revaluation/ Acquisition
1.	No. 547-P, Jalan Wee Hein Tze, 11200 Tanjung Bungah, Penang (Lot No. 999, Geran No. 3768, Town Of Tanjung Bungah, North East District, Penang)	Office	6,594	3,959	Freehold	42	2,345,586	13.09.2021
2.	Lot 906, Jalan Jalong, 31100 Sungai Siput (U), Perak (GM816/Lot 906, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak)	Vacant land	115,527		Freehold	N/A	400,000	13.09.2021
3.	Lot 907, Jalan Jalong, 31100 Sungai Siput (U), Perak (GM1367/Lot 907, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak)	Vacant land	128,502		Freehold	N/A	400,000	13.09.2021
4.	Lot 947, Jalan Jalong, 31100 Sungai Siput (U), Perak (GM1342, Lot 947, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak)	Warehouse	133,947	48,000	Freehold	23	2,317,837	13.09.2021
5.	Lot 948, Jalan Jalong, 31100 Sungai Siput (U), Perak (EMR105/Lot 948, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak)	Warehouse	136,669	60,000	Freehold	20	3,223,500	13.09.2021
6.	Lot 949, Jalan Jalong, 31100 Sungai Siput (U), Perak (GM678/Lot 949, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak)	Warehouse	139,123	54,000	Freehold	16	2,781,706	13.09.2021
7.	Plot 57, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (HS(D) LM 11471, PT No. 11515, Mukim Asam Kumbang, Daerah Larut and Matang, Perak	Factory	43,562	23,400	Leasehold (99 years) expiring on 7.12.2097	23	1,377,081	13.09.2021
8.	Plot 58, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (HS (D) LM 11472, PT No. 11516, Mukim Asam Kumbang, Daerah Larut and Matang, Perak)	Factory	43,562	23,400	Leasehold (99 years) expiring on 7.12.2097	23	1,476,584	13.09.2021
9.	Plot 55, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (HS (D) LM 11469, PT No. 11513, Mukim Asam Kumbang, Daerah Larut and Matang, Perak)	Factory and a single storey hostel	44,358	24,000	Leasehold (99 years) expiring on 7.12.2097	23	1,302,862	13.09.2021
10.	Plot 56, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (HS (D) LM 11470, PT No. 11514, Mukim Asam Kumbang, Daerah Larut and Matang, Perak)	Factory	43,562	29,000	Leasehold (99 years) expiring on 7.12.2097	23	1,485,330	13.09.2021

LIST OF GROUP PROPERTIES
(cont'd)

No.	Location	Description and Existing Usage	Land Area (sq. ft.)	Built-Up Area (sq. ft.)	Tenure	Approximate Age Of Building (Years)	Net Book Value as at 30 June 2021 (RM)	Date of Revaluation/ Acquisition
11.	Plot 53 & 54, Jalan Logam 2, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (HS (D) LM 11467 & 11468, LOT No. 20786 & 20787, Mukim Asam Kumbang, Daerah Larut and Matang, Perak)	Warehouse	87,920	33,900	Leasehold (99 years) expiring on 7.12.2097	23	1,506,488	13.09.2021
12.	Unit No. C-10-3A, Block C, Flora Green Condominium, Jalan Sungai Long, Bandar Sungai Long, 43000 Kajang, Selangor Darul Ehsan. Geran 54185/M2-B/11/140, Parcel No. 140, No. 11, Building No. M2-B, Parent Lot No. 27737, Section 5, Town of Cheras, District of Hulu Langat, Selangor Darul Ehsan.	Hostel	1,787	1,787	Freehold	16	666,362	13.09.2021
13.	Unit Nos. D-11, Building No. Block D, Klebang Busines Centre, Section II, Pekan Klebang, District of Melaka Tengah, Melaka Darul Azim. (Nos. 99, 99-1 & 99-2, Jalan KU 2, Taman Klebang Utama, 75200 Melaka Darul Azim)	Office	4,620	4,620	Leasehold (99 years) expiring on 24.11.2109	6	1,029,995	13.09.2021
14.	Unit Nos. D-12, Building No. Block D, Klebang Busines Centre, Section II, Pekan Klebang, District of Melaka Tengah, Melaka Darul Azim. (Nos. 101, 101-1 & 101-2, Jalan KU 2, Taman Klebang Utama, 75200 Melaka Darul Azim)	Office	6,719	6,719	Leasehold (99 years) expiring on 24.11.2109	6	1,402,614	13.09.2021
15.	No. 2, Jalan Panglima, Off Persiaran Mahkota, Bandar Mahkota Cheras, 43200 Cheras, Selangor. (Geran Mukim 5022, Lot No. 45196, ,Mukim Ceras, Daerah Hulu Langat, Negeri Selangor)	Office	1,367	4,101	Freehold	11	1,500,000	13.09.2021
16.	No. 3, Jalan Panglima, Off Persiaran Mahkota, Bandar Mahkota Cheras, 43200 Cheras, Selangor. (Geran Mukim 5021, Lot No. 45195, ,Mukim Ceras, Daerah Hulu Langat, Negeri Selangor)	Office	1,432	4,295	Freehold	11	1,500,000	13.09.2021
17.	No. 3A, Jalan Panglima, Off Persiaran Mahkota, Bandar, Mahkota Cheras, 43200 Cheras, Selangor. (Geran Mukim 5020, Lot No. 45194, ,Mukim Ceras, Daerah Hulu Langat, Negeri Selangor)	Office	1,475	4,424	Freehold	11	1,500,000	13.09.2021

LIST OF GROUP PROPERTIES
(cont'd)

No.	Location	Description and Existing Usage	Land Area (sq. ft.)	Built-Up Area (sq. ft.)	Tenure	Approximate Age Of Building (Years)	Net Book Value as at 30 June 2021 (RM)	Date of Revaluation/ Acquisition
18.	No. 5, Jalan Panglima, Off Persiaran Mahkota, Bandar, Mahkota Cheras, 43200 Cheras, Selangor. (Geran Mukim 5019, Lot No. 45193, ,Mukim Ceras, Daerah Hulu Langat, Negeri Selangor)	Office	1,507	4,521	Freehold	11	1,500,000	13.09.2021
19.	No. 6, Jalan Panglima, Off Persiaran Mahkota, Bandar, Mahkota Cheras, 43200 Cheras, Selangor. (Geran Mukim 5018, Lot No. 45192, ,Mukim Ceras, Daerah Hulu Langat, Negeri Selangor)	Office	1,528	4,585	Freehold	11	1,687,633	13.09.2021
20.	Lot 12168, Title PN 65672, Kawasan Bandar XLV, District of Melaka Tengah, Melaka Darul Azim	Vacant land	246,601		Leasehold (99 years) expiring on 20.04.2115	N/A	10,602,000	13.09.2021
21.	Lot 12175, Title PN 65681, Kawasan Bandar XLV, District of Melaka Tengah, Melaka Darul Azim	Vacant land	250,799		Leasehold (99 years) expiring on 20.04.2115	N/A	10,785,000	13.09.2021

ANALYSIS OF SHAREHOLDINGS
AS AT 6 OCTOBER 2021

Class of Securities	:	Ordinary Shares
Total Number of Holders	:	6,156
Voting Rights	:	One (1) vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Holdings	%
Less than 100 Shares	33	995	–
100 – 1,000 Shares	348	212,309	0.03
1,001 – 10,000 Shares	1,765	12,154,337	1.76
10,001 – 100,000 Shares	3,104	128,769,841	18.64
100,001 – less than 5% of issued Shares	904	464,567,798	67.26
5% and above of issued Shares	2	85,000,000	12.31
Total	**6,156**	**690,705,280**	**100.00**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The names of the substantial shareholders of the Company and their respective shareholdings based on the Register of Substantial Shareholders of the Company as at 6 October 2021 are as follows:-

	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
ChipSeng Heng Holdings Sdn. Bhd.	84,087,000	12.17	–	–
MMAG Holdings Berhad	35,000,000	5.07	–	–
Tan Yip Jiun [1]	–	–	84,087,000	12.17
Tan Yow Hua [1]	–	–	84,087,000	12.17
Chan Swee Ying [2]	–	–	35,000,000	5.07

[1] *Deemed interested by virtue of his shareholding in ChipSeng Heng Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

[2] *Deemed interested by virtue of her substantial interest in MMAG Holdings Berhad pursuant to Section 8 of the Companies Act 2016.*

ANALYSIS OF SHAREHOLDINGS
(cont'd)

DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings based on the Register of Directors' Shareholdings of the Company as at 6 October 2021 are as follows:-

Directors	Direct Interest No. of Shares Held	Direct Interest %	Deemed Interest No. of Shares Held	Deemed Interest %
Ahmad Ruslan Zahari Bin Zakaria	–	–	–	–
Lim Peng Tong	–	–	–	–
Ng Keok Chai	–	–	–	–
Sim Chiun Wee	–	–	–	–
Tan Yip Jiun*	–	–	84,087,000	12.17
Peter Yap	–	–	–	–
Kenny Khow Chuan Wah	–	–	–	–

* *Deemed interested by virtue of his shareholding in ChipSeng Heng Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

LIST OF TOP 30 SHAREHOLDERS

No	Name	Shares	%
1	Kenanga Nominees (Tempatan) Sdn. Bhd. – pledged securities account for ChipSeng Heng Holdings Sdn. Bhd. (Third Party)	50,000,000	7.24
2	Kenanga Nominees (Tempatan) Sdn. Bhd. – pledged securities account for MMAG Holdings Berhad	35,000,000	5.07
3	Hong Seng Capital Sdn. Bhd. – pledged securities account for ChipSeng Heng Holdings Sdn. Bhd.	34,087,000	4.94
4	Gadang Holdings Berhad	17,980,000	2.60
5	Hong Seng Capital Sdn. Bhd. – pledged securities account for Master Knowledge Sdn. Bhd.	13,654,100	1.98
6	Lim Tuan	8,000,000	1.16
7	Tiong Boon Ann	6,875,000	1.00
8	Lee Khim Hwa	5,700,000	0.83
9	Public Nominees (Tempatan) Sdn. Bhd. – pledged securities account for Johnson Hii Chang Hium	5,480,000	0.79
10	Kenanga Nominees (Tempatan) Sdn. Bhd. – pledged securities account for Wong Seng Chan	4,400,000	0.64
11	Liew Chee Keong	4,210,000	0.61
12	Ang Swee Kim	3,904,200	0.57
13	Kenanga Nominees (Tempatan) Sdn. Bhd. – pledged securities account for Leow Teik Heng	3,800,000	0.55

ANALYSIS OF SHAREHOLDINGS
(cont'd)

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No	Name	Shares	%
14	Maybank Nominees (Tempatan) Sdn. Bhd. – pledged securities account for Tan Sun Ping	3,700,000	0.54
15	Cheng Leh Theng	3,600,000	0.52
16	Kenanga Nominees (Tempatan) Sdn. Bhd. – pledged securities account for Masnawi Bin Aton	3,575,500	0.52
17	Ong Eng An	3,500,000	0.51
18	Ng Bi Yong	3,250,000	0.47
19	PM Nominees (Tempatan) Sdn. Bhd. – pledged securities account for Koh Peck Guan	3,012,900	0.44
20	Tye Sok Cin	3,000,000	0.43
21	Chin Chin Seong	3,000,000	0.43
22	Tay Chin Teng	2,779,200	0.40
23	JF Apex Nominees (Tempatan) Sdn. Bhd. – pledged securities account for Ho Kat Ann	2,750,000	0.40
24	Wong Chong Sen	2,745,000	0.40
25	Ho Thean Hock	2,725,000	0.39
26	HKBC Centre Sdn. Bhd.	2,600,000	0.38
27	Kenanga Nominees (Tempatan) Sdn. Bhd. – pledged securities account for Julian Cheah Wai Meng	2,545,100	0.37
28	Maybank Nominees (Tempatan) Sdn. Bhd. – pledged securities account for Tan Sun Ping	2,450,500	0.35
29	Gan Ming Chiek	2,330,000	0.34
30	Maybank Nominees (Tempatan) Sdn. Bhd. – pledged securities account for Jindar Singh A/L Sham Singh	2,000,000	0.29
	TOTAL	**242,653,500**	**35.16**

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First ("**21st**") Annual General Meeting ("**AGM**") of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via remote participation and electronic voting ("**RPEV**") facilities via Vote2U at **https://web.vote2u.my** (Domain Registration No. with MYNIC - D6A471702) provided by Agmo Digital Solutions Sdn. Bhd. in Malaysia on Monday, 29 November 2021 at 10:30 a.m., or any adjournment thereof, for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note No. 1)**

2. To approve the payment of Directors' fees of up to RM350,000.00 for the financial year ending 30 June 2022 and thereafter, which is payable quarterly in arrears. **(Resolution 1) (Please refer to Explanatory Note No. 2)**

3. To approve the payment of Directors' benefits of up to RM40,000.00 from 30 November 2021 until the next AGM of the Company. **(Resolution 2) (Please refer to Explanatory Note No. 3)**

4. To re-elect the following Directors, who are due to retire in accordance with Clause 120 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Mr. Tan Yip Jiun; **(Resolution 3)**
   (b) Mr. Peter Yap; and **(Resolution 4)**
   (c) Mr. Kenny Khow Chuan Wah. **(Resolution 5)**

5. To re-elect Mr. Lim Peng Tong, who is due to retire in accordance with Clause 121 of the Company's Constitution and being eligible, has offered himself for re-election. **(Resolution 6)**

6. To re-appoint Messrs. Folks DFK & Co as Auditors of the Company until the conclusion of the next AGM and authorise the Directors to fix their remuneration. **(Resolution 7)**

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions as Ordinary Resolution:-

7. **ORDINARY RESOLUTION 1**
   AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 **(Resolution 8) (Please refer to Explanatory Note No. 4)**

   "**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised and empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit always provided that the aggregate number of shares issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being to be utilised until 31 December 2021 as empowered by Bursa Securities pursuant to its letter dated 16 April 2020 to grant additional temporary relief measures to the listed issuers and thereafter, unless extended by Bursa Securities, ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being as stipulated under Paragraph 6.03(1) of Bursa Securities Main Market Listing Requirements to be utilised before the conclusion of the next Annual General Meeting of the Company after such approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier ("hereinafter referred to as the "**General Mandate**");

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued pursuant to the General Mandate on Bursa Securities;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **ORDINARY RESOLUTION 2**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT") ENTERED INTO BETWEEN CHIPSENG HENG ENTERPRISE SDN BHD ("CHIPSENGHENG ENTERPRISE") AND CSH ALLIANCE BERHAD (FORMERLY KNOWN AS KTG BERHAD) AND ITS SUBSIDIARIES ("CSH GROUP")

(Resolution 9)
(Please refer to Explanatory Note No. 5)

"**THAT** subject to the provisions of Main Market Listing Requirements ("**MMLR**") of Bursa Securities, a renewal of the existing shareholders' mandate be and is hereby granted to CSH Group to enter into RRPTs with ChipSengHeng Enterprise as described in Section 2.2 Table I Part (a) of the Circular to Shareholders dated 29 October 2021 ("**Circular**"),

PROVIDED THAT:-

(i) the RRPTs are in the ordinary course of business which is necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report with a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year necessary for the Company's day-to-day operations;

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:-

(i) the conclusion of the next annual general meeting ("**AGM**") of the Company following the general meeting at which such mandate was passed, at which time it will lapse unless, by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

9. **ORDINARY RESOLUTION 3** **(Resolution 10)**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT ENTERED INTO BETWEEN MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES ("MMAG GROUP") AND CSH GROUP **(Please refer to Explanatory Note No. 5)**

"**THAT** subject to the provisions of MMLR of Bursa Securities, a renewal of the existing shareholders' mandate be and is hereby granted to CSH Group to enter into RRPTs with MMAG Group as described in Section 2.2 Table I Part (b) of the Circular, **PROVIDED THAT**:-

(i) the RRPTs are in the ordinary course of business which is necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report with a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year necessary for the Company's day-to-day operations;

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse unless, by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

10. **ORDINARY RESOLUTION 4** **(Resolution 11)**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT ENTERED INTO BETWEEN L.T.S. HAULAGE SDN BHD ("LTS") AND CSH GROUP **(Please refer to Explanatory Note No. 5)**

"**THAT** subject to the provisions of MMLR of Bursa Securities, a renewal of the existing shareholders' mandate be and is hereby granted to CSH Group to enter into RRPTs with LTS as described in Section Section 2.2 Table I Part (c) of the Circular, **PROVIDED THAT**:-

(i) the RRPTs are in the ordinary course of business which is necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report with a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year necessary for the Company's day-to-day operations;

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse unless, by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

11. **ORDINARY RESOLUTION 5** **(Resolution 12)**
PROPOSED NEW SHAREHOLDERS' MANDATE FOR RRPT ENTERED INTO BETWEEN CHIPSENGHENG ENTERPRISE AND CSH GROUP **(Please refer to Explanatory Note No. 6)**

"**THAT** subject to the provisions of MMLR of Bursa Securities, a shareholders' mandate be and is hereby granted to CSH Group to enter into RRPTs with ChipSengHeng Enterprise as described in Section Section 2.2 Table II Part (a) of the Circular, **PROVIDED THAT**:-

(i) the RRPTs are in the ordinary course of business which is necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report with a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year necessary for the Company's day-to-day operations;

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse unless, by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

12. **ORDINARY RESOLUTION 6** **(Resolution 13)**
PROPOSED NEW SHAREHOLDERS' MANDATE FOR RRPT ENTERED INTO BETWEEN MMAG GROUP AND CSH GROUP **(Please refer to Explanatory Note No. 6)**

"**THAT** subject to the provisions of MMLR of Bursa Securities, a shareholders' mandate be and is hereby granted to CSH Group to enter into RRPTs with MMAG Group as described in Section 2.2 Table II Part (b) of the Circular, **PROVIDED THAT**:-

(i) the RRPTs are in the ordinary course of business which is necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report with a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year necessary for the Company's day-to-day operations;

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse unless, by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

13. To transact any other ordinary business of which due notice has been given.

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
YEOW SZE MIN (SSM PC NO. 201908003120) (MAICSA 7065735)
Company Secretaries

Kuala Lumpur
29 October 2021

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

Explanatory Notes:-

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require the formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021

The proposed Resolution 1, if passed, will allow the Company to pay Directors' fees of RM3,000/- per month to the Directors of the Company, and it shall be payable quarterly in arrears after each quarter of completed service of the Directors of the Company.

As part of the plan to mitigate the impact of the COVID-19 pandemic on the Group's performance, the Board has voluntarily reduced its Directors' Fees by 40% with effect from 1 July 2020.

3. DIRECTORS' BENEFIT PAYABLE FROM 30 NOVEMBER 2021 UNTIL THE NEXT AGM OF THE COMPANY

The proposed Resolution 2, if passed, will authorise the payment of the Directors' benefits to the Non-Executive Directors up to an amount of RM40,000.00 with effect from 30 November 2021 until the next AGM in the year 2021.

4. AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

The Company had been granted a general mandate for issuance of new securities to not more than 20% of the total number of issued shares of the Company for the time being by its shareholders at the Twentieth AGM of the Company held on 27 November 2020 (hereinafter referred to as the "**Previous Mandate**").

Pursuant to the Previous Mandate, the Company had undertaken a private placement of up to 134,093,200 new ordinary shares in the Company ("**Placement Exercise**"). The Placement Exercise was completed on 17 March 2021 via issuing 84,087,000 new ordinary shares at an issue price of RM0.206 each and was listed on 17 March 2021. The proceeds raised from the said Placement Exercise were RM17.322 million.

As part of the initiative from Bursa Securities to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 pandemic and the Movement Control Order imposed by the Government, Bursa Securities had on 16 April 2020 introduced the 20% general mandate as an interim relief measure to allow a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasury shares) for the issue of securities ("**20% General Mandate**"). The 20% General Mandate may be utilised to issue new securities until 31 December 2021, and thereafter, unless extended by Bursa Securities, the ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Securities shall apply ("**10% General Mandate**").

The 20% General Mandate and 10% General Mandate are sought to provide flexibility to the Company for allotment of shares without convening a general meeting, which may be both time and cost-consuming if the need arises.

The Board, having considered the current and prospective financial position, and future financial needs of the Group, is of the opinion that the increase in general mandate limit for the new issue of shares of up to 20% is in the best interest of the Company and its shareholders. These 20% General Mandate and 10% General Mandate would provide the Company with additional fundraising flexibility to undertake fundraising activities expeditiously and efficiently. The funds raised may be used for the purpose of funding investment(s), working capital, and/or acquisition(s).

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

5. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTS ENTERED INTO BETWEEN THE FOLLOWING PARTIES:-**
   - **CHIPSENGHENG ENTERPRISE AND CSH GROUP;**
   - **MMAG GROUP AND CSH GROUP; AND**
   - **LTS AND CSH GROUP**

   The proposed adoption of Resolutions 9, 10, and 11 is to renew the shareholders' mandates for RRPTs granted by the Company's shareholders at the Extraordinary General Meeting of the Company held on 22 September 2021 ("**Renewal of Shareholders' Mandates**"). The Renewal of Shareholders' Mandates will enable CSH Group to enter into the RRPTs which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Please refer to the Circular to Shareholders dated 29 October 2021 for further information.

6. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RRPTS ENTERED INTO BETWEEN THE FOLLOWING PARTIES:-**
   - **CHIPSENGHENG ENTERPRISE AND CSH GROUP; AND**
   - **MMAG GROUP AND CSH GROUP**

   The proposed adoption of Resolutions 12 and 13 is to obtain new shareholders' mandates for RRPTs ("**New Shareholders' Mandates**"). The New Shareholders' Mandates will enable CSH Group to enter into the RRPTs which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Please refer to the Circular to Shareholders dated 29 October 2021 for further information.

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

Notes to the Notice of the 21st AGM:-

1. In view of the COVID-19 pandemic and as part of the Company's measures to curb the spread of the COVID-19, the AGM will be conducted on a fully virtual basis through live streaming and online remote voting via remote participation and electronic voting ("**RPEV**") facilities via Vote2U at **https://web.vote2u.my** (Domain Registration No. with MYNIC - D6A471702) provided by Agmo Digital Solutions Sdn. Bhd. in Malaysia. Please read and follow the procedures set out in the Administrative Guide of the AGM to register, participate and vote remotely via the RPEV facilities.

2. In respect of deposited securities, only shareholders whose names appear in the Record of Depositors on 22 November 2021 shall be eligible to attend the Meeting.

3. The shareholder of the Company shall be entitled to appoint not more than two (2) person as his proxies to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the Company. There shall be no restriction as to the qualification of the proxy.

4. Where the shareholder appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy appointed to attend the Meeting of the Company shall have the same rights as the shareholder.

5. The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney, and in the case of a corporation shall be executed under its common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

6. Where the shareholder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The proportion of shareholdings to be represented by each proxy must be specified in the Form of Proxy.

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar at Mega Corporate Services Sdn. Bhd., Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, or via electronic means through email to **mega-sharereg@megacorp.com.my** or via facsimile at 03-2732 5388 at least forty-eight (48) hours before the time set for holding the meeting, i.e., on or before 10:30 a.m., on Saturday, 27 November 2021 or at any adjournment thereof at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default, the instrument of proxy shall not be treated as valid. All the resolutions set out in this Notice are to be voted by poll.

CSH ALLIANCE BERHAD

CSH ALLIANCE BERHAD
(FORMERLY KNOWN AS KTG BERHAD)
[Registration No. 200001002113 (504718-U)]
(Incorporated in Malaysia)

CDS Account No.

No. of ordinary shares held

FORM OF PROXY

*I/We (full name in block), ____

bearing *NRIC No./Passport No./Company Registration No. ____

of (full address) ____

being shareholder(s) of CSH Alliance Berhad (formerly known as KTG Berhad) ("**the Company**") hereby appoint :-

First Proxy "A"

Full Name (in block)	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact		

and/or failing *him/her,

Second Proxy "B"

Full Name (in block)	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact		

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-First Annual General Meeting of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via remote participation and electronic voting (RPEV) facilities via Vote2U at **https://web.vote2u.my** (Domain Registration No. with MYNIC - D6A471702) provided by Agmo Digital Solutions Sdn. Bhd. in Malaysia on Monday, 29 November 2021 at 10:30 a.m., or any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If no specific direction for voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No.	Agenda
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and the Auditors thereon.

		Resolution	For	Against
2.	To approve the payment of Directors' fees of up to RM350,000.00 for the financial year ending 30 June 2022 and thereafter, which is payable quarterly in arrears.	1		
3.	To approve the payment of Directors' benefits of up to RM40,000.00 from 30 November 2021 until the next AGM of the Company.	2		
4.	To re-elect Mr. Tan Yip Jiun, who is due to retire in accordance with Clause 120 of the Company's Constitution.	3		
5.	To re-elect Mr. Peter Yap, who is due to retire in accordance with Clause 120 of the Company's Constitution.	4		
6.	To re-elect Mr. Kenny Khow Chuan Wah, who is due to retire in accordance with Clause 120 of the Company's Constitution.	5		
7.	To re-elect Mr. Lim Peng Tong, who is due to retire in accordance with Clause 121 of the Company's Constitution.	6		
8.	To re-appoint Messrs. Folks DFK & Co as Auditors of the Company until the conclusion of the next Annual General Meeting and authorise the Directors to fix their remuneration.	7		
Special Business				
9.	**Ordinary Resolution 1:** Authority to Issue Shares pursuant to the Companies Act 2016	8		
10.	**Ordinary Resolution 2:** Proposed Renewal of Shareholders' Mandate for RRPTs entered into between ChipSeng Heng Enterprise Sdn. Bhd. ("**ChipSengHeng Enterprise**") and CSH Group	9		
11.	**Ordinary Resolution 3:** Proposed Renewal of Shareholders' Mandate for RRPTs entered into between MMAG Holdings Berhad and its subsidiaries ("**MMAG Group**") and CSH Group	10		
12.	**Ordinary Resolution 4:** Proposed Renewal of Shareholders' Mandate for RRPTs entered into between L.T.S. Haulage Sdn. Bhd. and CSH Group	11		
13.	**Ordinary Resolution 5:** Proposed New Shareholders' Mandate for RRPTs entered into between ChipSengHeng Enterprise and CSH Group	12		
14.	**Ordinary Resolution 6:** Proposed New Shareholders' Mandate for RRPTs entered into between MMAG Group and CSH Group	13		

As witness my/our hand(s) this day __________ of ____________________ 2021.

____
*Signature/Common Seal of Shareholder(s)

**Strike out whichever not applicable*

Notes:

1. In view of the COVID-19 pandemic and as part of the Company's measures to curb the spread of the COVID-19, the AGM will be conducted on a fully virtual basis through live streaming and online remote voting via remote participation and electronic voting ("**RPEV**") facilities via Vote2U at **https://web.vote2u.my** (Domain Registration No. with MYNIC - D6A471702) provided by Agmo Digital Solutions Sdn. Bhd. in Malaysia. Please read and follow the procedures set out in the Administrative Guide of the AGM to register, participate and vote remotely via the RPEV facilities.
2. In respect of deposited securities, only shareholders whose names appear in the Record of Depositors on 22 November 2021 shall be eligible to attend the Meeting.
3. The shareholder of the Company shall be entitled to appoint not more than two (2) person as his proxies to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the Company. There shall be no restriction as to the qualification of the proxy.
4. Where the shareholder appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy appointed to attend the Meeting of the Company shall have the same rights as the shareholder.
5. The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney, and in the case of a corporation shall be executed under its common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
6. Where the shareholder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The proportion of shareholdings to be represented by each proxy must be specified in the Form of Proxy.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar at Mega Corporate Services Sdn. Bhd., Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, or via electronic means through email to **mega-sharereg@megacorp.com.my** or via facsimile at 03-2732 5388 at least forty-eight (48) hours before the time set for holding the meeting, i.e., on or before 10:30 a.m., on Saturday, 27 November 2021 or at any adjournment thereof at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default, the instrument of proxy shall not be treated as valid. All the resolutions set out in this Notice are to be voted by poll.

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AFFIX
STAMP

SHARE REGISTRAR OF
CSH ALLIANCE BERHAD
(FORMERLY KNOWN AS KTG BERHAD)

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Wilayah Persekutuan

2nd Fold Here

Fold This Flap For Sealing

CSH ALLIANCE BERHAD
(formerly known as KTG Berhad)
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