

2022 ANNUAL REPORT





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CHAIRMAN'S MESSAGE



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you Sand Nisko Capital Berhad's annual report for the financial year ended 31 December 2022.

The furniture and construction industry faced significant challenges during financial year ended 2022, and the COVID-19 pandemic continued to disrupt the industry, causing delays in project timelines and increasing costs due to supply chain disruptions. Our Group was not immune to the negative impact of these challenges.

Despite these challenges, our Company continued to prioritize the safety and well-being of our employees, implementing strict protocols to prevent the spread of COVID-19. We also continued to invest in our employees, provide training and development opportunities to enhance their skills and knowledge.

Looking forward, we remain cautiously optimistic about the future of the construction industry in Malaysia. As the economy continues to recover, we believe that the industry will gradually return to pre-pandemic levels. Our Company will continue to leverage our strengths and expertise to navigate through these challenges and deliver value to our shareholders.

Aligned to domestic economical trend, we aim to focus more in the construction and development of industrial and commercial properties which is in high demand. In November 2022, our Group has secured a project to construct 54 units of light industrial buildings worth RM 34 million in Bandar Sungai Petani, Kedah and expect to complete in 21 months.

Furthermore, our Group has also identified potential sites in Taiping, Perak and Nilai, Negeri Sembilan to develop commercial properties with gross development value more than RM 100 million. Our Group will continue to explore and secure more related construction/development projects that potentially improve the financial performance of the Group.

With the fast changing of the economy, the Board will continue to expand existing core business and further explore opportunities in non-core business in line with the growth areas in order to enhance and strengthening the Group sustainable growth, improve financial performance and enhance stakeholders value while mitigating available risks.

Thank you for your continued support.

Sincerely,

Dato' Goh Soo Wee
Executive Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting (“28th AGM”) of Sand Nisko Capital Berhad (“SNC” or the “Company”) will be held at Studio 1, Level 3, Pullman Kuala Lumpur Bangsar, No. 1, Jalan Pantai Jaya, Tower 3, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Wednesday, 14 June 2023 at 10.00 a.m. or at any adjournment thereof to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS:

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. | <i>Please refer to Explanatory Note 1</i> |
| 2. | To approve the payment of Directors’ fees and other benefits payable of up to RM300,000 for the period commencing from 15 June 2023 until the conclusion of the next AGM of the Company in the year 2024. | <i>Ordinary Resolution 1</i> |
| 3. | To re-elect Mr Teh Kok Liang as Director who retires in accordance with Clause 120 of the Company’s Constitution and being eligible, has offered himself for re-election. | <i>Ordinary Resolution 2</i> |
| 4. | To re-elect Dato’ Sri Yeong Joo Hock as Director who retires in accordance with Clause 125 of the Company’s Constitution and being eligible, has offered himself for re-election. | <i>Ordinary Resolution 3</i> |
| 5. | To re-elect Mr. Song Peng Wei as Director who retires in accordance with Clause 125 of the Company’s Constitution and being eligible, has offered himself for re-election. | <i>Ordinary Resolution 4</i> |
| 6. | To re-elect Dato’ Chong Mun Phing as Director who retires in accordance with Clause 125 of the Company’s Constitution and being eligible, has offered herself for re-election. | <i>Ordinary Resolution 5</i> |
| 7. | To re-elect Madam Cheong Yee Peng as Director who retires in accordance with Clause 125 of the Company’s Constitution and being eligible, has offered herself for re-election. | <i>Ordinary Resolution 6</i> |
| 8. | To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. | <i>Ordinary Resolution 7</i> |

AS SPECIAL BUSINESS:

To consider and, if thought fit, with or without modification, to pass the following resolutions:

9. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

“THAT approval be and is hereby given to waive the statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act, 2016 (“the Act”) read together with Clause 16 of the Company’s Constitution.

Ordinary Resolution 8

Notice of Annual General Meeting (cont'd)

THAT pursuant to Sections 75 and 76 of the Act and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad ("Bursa Securities") allowed for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued.

AND 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, or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

10. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

Ordinary Resolution 9

THAT subject to the provisions of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, ("Bursa Securities"), approval be and is hereby be given to the Company and/or its subsidiaries ("SNC Group") to enter into recurrent related party transactions of a revenue or trading nature with those related parties as set out in Section 2.5 of Part B of the Circular to Shareholders dated 28 April 2023 which are necessary for the SNC Group's day-to-day operations.

AND THAT the aforesaid recurrent transactions of a revenue or trading nature are subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of minority shareholders; and
- (ii) disclosure of the aggregate value of recurrent transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate will be disclosed in the Annual Report for the said financial year

AND THAT such approval shall continue to be in force until:

- a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at the meeting the authority is renewed; or
- b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 340 (2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or
- c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

Notice of Annual General Meeting (cont'd)

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing such documents as may be required as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate.

11. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

Ordinary Resolution 10

"THAT, subject to Section 127 of the Act, the Company's Constitution, the MMLR of Bursa Securities and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to allocate an amount not exceeding the total available retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company ("Proposed Purchase") as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:-

- (i) cancel all the ordinary shares so purchased; and/or
- (ii) retain the ordinary shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities;
- (iii) retain part thereof as treasury shares and cancel the remainder; and/or

Notice of Annual General Meeting (cont'd)

- (iv) distribute all or part of the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them.

AND THAT the Directors of the Company be hereby 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 Proposed Renewal of Share Buy Back Authority.”

12. PROPOSED CHANGE OF NAME OF THE COMPANY

Special Resolution 1

“THAT the name of the Company be changed from “SAND NISKO CAPITAL BERHAD” to “MPIRE GLOBAL BERHAD” with effect from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia to the Company (“Proposed Change of Name”).

AND THAT the Directors and/or the Company Secretaries be and are hereby authorised and empowered to carry out all the necessary steps and formalities in effecting the Proposed Change of Name.

13. To transact any other business of which due notice shall have been given.

By order of the Board,

TAN TONG LANG (MAICSA 7045482/ SSM PC NO. 202208000250)

Company Secretary

Date: 28 April 2023

Notes:

1. For the purpose of determining a member who shall be entitled to attend and vote at the 28th Annual General Meeting (“AGM”), the Company shall be requesting the Record of Depositors as at 7 June 2023. Only a depositor whose name appears on the Record of Depositors as at 7 June 2023 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
2. A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be, represented by each proxy. There shall be no restriction as to the qualification of the proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one 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.
5. Where a member or the authorised nominee or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

Notice of Annual General Meeting (cont'd)

6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the share registrar of the Company, Aldpro Corporate Services Sdn. Bhd. at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur at not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
7. If the appointer is a corporation, the Form of Proxy shall be executed under its common seal or under the hand of its officer or attorney duly authorised.
8. If this Form of Proxy is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes") (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notice of Annual General Meeting (cont'd)

Explanatory Notes:

1. Audited Financial Statements for the financial year ended 31 December 2022

This Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Act provides that the Audited Financial Statements are to be laid in the general meeting and do not require formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1: Payment of Directors' Fees and other benefits payable to the Directors

Section 230(1) of the Act provides that the fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, the total estimated amount of Director's benefit payable is calculated based on the number of scheduled Board's and Board's Committee Meetings and other benefits from the conclusion of 28th AGM until the conclusion of the next AGM of the Company in the year 2024.

In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged board composition size), approval will be sought at the next AGM of the Company for additional fees to meet the shortfall.

3. Ordinary Resolution 2 – Re-election of Director

Mr Teh Kok Liang is standing for re-election as Director of the Company pursuant to Clause 120 of the Company's Constitution and being eligible, has offered himself for re-election at the forthcoming 28th AGM.

The Board has therefore recommended Mr Teh Kok Liang who is standing for re-election as Directors of the Company in accordance with Clause 120 of the Company's Constitution and is eligible, has offered himself for re-election at the 28th AGM of the Company. The profile of the retiring Director is set out in the Directors' Profile of this Annual Report.

4. Ordinary Resolutions 3 to 6 – Re-election of Directors

Clause 125 of the Company's Constitution provides that the Directors shall have power, at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with these Clauses. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that Meeting.

Dato' Sri Yeong Joo Hock was appointed on 11 October 2022 as a Non-Independent Non-Executive Director of the Company and is standing for re-election as Director of the Company pursuant to Clause 125 of the Company's Constitution and being eligible, has offered himself for re-election at the forthcoming 28th AGM.

Mr. Song Peng Wei was appointed on 17 April 2023 as an Executive Director of the Company and is standing for re-election as Director of the Company pursuant to Clause 125 of the Company's Constitution and being eligible, has offered himself for re-election at the forthcoming 28th AGM.

Dato' Chong Mun Phing and Madam Cheong Yee Peng were appointed on 25 April 2023 as Independent Non-Executive Directors of the Company and are standing for re-election as Directors of the Company pursuant to Clause 125 of the Company's Constitution and being eligible, have offered themselves for re-election at the forthcoming 28th AGM.

5. Ordinary Resolution 7: Re-appointment of Auditors

The Board, through the Audit Committee, had reviewed and was satisfied with the performance and independence of Messrs. UHY ("UHY") during the financial year under review. The Board has therefore recommended the reappointment of UHY as external auditors of the Company for the financial year ending 31 December 2023.

Notice of Annual General Meeting (cont'd)

6. Ordinary Resolution 8: Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to allot and issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the total number of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The authority for the General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

As at the date of this Notice, no new ordinary shares in the Company were issued during the previous General Mandate.

The renewal of the general mandate will provide flexibility to the Company for any possible fund-raising activities without the need to convene a separate general meeting to specifically approve such issuance of shares and thereby reducing administrative time and costs associated with the convening of such meeting. However, at this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

Section 85(1) of the Companies Act 2016 provides as follows:

"85. Pre-emptive rights to new shares

(1) Subject to the constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Clause 16 of the Company's Constitution provides as follows:

"Subject to the Listing Requirements and any direction to the contrary that may be given by the Company in a General Meeting, all new Shares or other convertible Securities shall before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered and limiting a time within which the offer, if not accepted shall be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new Shares or Securities which by reason of the ratio which the new Shares or Securities bear the Shares or Securities held by persons entitled to an offer of new Shares or Securities in the opinion of the Directors, cannot be conveniently offered under this Constitution."

The proposed Ordinary Resolution 8, if passed, will exclude your pre-emptive right to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Ordinary Resolution.

Notice of Annual General Meeting (cont'd)

7. Ordinary Resolution 9: Proposed Renewal of Shareholders' Mandate

This Ordinary Resolution 9, if passed, will empower the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the Company and/or its subsidiaries' day-to-day operations provided that such transactions are being carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and are not to the detriment of the minority shareholders of the Company.

This authority, unless revoked or varied at a general meeting of the Company, will expire at the conclusion of the next AGM of the Company.

The details of this Proposed Renewal of shareholders' Mandate are set out in the Circular to Shareholders dated 28 April 2023.

8. Ordinary Resolution 10: Proposed Renewal of Share Buy-Back Authority

This Ordinary Resolution 10, if passed, will give authority to the Directors of the Company to exercise the power of the Company to purchase up to 10% of the existing number of shares of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The detailed information on the Proposed Renewal of Share Buy-Back Authority is set out in the Circular to Shareholders dated 28 April 2023.

9. Special Resolution 1: Proposed Change of Company Name

The Board of Directors of Sand Nisko Capital Berhad ("SNC" or "the Company") wishes to announce that the Company is proposing to change its name from "SAND NISKO CAPITAL BERHAD" to "MPIRE GLOBAL BERHAD" ("Proposed Change of Name").

The use of the proposed name "MPIRE GLOBAL BERHAD" was approved and reserved by the Companies Commission of Malaysia ("CCM") on 14 April 2023. The Proposed Change of Name will better reflect the pivot in the Group's growth.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the above Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors at the 28th AGM are set out in their respective profiles which appear in the Directors' Profiles of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Analysis of Shareholdings of this Annual Report.

The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the MMLR of Bursa Securities are set out under Explanatory Notes on Special Business for Ordinary Resolution 8 of the Notice of the 28th AGM of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Goh Soo Wee
(Executive Chairman)

Song Peng Wei
(Executive Director)
(Appointed on 17.04.2023)

Teh Kok Liang
(Non-Independent & Non-Executive Director)

Dato' Sri Yeong Joo Hock
(Non-Independent & Non-Executive Director)
(Appointed on 11.10.2022)

Abd Rauf Bin Abd Rahim
(Independent & Non-Executive Director)
(Resigned on 25.04.2023)

Kong June Hon
(Independent & Non-Executive Director)

Dato' Chong Mun Phing
(Independent & Non-Executive Director)
(Appointed on 25.04.2023)

Cheong Yee Peng
(Independent & Non-Executive Director)
(Appointed on 25.04.2023)

AUDIT COMMITTEE

Kong June Hon (Chairman)
Abd Rauf Bin Abd Rahim (Resigned on 25.04.2023)
Teh Kok Liang (Appointed on 27.10.2022)
Cheong Yee Peng (Appointed on 25.04.2023)

NOMINATION COMMITTEE

Kong June Hon (Chairman)
Abd Rauf Bin Abd Rahim (Resigned on 25.04.2023)
Teh Kok Liang (Appointed on 27.10.2022)
Cheong Yee Peng (Appointed on 25.04.2023)

REMUNERATION COMMITTEE

Kong June Hon (Chairman)
Abd Rauf Bin Abd Rahim (Resigned on 25.04.2023)
Teh Kok Liang (Appointed on 27.10.2022)
Cheong Yee Peng (Appointed on 25.04.2023)

COMPANY SECRETARY

Tan Tong Lang (MAICSA 7045482)
SSM Practicing Certificate No. 202208000250

REGISTERED /CORRESPONDENCE ADDRESS

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No.1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel: +603 9770-2200
Fax: +603 9770-2239

HEAD OFFICE

Ground Floor Office 1, Tower 8 Avenue 5
The Horizon Phase 2, Bangsar South City
Jalan Kerinchi
59200 Kuala Lumpur
Tel: +603-2241-1872

Company Registration Number

199501010609 (339810-A)

AUDITORS

Messrs. UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: +603 2279 3088
Fax: +603 2279 3099

SHARE REGISTRAR

Aldpro Corporate Services Sdn. Bhd.
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No.1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel: +603-9770 2200
Fax: +603-9770 2239

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

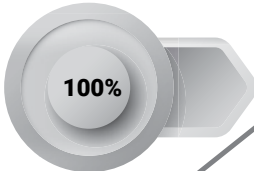
Main Market of Bursa Malaysia Securities Berhad
Stock Name: SNC
Stock Code: 7943
Sector: Consumer Discretionary

CORPORATE STRUCTURE



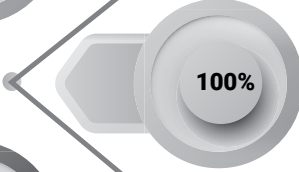
Len Cheong Manufacturing Sdn. Bhd.

- Manufacturing of furniture and furniture parts
- Export and trading in furniture
- Investment Property



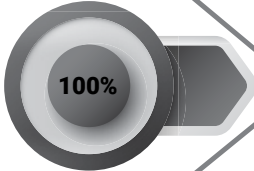
Len Cheong Industries Sdn. Bhd.

- Sales and trading of logs
- CIDB G7 construction, management and construction related services



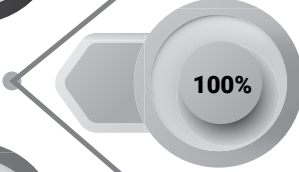
SNC First Sdn. Bhd.

- Dormant



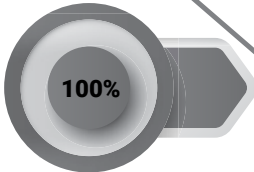
SNC Bio Green Sdn. Bhd.

- Dormant



Perumahan Tasik Idaman Sdn. Bhd.

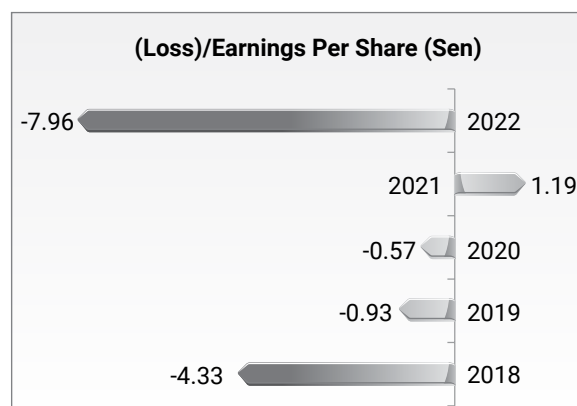
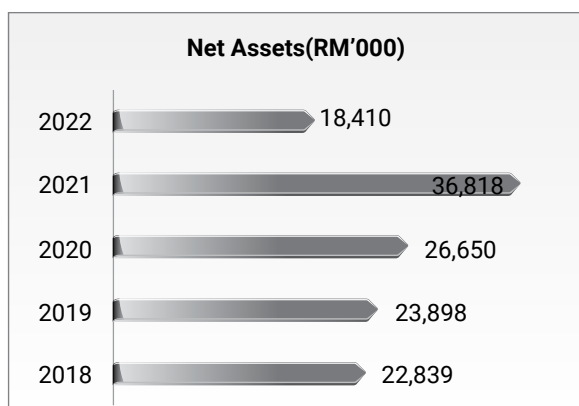
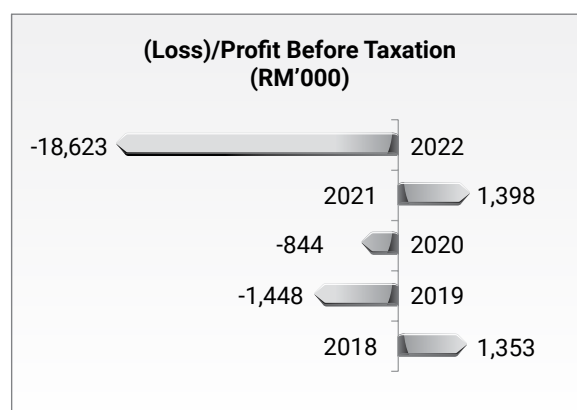
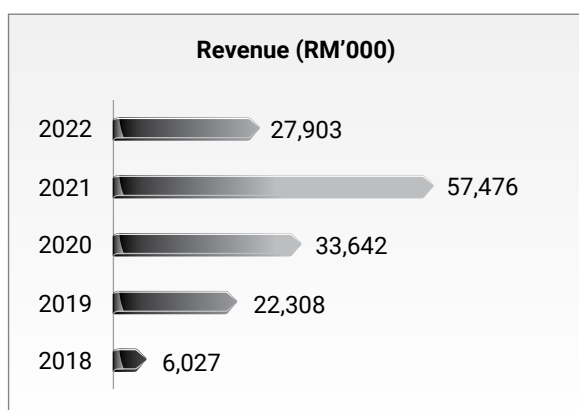
- (Acquired on 11 April 2023)**
- Property developers.



GROUP FINANCIAL HIGHLIGHTS

Year	2018	2019	2020	2021	2022
Financial Results (RM'000)					
Revenue	6,027	22,308	33,462	57,476	27,903
(Loss)/profit before taxation	1,353	(1,448)	(844)	1,398	(18,623)
(Loss)/profit from continued operation	1,389	(1,404)	(787)	1,427	(18,439)
(Loss)/profit from discontinued operation, net of tax	(4,246)	788	371	-	-*
(Loss)/profit after taxation	(2,857)	(616)	(416)	1,427	(18,439)
(Loss)/profit attributable to owner	(2,857)	(616)	(416)	1,427	(18,439)
Financed by					
Shareholder's equity	22,839	23,898	26,650	36,818	18,410
Net assets	22,839	23,898	26,650	36,818	18,410
Statistics					
(Loss)/earnings per share (sen)	(4.33)	(0.93)	(0.57)	1.19	(7.96)
Gross Dividend per share (sen)	-	-	-	-	-
Net Assets per share (RM)	0.35	0.36	0.31	0.16	0.08

* Amount less than RM1,000



DIRECTOR'S PROFILE

Dato' Goh Soo Wee

Executive Chairman

- Aged 42, Malaysian

- Male

Dato' Goh Soo Wee ("**Dato' Goh**"), a Malaysian, male, aged 42 years old, was appointed to the Board as Executive Director of the company on 28 February 2022 and redesignated as executive chairman on 26 May 2022. He holds a Bachelor Degree in Business (Banking and Finance) from Monash University in Melbourne, Australia.

Dato' Goh began his career in automotive, as Dealer Principal of Hyundai Car Dealership which he eventually builds to be the top dealership network in the country. In the year 2018, he secured two international distributorship brands in commercial vehicle for Malaysia, namely FOTON and JAC and also the Proton 3 S dealership. Other than the automotive industry, he is also involved in property development under Shiny Outlook Sdn Bhd specializing residential property developments and construction projects and also sit on the Board and Management of companies in Mxpress Sdn. Bhd. (courier service), Palmara Security Sdn Bhd (Security) and Web TV Asia (digital media).

In 2010, Dato' Goh was conferred the Darjah Indera Mahkota Pahang by the Sultan of Pahang. Dato' Goh was former National Treasurer of PUMM (Malaysia Entrepreneur Development Association) and has been invited to be Judges of SOBA (Star Outstanding Business Award) and Sin Chew Business Excellent Award in 2016, 2017 and 2018. He was also presented as the Top 100 Most Influential Young Entrepreneur 2017.

Dato' Goh has also been academically upgrading himself through Executive Programs from famous Universities namely Cambridge Judge Business School Executive Education-Fintech Innovation: Disrupting the Financial Landscape 2021, University of California Berkeley (Technology, Ecosystem, Culture Immersion Program) 2018, University of Osaka (Entrepreneurship & Innovation) 2017.

Save for SNC, he served as Executive Director of CSH Alliance Berhad since 12 April 2023.

Dato' Goh does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. He has had no convictions for any offences over the past 5 years except for traffic offences. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

Song Peng Wei

Executive Director

- Aged 44, Malaysian

- Male

Song Peng Wei ("**Mr. Song**"), a Malaysian, Male, aged 44, was appointed to the Board as Executive Director on 17 April 2023.

Mr. Song holds a Bachelor Degree in Science (Arts) from Lim Kok Wing University in 2005 and subsequently, he obtained another degree in Bachelor of Architecture (Hons) from Curtin University, Western Australia in 2006. Mr. Song has also won multiple design and academic awards during his study.

Mr. Song is the Founder and Design Director of SONGW & PARTNERS ("SWP"), an architectural firm established in 2021 which specializes in industrial architecture offering planning, architecture designing, engineering and interior design services for all types of industrial warehouses, logistic centres, purpose-built factory, workers quarters, and industrial corporate offices.

Prior to SWP, he joined Mun Shung & Partners, a global firm comprising talented strategic designers, business creatives and specialists working in the emergent field of experiential design as a Project Manager in 2015 where he was later promoted as Project Director in 2017. As a Project Director, he plays a key role in the firm in both project execution and day-to-day management of the firm's operations.

Mr. Song held various positions from an Assistant Architect to a Design Director in a few reputable architecture firms upon completion of his studies. With more than 17 years of experience in the industry, he is passionate and focused on finding creative solutions to real problems where he finds inspiration even in the most ordinary places.

Director's Profile (cont'd)

Save for SNC, he does not sit on the board of directors of any other public companies and listed companies.

Mr. Song does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. He has had no convictions for any offences over the past 5 years except for traffic offences. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022 in view of he was appointed to the Board on 17 April 2023.

Kong June Hon

Independent & Non-Executive Director

- Aged 39, Malaysian

- Male

Kong June Hon ("**Mr. Kong**") a Malaysian, male, aged 39, was appointed to the Board as Independent and Non-Executive Director of the Company on 17 January 2019. He was also appointed as the Chairman of the Company's Audit Committee on 1st March 2019, and the Company's Nomination and Remuneration Committee on 17 January 2019.

Mr. Kong is a Fellow member of the Association of Chartered Certified Accountants ("ACCA") in the United Kingdom and a member of Malaysian Institute of Accountants.

Mr. Kong has more than 15 years audit experience in audit firm with big 4 and medium firm. He is currently a partner in a medium audit firm.

Save for SNC, he does not sit on the board of directors of any other public companies and listed companies.

Mr. Kong does not have any family relationship with any director and/or major shareholders nor any conflict of interest with the Company. He has had no convictions for any offences over the past 5 years except for traffic offences. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

Teh Kok Liang

Non-Independent & Non-Executive Director

- Aged 43, Malaysian

- Male

Teh Kok Liang ("**Mr. Teh**") a Malaysian, male, aged 43, was appointed to the Board as Non-Independent Non-Executive Director on 28 February 2022. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company since 27 October 2022. He holds a Master in Business Administration from Linton University in Malaysia.

Mr. Teh is the founder and Managing Director of M Colour Printing, Aroi Dee Malaysia and several other companies in the printing and packing, food and beverage, plantation, tourism, hotel management and property management companies.

Save for SNC, he does not sit on the board of directors of any other public companies and listed companies.

Mr. Teh does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. He has had no convictions for any offences over the past 5 years except for traffic offences. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

Director's Profile (cont'd)

Dato' Sri Yeong Joo Hock

Non-Independent & Non-Executive Director

- Aged 51, Malaysian
- Male

Dato' Sri Yeong Joo Hock ("**Dato' Sri Yeong**"), a Malaysian, male, aged 51, was appointed to the Board as Non-Independent Non-Executive Director on 11 October 2022.

Dato' Sri Yeong started off as a property entrepreneur, specializing in broking in land deals and property development and also involved in the conversion and enhancing land base properties. He then moved on to bulk purchase for completed houses, apartment/condo and also shop houses. With his profession, he has successfully developed, launched and proven himself to replicate this process for few projects with combined Gross Development Value exceeding RM2 billion.

Dato' Sri Yeong also diversified his investment portfolio via his expertise into various industry and segment such as, industries products and investments into valuable assets internationally.

Save for SNC, he does not sit on the board of directors of any other public companies and listed companies.

Dato' Sri Yeong does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. He has had no convictions for any offences over the past 5 years except for traffic offences. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

Dato' Chong Mun Ping

Independent Non-Executive Director

- Aged 66, Malaysian
- Female

Dato' Chong Mun Ping ("**Dato' Chong**"), a Malaysian, Female, aged 66 was appointed to the Board as Independent Non-Executive Director on 25 April 2023.

Dato' Chong is an Associate of the Institute of Chartered Secretaries and Administrators, ICSA, UK. She holds a Master's Degree in Business Administration from Charles Sturt University, Australia. She is also a Certified Financial Investigator (NCC to Counter Money Laundering).

Dato' Chong made history by being the first female graduate to join the Royal Malaysia Police Force ("RMP") as a Cadet Assistant Superintendent of Police in 1982. She had a distinguished career, serving a total of almost 36 years with the RMP in the 3 main investigation departments; that is, the Criminal Investigation Department ("CID"), the Commercial Crime Investigation Department ("CCID") and the Narcotics Crime Investigation Department.

Through the years she moved up in ranks and was the first female to be assigned to hold various important command posts in several States, including Head of Commercial Crime, Ipoh in the year 1983; Head of Anti Vice and Gaming, Pulau Pinang in the year 1989; Head of Intelligence/Interrogation, Narcotics Dept, Pulau Pinang in the year 1993, Deputy Head of CID, Perak in the year 1996 and Head of Commercial Crime Investigation Department, Selangor in the year 2009.

Her working experiences in the Federal HQ in Bukit Aman include being the Assistant Director of NCB/Interpol Malaysia in year 2002; Assistant Director of Financial Crime Investigation, CCID in year 2006; Deputy Director of Strategic Planning, CCID [2014]; following that as Principal Assistant Director of Investigation {Syndicated Crimes}, CCID in year 2015; a position she held until her retirement in December 2017 with the rank of Senior Assistant Commissioner {SAC}.

Director's Profile (cont'd)

In 2017, Dato' Chong was conferred the Darjah Indera Mahkota Pahang by the Sultan of Pahang and the Darjah Kebesaran Setia Sultan Sharafuddin Idris Shah, Selangor in 2014.

Save for SNC, she was appointed as the Independent Non-Executive Director of Green Packet Berhad on 15 November 2022 and Independent Non-Executive Director of CSH Alliance Berhad on 19 April 2023.

Dato' Chong does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. She has had no convictions for any offences over the past 5 years except for traffic offences. She has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022 in view of she was appointed on 25 April 2023.

Cheong Yee Ping

Independent Non-Executive Director

- Aged 53, Malaysian

- Female

Cheong Yee Ping ("**Madam Cheong**"), a Malaysian, Female, aged 53 was appointed to the Board as Independent Non-Executive Director on 25 April 2023. She is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Madam Cheong graduated from the London Chamber of Commerce Industry (UK) with a Diploma in Accounting in 1989. She holds a professional degree in accounting and is an associate member of the Association of International Accountants UK. She holds a Professional Doctorate in Business Administration from Kolej University Malaysia ("KUL") and a Master of Business Administration (Finance) from Open University Malaysia (OUM). She is also a SQL Accounting and Payroll Software Trainer, E-Stream Sdn Bhd.

She has vast experience in accounting and she started her career as Tutor from January 1990 to September 1992 at Locke Academy Seremban. In October 1992 to May 2004, she was a Lecturer cum Registrar of Institute Jati Seremban. From June 2004 to July 2013, she acts as the Lecturer cum Programme Coordinator of Institute Jati Mantin. From August 2013 until October 2020, she was Lecturer cum HOD-WCC of KUL and subsequently promoted to Senior Lecturer cum Finance Manager during her tenure. Currently, she was part time Lecturer of WTW Training House (M) Sdn Bhd and Senior Lecturer cum Tutor on part time basis of OUM. She now is a Chief Financial Officer of Quade Sdn Bhd, Zohe Group Sdn Bhd and Maestro Fifty Sdn Bhd.

Save for SNC, she does not sit on the board of directors of any other public companies and listed companies.

Madam Cheong does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. She has had no convictions for any offences over the past 5 years except for traffic offences. She has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022 in view of she was appointed on 25 April 2023.

PROFILE OF KEY SENIOR MANAGEMENT

THAM CHOI KUEN

Group Finance Manager

- Aged 56, Malaysian

- Female

Tham Choi Kuen ("**Ms. Tham**") obtained her professional accounting qualification from the Chartered Institute of Management Accountants (CIMA), United Kingdom in year 2004. She has been a Chartered Accountant and a member of the Malaysian Institute of Accountants since year 2005.

Ms Tham began her career in 1997 as an Accounts Executive in the Accounts and Finance Department at Drard Holdings Sdn. Bhd., where her duties included the preparation and maintenance of management reports, financial statements and related accounting reports. She was subsequently promoted to Assistant Manager in the Accounts and Finance Department in 2000, where she was involved in management accounts reporting, budgeting, variance analysis, internal control, taxation, and financial and cash management.

In 2001, Ms Tham left Drard Holdings Sdn. Bhd. to focus on her family and furthering her professional qualification in CIMA and subsequently re-joined the workforce in 2004 as Financial Controller at Azrahi Hotels Sdn. Bhd. (a subsidiary of Drard Holdings Sdn. Bhd.). During her tenure, she was responsible for overseeing the overall accounts, finance and treasury functions. In 2007, she joined ITP Sdn. Bhd. as a Manager for student fees collections and accounts receivables management. She was then re-designated as Finance and Administrative Manager in 2009, where her duties included the preparation of the weekly sales and marketing cost reports for management review and ensuring proper quality control for all payment transactions. In 2017, she was promoted as the Senior General Manager of Finance, Credit Control and Administration of Kolej Universiti Linton Sdn. Bhd., an affiliate of ITP Sdn. Bhd. where she was in charge of the company's financial and administrative department.

In June 2017, she left Kolej Universiti Linton Sdn. Bhd. and joined CSH Alliance Berhad (Formerly Known As "KTG Berhad") ("CSH") as a Financial Controller to oversee the corporate and financial aspects of the Company. In October 2017, she was promoted to Chief Financial Officer and was responsible for overseeing the overall finance-related functions of KTG including monitoring of financial performance and results, financial reporting, treasury management and tax compliance. She then left KTG on 31 May 2021.

Ms. Tham is also an Independent Non-Executive Director and Chairman of Audit and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee of Cheetah Holdings Berhad since 12 May 2021.

Ms. Tham does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. She has had no convictions for any offences over the past 5 years except for traffic offences. She has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The Group is principally an investment holding company with provision of management services to its subsidiary companies. The subsidiary companies are engaged in renting and operating of self-owned or leased property, manufacturing and trading of bedroom, dining as well as living space furniture, trading of logs, construction and property development and holding of investment properties. Our operations are located wholly in Malaysia with manufacturing facilities and marketing office in Bukit Rambai, Melaka.

Furniture manufacturing and trading

Our customers for furniture products are mainly mass market merchants in United States of America, Europe and Asia Pacific region. For FYE 31 December 2022, our furniture products were mainly exported to United States of America, Europe and Asia Pacific region.

For manufacturing of furniture products, the major component of raw materials are solid rubber wood timber or furniture components/parts which are mainly sourced from sawmills/sub-contractors in the states of Johor and Negeri Sembilan. As for trading, the logs and sawn timbers are mostly obtained from the state of Kelantan and Perak.

We are able to meet the international export quality standards requirements as attested by our ability to meet quality certifications for load, strength, stability and drop tests required by our international customers.

Training and awareness programme were conducted as and when necessary as to enhance our employees' job efficiency and effectiveness.

Declining US home sales, an increasing trend of workers returning to office environment, and the increasing risks of an economic downturn have contributed to the slowing down of furniture demand in Malaysia. Moreover, the weakening of the US dollar against the ringgit is a bane for the wood manufacturing sector as most of its revenue are denominated in the US dollar.

Property Construction

The Group has completed few construction projects during the financial year ended 31 December 2022 as follows:

- (a) Taman Bukit Rambai Putra Phase I Project
- (b) Taman Krubong Jaya Phase II Project
- (c) Taman Seri Tanjong Minyak Project
- (d) Taman Bukit Rambai Putra Phase II Project
- (e) Factory extension of Kawasan Perindustrian Bukit Rambai Lot 76 & 77
- (f) Factory extension of Kawasan Perindustrian Bukit Rambai Lot 2015 & 2016
- (g) Factory extension of Kawasan Perindustrian Bukit Rambai Lot 2018 & 2019

In view of the challenges ahead, the Group intends to grow and expand its construction and property development business. Pursuant thereto, the Group has entered into the Memorandum of Agreement with Avongold Valley Sdn. Bhd. ("Avongold Valley") in relation to the proposed award of construction and related works by Avongold Valley to the Group for a light industry park, Saga Light Industry Park, in Bandar Sungai Petani, Daerah Kuala Muda, Kedah. This construction project, with an estimated total contract sum of approximately RM34.5 million, involves the construction of 2 units of light industrial 2-storey buildings with a bungalow layout and 52 units of light industrial twin 2-storey buildings with a semi-detached layout, whereby these buildings are planned to be used as offices, warehouses, storage, shop lots and minor manufacturing works. The Group has commenced construction works for the Saga Light Industry Park in November 2022, which begun contributing profit to the Group in December 2022 and is expected to continue contributing profit to the Group over the estimated duration of the project of up to 21 months.

Management Discussion and Analysis (cont'd)

1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

Property Construction (cont'd)

In addition, the Group also intends to expand its construction and property development business via various initiatives such as tendering for other construction projects, acquiring land banks in strategic locations for potential development, and acquiring companies that have construction and/or property development projects. Pursuant thereto, the Group had on 17 February 2023 entered into a Shares Sale Agreement with Glory Evo Sdn. Bhd. for the purpose of acquiring the existing property development business of Perumahan Tasik Idaman Sdn. Bhd. ("PTISB") as well as the land banks held by PTISB to allow the Group to expand its construction and property development businesses. The Group will continue to explore more construction and property development projects to strengthen its financial performance and enhance shareholders' value.

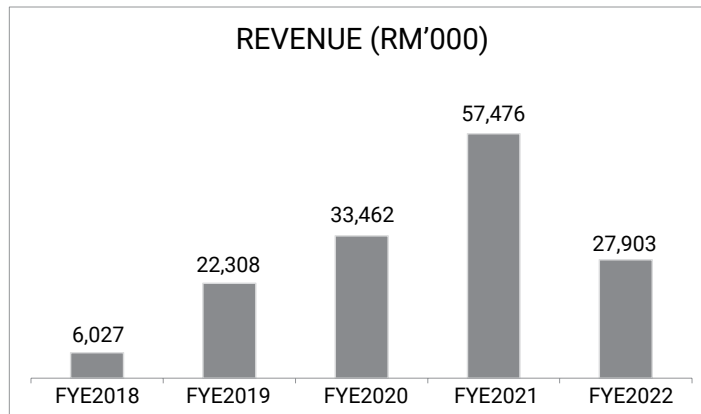
2. FINANCIAL PERFORMANCE REVIEW

Financial Information	2018	2019	2020	2021	2022
Revenue (RM'000)	6,027	22,308	33,462	57,476	27,903
(Loss) / Profit after tax (RM'000)	(2,857)	(616)	(416)	1,427	(18,439)
Shareholders' equity (RM'000)	22,839	23,898	26,650	36,818	18,410
Total Assets (RM'000)	38,308	48,316	37,234	54,274	31,800
Cash and cash equivalents (RM'000)	505	2,108	4,437	2,602	554
(Loss) / Earnings per share (sen)	(4.33)	(0.93)	(0.57)	1.19	(7.96)
Net assets per share (RM)	0.35	0.36	0.31	0.16	0.08

a) Revenue

For FYE 31 December 2022, the Group recorded revenue of RM27.903 million, a decrease of RM29.573 million compared to RM57.476 million recorded in previous year, mainly due to decrease of construction revenue from RM43.693 million to RM15.615 million in FYE 31 December 2022 and decrease in sales of furniture products from RM12.784 million to RM11.478 million in FYE 31 December 2022.

The following chart shows the Group's revenue trend since FYE 2018.



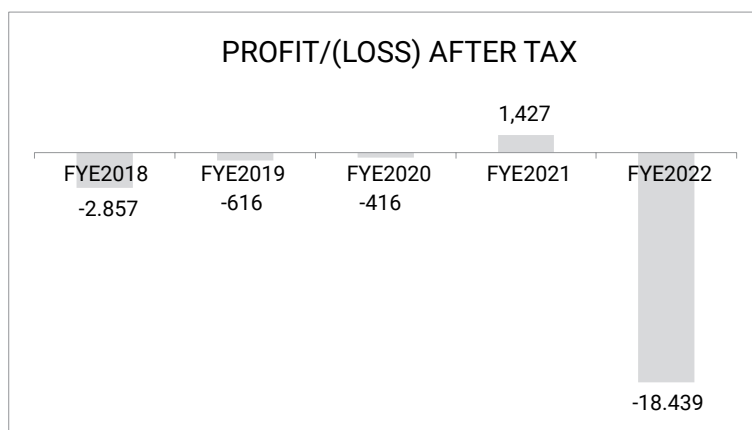
Management Discussion and Analysis (cont'd)

2. FINANCIAL PERFORMANCE REVIEW (CONT'D)

b) Profit /(Loss) after Tax

The Group recorded a gross loss of RM2.820 million for the year against gross profit of RM6.966 million in the previous year mainly due to decrease of revenue in construction and furniture segments. Accordingly, the Group recorded a loss after taxation of RM18.439 million as opposed to profit after taxation of RM1.427 million previously.

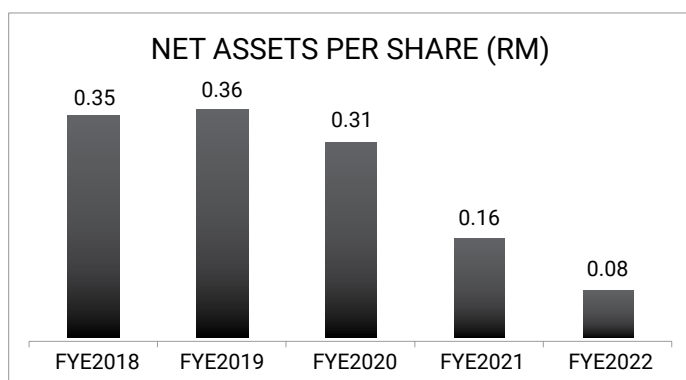
The following chart illustrates the Group's Profit/(Loss) after Tax since FYE 2018.



c) Net Assets per share

For FYE 31 December 2022, the Group recorded Net Asset per share of RM0.08, decreasing from RM0.16. It was mainly due to recording loss of RM18.439 million as opposed to profit of RM1.427 million for FYE 31 December 2021.

The following chart illustrates the Group's Net Asset per Share since FYE 2018.



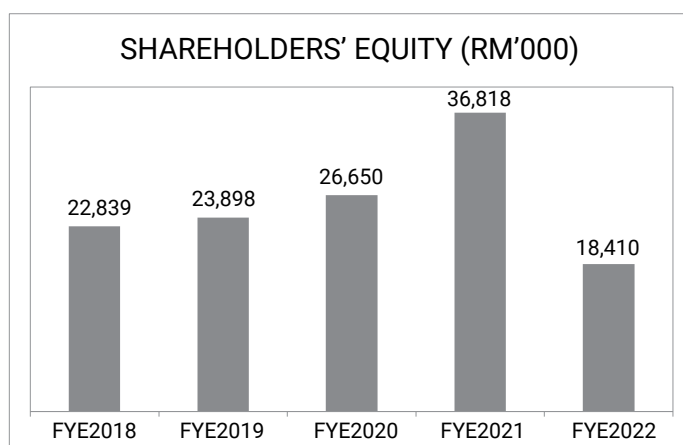
Management Discussion and Analysis (cont'd)

2. FINANCIAL PERFORMANCE REVIEW (CONT'D)

d) Shareholders' equity

The Group's shareholders' equity stood at RM18.410 million as compared to RM36.818 million as at FYE 31 December 2021. This was mainly due to recorded loss of RM18.439 million as opposed to profit of RM1.427 million for FYE 31 December 2021 above.

The following chart illustrates the Shareholders' equity of the Group since FYE 2018.



2.1. Review of Operating Activities

The Group recorded a loss after taxation of RM18.439 million for FYE 31 December 2022 as opposed to profit of RM1.427 million for FYE 31 December 2021, mainly due to decreased construction and furniture revenue during the year.

Segmental revenue for FYE 31 December 2022 vs FYE 31 December 2021

	2022 RM'000	2021 RM'000
Revenue by country		
Malaysia	20,827	49,216
Asia Pacific	4,266	5,055
Europe	2,180	938
United States of America	537	559
Central/ South America	-	352
United Kingdom	-	1,179
Middle East	93	177
Total	27,903	57,476
Revenue by products		
Property construction services	15,615	43,693
Furniture manufacturing and trading	11,478	12,784
Rental of building with comprehensive service	810	999
Total	27,903	57,476

Management Discussion and Analysis (cont'd)

2. FINANCIAL PERFORMANCE REVIEW (CONT'D)

2.1. Review of Operating Activities (cont'd)

During the year, the Group has completed 4 residential projects and 3 factory extension projects while terminated construction projects. Therefore, it lead to a drop in revenue in FYE 2022.

Meanwhile, the Group's furniture manufacturing and trading segment also kicked-off transformation of its furniture manufacturing model form previous OEM build-to-order to design-build-sell model. This initiative was aimed at improving production efficiencies, saving about cost and achieving a wider reach of customers. The Group is pleased to note that launch of its new furniture sets has received strong interest and enquiries from customers.

3. RISK FACTORS RELATING TO THE BUSINESS

a) Competition Risk

The Group's core business is subject to various competitive challenges posted by competitors, ranging from marketing efficiencies to product quality and the impact of Ukraine war and world economy. Any of these factors may negatively impact the Group's profitability. To remain competitive, we intend to improve our productivity, upgrade on the quality and packaging of our products, and export to new markets by securing new furniture retailers, which in turn will improve our sales and profitability. On the other hand, group has started to put more effort in the property construction and development business in the area of commercial and industry segment. Securing the right projects with good location would further improve our competitiveness and profitability.

b) Foreign exchange and price risks

The Group is also exposed to foreign currency risk on sales denominated in foreign currencies. The Group's products are exported to foreign markets, which will directly be exposed to exchange rates and price fluctuations that may have effects to the revenue of the Group. The Group's profit margin is generally expected to improve if the USD strengthens against RM which will then increase the profitability or vice versa. We will closely monitor exchange rates fluctuations of key foreign markets and refine pricing strategy for our products, in addition to improving production output, to seek for new processing methods as to reduce cost of manufacturing and increase efficiency, thereafter increasing the Group's profit margin accordingly.

c) Credit Risk

Our financial performance and position are dependent on the credit worthiness of our customers and we normally grant them very short credit periods and substantial part of customers is trading on cash documentary credit basis. In the event of significant delay or default in payment by our customers, it may adversely affect our financial position and the Group's results should there be any impairment made for bad or doubtful debts. As part of credit risk management, we normally request for cash on delivery for new customers and we will assess their credit standing before granting any credit terms.

d) Labour Market Risk

The furniture manufacturing industry and property construction/developments are labour intensive. This initiates the risk of labour shortages and increase in labour costs, thus labour costs will continue to be the key factors affecting the Group's performance. The Management will continue to implement measures to reduce cost via automation and expand new markets to improve the Group's performance.

Management Discussion and Analysis (cont'd)

3. RISK FACTORS RELATING TO THE BUSINESS (CONT'D)

e) Risk of possible delays in completing property construction projects

The completion of projects may be interrupted due to unforeseen external circumstances which are beyond our control, and that would result in cost overrun, attract negative feedbacks and legal uncertainties. So far, our Group of the project has been manageable according to the progress program chart except on occasions where there were slight delay on the authorities approvals or unforeseen circumstances which may be beyond our control. However, there can be no assurance that there would not be a delay in completion of future projects which may adversely impact our Group's future earnings and reputation.

f) Affected by the fluctuations in the prices of raw materials

Our raw materials consist of industrial diesel, precast products, quarry products, premix products and ready-mix concrete products, of which industrial diesel in particular, is a Government controlled item where its price floats on a weekly basis and may, to a certain extent, be affected by the fluctuation in global market prices. As other raw materials are locally sourced, in the event of sustained increase in the prices or unavailability of raw material, this may adversely affect the profitability of the projects and our financial performance.

g) Property investment risk

The Group can achieve capital gains from investment properties which is dependent upon the prevailing market conditions. The local property market can be affected by various factors such as an increase in property overhang, economic downturns, and difficulty in obtaining financing from the financial institutions, interest rate trends and other unfavourable market conditions. In the event that our investment properties are not able to be liquidated for a long period of time, it may negatively affect cash flows position and financial performance.

h) The property construction industry is highly competitive

Our Group operates in a highly competitive industry with local and overseas player that carries the profiles of both listed and non-listed construction companies. With required licenses, permits and relevant human capital, any player with significant global market presence and strong finance resources base may intensify the competition when entering into the local property construction industry. Our market shares may fall under these circumstances and could affect our market position and financial performance.

i) Force Majeure Events

The Group's operations may be affected by any occurrence of force majeure events such as inclement weather conditions, natural disasters and other unavoidable accidents. Due to the fact that our operations are conducted at the property construction sites, any occurrence of force majeure events such as extreme weather condition, natural disaster and major incidents at sites may prohibit our property construction work. Any interruption to our project schedule may lead to delay in completion of our projects and we may be liable for penalties imposed by our customers which could lead to an adverse impact on our business operation and financial performance. Despite occurrence of such events may give rise to contractual extension of time, we are nevertheless still required to incur operating expenses for any halt on our operations.

Management Discussion and Analysis (cont'd)

3. RISK FACTORS RELATING TO THE BUSINESS (CONT'D)

j) Future Prospect and Outlook of the Group

With lower economy activities due to pandemic and the world economy impacted by the Ukraine war, the group has challenges to remain. However, the Group also expect domestic economy to recover and improve towards pre-pandemic level and group has started to expand towards securing construction projects and developments emphasising in commercial and industrial properties. In near future, the group will move towards securing more construction and developments opportunities and land banks to further strengthen its financial performance. Furthermore, group will also be open to exploring any further business opportunities which may bring benefits to the group and further enhance the value of the company. Nevertheless, we will remain cautious and continue its efforts to improve the marketing strategy and the operation process efficiency in order to remain competitive.

k) Pandemic risk

The continuation of Covid-19 pandemic since the year 2021 has continued to present challenges to the Group. The start-stop nature of businesses due to the imposition of various movement restriction regulations continued to disrupt the operation and progress in the construction, property development and manufacturing sector. However, with Malaysia's move into the endemic stage with effect from 1 April 2022, the Group looks forward to a more vibrant business environment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Sand Nisko Capital Berhad (“SNC” or “the Company”) is committed to ensure high standards of Corporate Governance are practised throughout the Company and its subsidiaries (“the Group”) to safeguard shareholders’ investments and protect the interests of all stakeholders.

The Board is fully dedicated to continuously evaluate the Group’s Corporate Governance practices and procedures with a view to ensure the principles and recommendation in Corporate Governance as stipulated by the Malaysian Code on Corporate Governance 2021 (“MCCG”) are applied and adhered to.

This statement is prepared in compliance with Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the financial year ended 31 December 2022 and it is to be read together with the CG Report 2022 (“CG Report”) which is available at the corporate website at www.sncbhd.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES

1.1. Roles and Duties of the Board

The Board’s role is to conduct the Group in the best interests of the shareholders. In this regard, the Board is collectively responsible for setting the strategic direction and ethical standards within the Group and ensuring that management complies with the Board’s directions. To discharge its duties to shareholders and other stakeholders, the Board assumes, among others, the following responsibilities:

- (i) Review and monitor the implementation of the strategic business plans by the management;
- (ii) Align and approve the corporate objectives and policies of the Group;
- (iii) Appoint and approve the terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee;
- (iv) Decide on the acceptable level of risk exposure for the Group;
- (v) Review the Group’s system of internal controls which include the establishment of an appropriate control environment framework for identifying, evaluating and managing significant risks faced by the Group;
- (vi) Review and assess the Group’s financial and operational performances of all operating units and subsidiaries through periodic feedback and reports from the Audit Committee and the management team;
- (vii) Review and approve the announcement of quarterly and annual financial statements to ensure that the financial statements are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view;
- (viii) Approve annual operating budget, major capital expenditures, material purchase and disposal of assets;
- (ix) Appoint external auditors as well as determine audit fees, taking into consideration advice from the Audit Committee;
- (x) Ensure succession planning is in place as part of business continuity and take cognisance that there should be a process of developing suitable programmes in place to ensure that operations at all levels are running smoothly;
- (xi) Ensure the availability of communication channels for effective feedback and dialogue with stakeholders of the Group; and
- (xii) Any other duties as may be appropriate.

On 26 May 2022, the Board is chaired by Dato’ Goh Soo Wee after his re-designation from Executive Director to Executive Chairman. The Executive Chairman is primarily responsible for the setting of Group’s strategic direction and orderly and effective conduct of the Board. Together with the Management, they are responsible for the overall operational effectiveness and implementation of corporate strategies and decisions of the Board.

To assist in the effective discharge of the Board’s stewardship responsibilities, the Board has established Board committees, namely Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) which are entrusted to oversee specific Company’s affairs within their respective terms of reference. The Chairman of the respective Committees will report to the Board the outcome of the committee meetings for the Board’s considerations and approvals. The Chairman of the Board, Dato’ Goh Soo Wee is not a member of AC, NC and RC.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1.1. Roles and Duties of the Board (cont'd)

The Board has also worked together with management in implementing and promoting good corporate governance culture for the Group.

The Board Charter provides guidance in respect of the Board's roles and responsibilities as well as the practices and procedures to be applied by the Board and its committees in discharging their functions. The Board will review and update the Board Charter whenever necessary and in accordance with any new regulations affecting the discharging of their responsibilities. The Board Charter can be viewed at the Company's website at www.sncbhd.com.my.

The Directors have full access to the advice and services of the qualified Company Secretary who is responsible for ensuring proper conduct of board affairs and compliance of applicable laws, rules, procedures and regulations. The Board is regularly updated by the Company Secretary on changes of statutory or regulatory requirements impacting the discharging of the Directors' duties.

1.2 Qualified and Competent Company Secretary

In compliance with Practice 1.5 of the MCCG, the Board is supported by one (1) External Company Secretary. The Company Secretary of the Company is qualified to act as Company Secretary under Section 235 of the Companies Act, 2016 ("the Act"). The Company Secretary provides the required support to the Board in carrying out its fiduciary duties and stewardship role, providing the necessary advisory role with regard to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, MCCG, guidance and legislation to the Board.

The Board has ready and unrestricted access to the advice and services of the Company Secretary, who is considered capable of carrying out the duties to which the post entails. The Directors may seek advice from the management on issues under their respective purview. The Directors may also interact directly with Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

The Company Secretary keep the Board abreast with the latest regulatory updates and ensure that deliberations at Board and Board Committee meetings are well documented.

The Board is satisfied with the performance and support rendered by the one (1) qualified and experienced Company Secretary to the Board in discharge of its functions.

1.3 Access of Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than five (5) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations are provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and seek for any clarification or further explanation from advisers, Management and/or Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions or decisions made are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company in order to enable them to discharge their duties and responsibilities. The Board is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1.3 Access of Information and Advice (cont'd)

In addition, all Directors have direct access to the advice and services of the Company Secretaries who are responsible for ensuring the Board meeting procedures are adhered to, and that applicable rules and regulatory are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Where necessary, the Senior Management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the Senior Management team.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

Senior Management staff may be invited to attend Board meetings to provide the Board with detailed explanations and clarifications on certain matters that are tabled to the Board.

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

During the year under review, six (6) Board meetings were held during the financial year ended 31 December 2022 and the record of attendance of the Board Member as set out table below:-

Name of Directors	No. of Meetings Attended
Dato' Goh Soo Wee (appointed on 28 February 2022 and re-designated as Executive Chairman on 26 May 2022)	5/5
Teh Kok Liang (appointed on 28 February 2022)	5/5
Dato' Sri Yeong Joo Hock (appointed on 11 October 2022)	2/2
Kong June Hon	6/6
Abd Rauf Bin Abd Rahim (resigned on 25 April 2023)	6/6
Dato' Sri Dr Sow Chin Chuan (resigned on 26 May 2022)	3/3
Lee Ping Wei (appointed on 28 February 2022 and resigned on 11 October 2022)	3/3
Datin Sri Chu Kim Guek (resigned on 8 March 2022)	1/1
Edward Sow Yuen Seng (resigned on 8 March 2022)	3/3
Emily Sow Mei Chet (resigned on 14 June 2022)	3/3

The Board meets on a quarterly basis, with amongst others, reviews the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decision is required expeditiously or urgently from the Board between the regular meetings, special Board meetings may be convened by the Company Secretary, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approve various matters requiring the sanction of the Board by way of circular resolutions.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1.3 Access of Information and Advice (cont'd)

The tentative dates for Board and Board Committee meetings for the year will be circulated by the Company Secretary well in advance towards the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting ("AGM"). At the end of each Board and Board Committee meetings, the date of the next meetings is to be re-confirmed.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

1.4 Board Charter

The Board understands the importance of the roles and responsibilities between the Board and Management. As part of the good corporate governance process, the Board has documented these roles and responsibilities in the Board Charter to ensure accountability of both parties and also to provide reference for Directors in relation to the Board's role, powers, duties and functions.

The Board reviews the Board Charter regularly to ensure it complies with legislations and best practices; and remains relevant and effective at the prevailing time and business environment.

The Board Charter clearly set outs the functions, responsibilities, and processes of the Board and ensures that all Board members are aware of their roles and duties. In order to ensure that the direction and control of the Group are in the hands of the Board, it had adopted a formal schedule of matters reserved for the Board's deliberation and decision which is set out in the Board Charter.

The Board Charter to re-align the existing governance policies in the Company with the good standard of corporate governance practices prescribed by MCGG and MMLR, where possible or relevant.

The Board Charter is available on the Company's website at www.sncbhd.com.my

1.5 Code of Conduct

The Board has adopted a Code of Ethics which outlines their standards of ethical behavior in discharging their duties and responsibilities. This Code aims to enhance the standard of corporate governance and behavior as well as upholding the spirit of responsibility including social responsibility in line with prevailing legislation, regulations and guidelines. The Board will review the Code of Ethics when necessary to ensure it remains relevant and appropriate. The Code of Ethics is available on the Company's website at www.sncbhd.com.my

1.6 Whistleblowing Policy

The Board always encourages employees and stakeholders to report any grievances and raise concerns about misconduct, wrongdoings, malpractices involving the Whistleblowing Company. The Board is responsible for overseeing the implementation of the Whistleblowing Policy for Directors, and all Whistleblowing Policy are addressed to the Chairman of the Board. The Board will review the Whistleblowing Policy when necessary to ensure it remains relevant and appropriate. The Whistleblowing Policy is available on the corporate website at www.sncbhd.com.my.

The Board has adopted a Whistleblowing Policy to strengthen the integrity, governance and to be consistent with the anti-corruption framework established for the Group.

During the financial year under review, there was no reported whistleblowing matter.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1.7 Sustainability Management

The Board together with Management acknowledge their responsibility for promoting sustainability in areas covering health, safety and environment as well as social and governance. Further information on the Company's approach towards sustainability is provided in the Corporate Sustainability Statement on pages 51 to 52 of this Annual Report.

PRINCIPLE A: PART 2 - BOARD COMPOSITION

2.1 Nomination Committee Role On Board Composition

The Nomination Committees continue to discharge their functions and ensure that the board composition and tenure of each director are reviewed periodically.

The Nomination Committee will review the tenure and performance of each director, where annual re-election of a director would be contingent on satisfactory evaluation of the director's performance and contribution to the Board.

2.2 Board Composition

As of the date of this statement, the present Board was made up of seven (7) directors comprising the following:

- (a) one (1) Executive Chairman;
- (b) one (1) Executive Director;
- (c) three (3) Independent Non-Executive Directors; and
- (d) two (2) Non-Independent Non-Executive Directors.

As stated in the Board Charter, the Board shall consist of qualified individuals with diverse experience, background and perspective. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. At any one time, at least one-third (1/3) of the Board members shall be Independent Directors. The Board appointed one Executive Director on 17 April 2023 and two female directors on 25 April 2023 respectively.

The Board views that it has the right balance of skills and experience appropriate for the requirements of the business, that no individual dominated the decision-making process and that the Board has operated effectively throughout the year and is confident that it will continue to do so.

The Board, through the Nomination Committee, having reviewed the size and complexity of the Group's operations, is of the view that the size of the Board is appropriate. Nevertheless, the Board is receptive to revamp the composition of members to ensure that the Board can function more effectively.

The Board recognises diversity as an important criteria to determine board composition and to ensure that different perspectives are considered for Board effectiveness. In the nomination and selection process, specific consideration is given to the candidate's skills, knowledge, expertise, experience, age, culture, background, gender, competencies, other directorships, time availability and the overall balance in the composition of the Board and in the case of independent director, his ability to discharge such responsibilities or functions as expected from an independent director.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)

2.3 Tenure of Independent Director

The Board undertakes an annual assessment of the independence of its independent directors based on the criteria developed by the NC.

The tenure of an independent director should not exceed a cumulative term of 9 years. An independent director who has served the Group for a cumulative term of 9 years may, in the interest of the Group, continue to serve the Group but in the capacity of a non-independent director. The Board must justify and seek shareholders' approval via two-tier voting in the event that, the Boards intend to retain the said director who has served a cumulative terms of 9 years as an independent director.

The NC reviewed and assessed the independence of Independent Directors and their tenure of service. During the financial year under review, Encik Abd Rauf Bin Abd Rahim has served the Board for a cumulative perioding twenty-one (21) years since he was appointed on 17 January 2002 and he resigned as Independent Non-Executive Director of the Company on 25 April 2023.

2.4 Diversity of the Board and Senior Management

The Board Charter specifies that, as a matter of policy, the Board shall consist of qualified individuals with diverse experience, background and perspectives and the Board has taken into consideration the varied mix of board diversity, skill-set and qualifications of candidates chosen to be members of the Board.

The Board has not established a Diversity Policy to set out the approach for achieving diversity for the Company. In designing the Board's composition, Board diversity has been considered from various aspects, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, and knowledge.

Notwithstanding to the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times. In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

2.5 Boardroom and Senior Management Diversity

The Board pursues diversity in both the Board level and senior management level and recognises a diverse Board in the Company could offer greater depth and breadth as compared to non-diverse Board whilst the diversity at senior management will lead to better decisions.

Appointment of Board and senior management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, age and cultural background. Before any proposed appointment, the Board also take into account other requirements such as professionalism, integrity, competencies and ensure that no person shall be appointed on the Board if the person is or becomes an active politician, heads of state, heads of government and ministers. The Board also considered, amongst others, whether a Director is "over-stretched" in terms of his/her commitments to meet the expectation of the role.

2.6 Appointments to the Board

The Nomination Committee is responsible for reviewing the Board's composition and recommending to the Board for the appointment of new directors by evaluating and assessing the suitability of candidates, taking into account the character, integrity, competence, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)

2.6 Appointments to the Board (cont'd)

The Nomination Committee is also empowered to bring to the Board, recommendation as to the appointment of any new Director or to fill board vacancies as and when the need arise. Appointments have due regard to the Directors' Fit and Proper Policy with consideration to the benefits of diversity and ensuring the Board has the appropriate mix of personality, skills, and experience in accordance with the approved selection criteria.

In fulfilling its primary objectives, the Nomination Committee shall undertake, amongst others, the following duties and responsibilities:

- i) to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- ii) to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision-making process of the Board;
- iii) to give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- iv) to prepare a description of the role and capabilities required for a particular appointment;
- v) identifying and nominating for the approval of the Board, the candidates to fill board vacancies as and when they arise;
- vi) in determining the process for the identification of suitable new candidates, the Nomination Committee will ensure that an appropriate review to ensure the requirement and qualification of the candidate nominated;
- vii) to make recommendations to the Board on candidates it considers appropriate for appointment; and
- viii) to recommend to the Board concerning the re-election by shareholders of any Director under the "retirement by rotation" provisions in the Company's Constitution.

During the financial year under review, the Company have appointed new directors namely Dato' Goh Soo Wee, Teh Kok Liang, Dato' Sri Yeong Joo Hock and Lee Ping Wei who has resigned on 11 October 2022.

The Company appointed Mr. Song Peng Wei as an Executive Director on 17 April 2023 and Dato' Chong Mun Phing and Madam Cheong Yee Peng as the Independent Non-Executive Directors on 25 April 2023.

2.7 Criteria for Recruitment

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

Generally, the Board adopts a flexible approach when selecting and appointing new Directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help assess and recommend to the Board, the candidature of Directors, appointment of Directors to Board Committees, review of Board's succession plans and training programmes for the Board.

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

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 -BOARD COMPOSITION (CONT'D)

2.7 Criteria for Recruitment (cont'd)

In general, the process for the appointment of a Director to the Board are as follows:

- (i) The Nomination Committee reviews the Board's composition through Board assessment/evaluation;
- (ii) The Nomination Committee determines skills matrix;
- (iii) The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- (iv) The Nomination Committee recommends to the Board for appointment; and
- (v) The Board approves the appointment of the candidates.

Factors considered by the Nomination Committee when recommending a person for appointment as a Director include:

- (i) The merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
- (ii) The outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that he/she has sufficient time to effectively discharge his/her duties; and
- (iii) The extent to which the appointee is likely to work constructively with the existing Directors and contribute to the overall effectiveness of the Board.

On 1 July 2022, the Board established the Directors' Fit and Proper Policy to guide the Nomination Committee and the Board of Directors in their review and assessment of potential candidates for appointment as Directors as well as Directors who are seeking for re-election to ensure that any person to be appointed or re-elected as a Director shall possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

The Directors' Fit and Proper Policy is published on the Company's website at www.sncbhd.com.my.

2.8 Appointment and Re-appointment of Director

The Board took note on the recommendation by the MCGG, to ensure that shareholders have the information they require to make an informed decision on the appointment and reappointment of a director.

The profiles of the Directors, including their professional qualifications, working experiences and interest in the Company (if any) are set out in the Annual Report 2022.

2.9 Nomination Committee

As recommended by the MCGG, the Company has established the Nomination Committee comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

As of the date of this Statement, the present Nomination Committee members are as follows:

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 -BOARD COMPOSITION (CONT'D)

2.9 Nomination Committee (cont'd)

Chairman	:	Kong June Hon (Independent Non-Executive Director)
Member	:	Teh Kok Liang (appointed on 27 October 2022) (Non-Independent Non-Executive Director)
		Cheong Yee Peng (appointed on 25 April 2023) (Independent Non-Executive Director)
Past member	:	Abd Rauf Bin Abd Rahim (resigned on 25 April 2023) (Independent Non-Executive Director)

The Nomination Committee shall meet at least once a year unless otherwise determined by the Nomination Committee. The Quorum for meeting and/or for the sanction and endorsement of approvals in writing shall be at least two (2) members, of which at least one (1) shall be an Independent Director.

The terms of reference of the Nomination Committee can be viewed at the Company's website at www.sncbhd.com.my.

The Nomination Committee had undertaken the following activities for the financial year ended 31 December 2022:

- (i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
- (ii) Reviewed the Independence of Independent Directors;
- (iii) Assessed and evaluated the effectiveness of the Audit Committee ("AC") as a whole and individual performance of the AC;
- (iv) Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the forthcoming AGM of the Company; and
- (v) Reviewed the resignation and appointment of Directors.

2.10 Board Gender Diversity

The Board recognises the importance of diversity in its composition in ensuring its effectiveness and good corporate governance. The Board will consider females onto the Board in due course to bring about a more diverse perspective.

2.11 Directors' Training

Due to the ever-increasing complexities in doing business, Directors are expected to upgrade their skill sets and keep themselves stay abreast with the developments in the business environment as well as with any new relevant regulatory and statutory requirements to maximise their effectiveness as members of the Board and enable them to fulfil their responsibilities and to discharge their duties effectively.

All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by the MMLR. The Directors shall be committed to continuous education to equip themselves with the knowledge and understanding of various provisions, rules, regulations and the latest development in the industries to effectively discharge their duties and obligations.

The Directors are briefed by the Company Secretary on the letters and circulars issued by Bursa Securities at every Board meeting. The Directors also will continue to undergo training and education programmes in order to keep themselves abreast on the various issues facing the changing business environment within which the Company operates in order to discharge their duties and responsibilities more effectively.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 -BOARD COMPOSITION (CONT'D)

2.11 Directors' Training (cont'd)

Updates on the MCGG, the Act and the MMLR were given by the Company Secretaries to all Directors to facilitate knowledge enhancement in the areas of Corporate Governance and relevant compliance areas.

All Directors have full opportunity to attend seminars, training, workshops and conference to update their knowledge and skills to contribute and to carry out their roles and duties in line with the directors' responsibility.

All Directors have complied with the Continuous Training Programme prescribed by Bursa Securities. Programmes and seminars attended by the Directors, collectively or individually, during the financial year ended 31 December 2022 were as follows:-

Kong June Hon	Service Tax, Sales Tax, GST & Customs Duties: Special Tax Incentives in 2022 – Voluntary Disclosure & Amnesty.	15 February 2022
	Hasil – CTIM Tax Forum 2022	24 March 2022
	Virtual MIA International Accountants Conference 2022	8 – 9 June 2022
Dato' Goh Soo Wee	Mandatory Accreditation Programme	21-23 June 2022
Teh Kong Liang	Mandatory Accreditation Programme	21-23 June 2022
Dato' Sri Yeong Joo Hock	Mandatory Accreditation Programme	7-9 February 2023

Save as disclosed above, Encik Abd Rauf Bin Abd Rahim is not able to select suitable training programmes to attend during the financial year due to his occupied working schedule. However, he has constantly been updated relevant reading materials and technical updates, which will enhance his knowledge and equip him with the necessary skills to effectively discharge their duties as Director of the Company

2.12 Criteria for Board Assessment

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annual basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming AGM, with a view to meeting current and future requirements of the Group.

Under the MMLR of Bursa Securities, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his/her responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of the MMLR of Bursa Securities.

The criteria used by the Nomination Committee in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self-assessment on an annual basis. The Board did not engage any external party to undertake an independent assessment of the Directors.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 -BOARD COMPOSITION (CONT'D)

2.12 Criteria for Board Assessment (cont'd)

During the financial year ended 31 December 2022 the Nomination Committee conducted an annual assessment of its directors and the effectiveness of the Board of Directors in terms of board mix and composition, boardroom activities and board's relationship with Management. It also assessed the Directors who are subject to retirement by rotation at the forthcoming 28th AGM in accordance with the provisions of the Constitution of the Company and relevant provisions of the Act and the MCGG. Upon recommendation by the Nomination Committee of the proposed re-election of the relevant directors, the Board had recommended the re-election of the relevant Directors to be tabled at the forthcoming 28th AGM for shareholders' approval.

PRINCIPLE A: PART 3 -REMUNERATION

3.1 Directors' remuneration procedures and policies

The Board believes that SNC should have a fair remuneration policy to attract, retain and motivate directors. It has established a Remuneration Committee to review and ensure that the remuneration of its members fairly reflect the Board's and members' responsibilities, the expertise required by SNC and the complexity of its operations. The said remuneration should also be in line with the business strategy and long-term objectives of SNC.

3.2 Remuneration Committee

In line with the best practices of the MCGG, the Board has set up a Remuneration Committee which is comprised exclusively of Non-Executive Directors to assist the Board for determining the Director's remuneration.

As of the date of this Statement, the present members of the Remuneration Committee are as follow:-

Chairman	:	Kong June Hon (Independent Non-Executive Director)
Member	:	Teh Kok Liang (Non-Independent Non-Executive Director) Cheong Yee Peng (Independent Non-Executive Director) (appointed on 25 April 2023)
Past member	:	Abd Rauf Bin Abd Rahim (Independent Non-Executive Director) (resigned on 25 April 2023)

The Remuneration Committee is primarily responsible for recommending the policy and framework of the remuneration of the Directors and Senior Management, including the terms and remuneration of the Executive Director(s), to the Board in order to align with the business strategy and long-term objectives of the Company.

The remuneration of Directors and Senior Management is determined at levels that enable the Company to attract and retain Directors and Senior Management with the relevant experience and expertise to govern the Group effectively.

The terms of reference of the Remuneration Committee can be viewed at the Company's website at www.sncbhd.com.my.

3.3 Details of the remuneration of Directors

The Board collectively determines the remuneration for the Non-Executive Directors to ensure the same is appropriately reflective of experience and the level of responsibilities and contributions including the number of the scheduled meetings for the Board, board of subsidiaries and Board committees; and remained competitive compared with the prevailing market practices. Each of the Non-Executive Directors will abstain from deliberation and voting on his own remuneration.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 3 -REMUNERATION (CONT'D)

3.3 Details of the remuneration of Directors (cont'd)

A summary of the remuneration of the Directors (including benefit-in-kind) in the Company for services rendered to the Group for the financial year ended 31 December 2022 is as follows: -

Directors	Fees (RM)	Salaries and other emoluments (RM)	Total (RM)
Dato' Goh Soo Wee (appointed on 28 February 2022 and re-designated as Executive Chairman on 26 May 2022)	-	338,561	338,561
Teh Kok Liang (appointed on 28 February 2022)	10,000	-	10,000
Kong June Hon	14,734	-	14,734
Abd Rauf Bin Abd Rahim (resigned on 25 April 2023)	8,640	-	8,640
Dato' Sri Dr Sow Chin Chuan (resigned on 26 May 2022)	-	357,296	357,296
Lee Ping Wei (appointed on 28 February 2022 and resigned on 11 October 2022)	-	235,381	235,381
Datin Sri Chu Kim Guek (resigned on 8 March 2022)	-	18,275	18,275
Emily Sow Mei Chet (resigned on 14 June 2022)	-	168,726	168,726

3.4 Remuneration of Top Five Senior Management

In determining the remuneration packages of the senior management personnel, factors that were taken in consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

The Company believes it may not be in its best interest to disclose the information on the remuneration on the named basis of each member of the senior management personnel, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.

The remuneration of the senior management personnel which is a combination of annual salary, bonus and benefits-in kind are determined in a similar manner as other management employee of the Company. The basis of determination has been consistently applied and is based on individual performance, the overall performance of the Company and benchmarked against other companies operating in similar industry.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PRINCIPLE B: PART 1 – AUDIT COMMITTEE

4.0 Audit Committee

The Chairman of the Audit Committee is an Independent Director, who is not the Chairman of the Board. The AC comprises of three (3) members of the Board, one (1) Non-Independent Director and two (2) Independent Directors.

A detailed report on the AC can be found on pages 44 to 47 of this Annual Report 2022.

4.1 Suitability, objectivity and independent of the external auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the AC and Board of Directors on matters that require the Board's attention.

The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The AC has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the AC.

In assessing or determining the suitability and independence of the External Auditors, the AC has taken into consideration of the following:

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to respond and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statements.

Where necessary, the AC will meet with the External Auditors without the presence of Executive Chairman and members of Management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the AC are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the AC, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the AC and the Board for the financial year ended 31 December 2022.

The AC is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the AC's recommendation for the shareholders' approval to be sought at the AGM on the re-appointment of Messrs. UHY as the External Auditors of the Company for the financial year ended 31 December 2022.

Corporate Governance Overview Statement (cont'd)

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

PRINCIPLE B: PART 1 – AUDIT COMMITTEE (CONT'D)

4.2 Qualification of the AC

All AC members are financially literate, and its composition and performance are reviewed by the Nomination Committee annually and recommended to the Board for its approval.

One (1) of the AC members is the member of the Malaysian Institute of Accountants (“MIA”) thus fulfilling the requirement under Paragraph 15.09(1)(c)(i) of the MMLR which requires at least one (1) of the AC members to be a member of the MIA.

AC members acknowledge the need for continuous education trainings and during the year under review, some members of the AC had attended training on the developments in accounting and auditing standards, practices, and rules. All AC members will attend at least one training in the financial year which is relevant to accounting and auditing standards, practices and rules in enhancing their professional development.

4.3 Composition of the AC

The AC comprises three (3) Non-Executive Directors of which two (2) of the AC members are Independent Directors.

As of the date of this Statement, the present members of the AC are as follows:

Chairman	:	Kong June Hon (Independent Non-Executive Director)
Member	:	Teh Kok Liang (Non-Independent Non-Executive Director) Cheong Yee Peng (appointed on 25 April 2023) (Independent Non-Executive Director)
Past member		Abd Rauf Bin Abd Rahim (resigned on 25 April 2023) (Independent Non-Executive Director)

The Terms of Reference and the summary of activities of the AC are set out in the AC Report.

4.4 Establishment of risk management and internal control framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriate to risks of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm adopted on-going monitoring and review to the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the AC and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

Corporate Governance Overview Statement (cont'd)

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

PRINCIPLE B: PART 1 – AUDIT COMMITTEE (CONT'D)

4.5 Features of its risk management and internal control framework

The details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control on pages 48 to 50 of this Annual Report 2022.

4.6 Internal Audit Function

The Group has outsourced the Internal Audit Function to an independent consulting firm to provide an independent assessment of the adequacy, efficiency, effectiveness of the Group's internal control system. The Internal Auditors reports directly to the AC on its activities based on approved annual Internal Audit plan. The principal responsibility of the Internal Audit Function is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the Internal Auditors reviews and assesses the Group's systems of internal control and report to the AC directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the Committee for review and approval. This ensures that the audit direction is in line with the Committee's expectations.

Further details of the activities of the internal audit function are set out in the AC Report disclosed in this Annual Report 2022.

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

PRINCIPLE C: PART 1 – COMMUNICATION WITH STAKEHOLDER

5.0 Effective, transparent and regular communication with its stakeholders

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities and the internal developed Corporate Disclosure Policy. The Group practices open communication with its investors.

In order to maintain its commitment of effective communication with shareholders, the Group embraces the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCGG with regard to strengthening engagement and communication with shareholders, it is not only established just to comply with the MMLR of Bursa Securities.

The Group also endeavours to provide additional disclosures of information on a voluntary basis, where necessary. Management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

Corporate Governance Overview Statement (cont'd)

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

PRINCIPLE C: PART 1 – COMMUNICATION WITH STAKEHOLDER (CONT'D)

5.1 Leverage on Information Technology for Effective Dissemination of Information

The Company's website at www.sncbhd.com.my incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

5.2 Notice for an AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance. Both individuals and institutional shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board is always available to meet members of the press after the AGM.

The Company will be served at least 28 days' prior notice to its shareholders for its forthcoming 28th AGM which will be held on 14 June 2023. The service of the notice is within the requirement stipulated by the Companies Act, 2016 and MMLR. The notice included details and explanations of the resolutions to be tabled. Details of resolutions proposed along with any background information and reports or recommendations that are relevant were also provided in the notice for Annual General Meeting.

5.3 Attendance of Directors at General Meetings

The Company's AGM is the principal forum for dialogue and interaction with its shareholders at which the shareholders will be informed and updated on current developments of the Group.

The Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group. The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders.

All the members of the Board and the respective chairmen of the Board Committees will be present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility. The Company's External Auditors will also attend the AGM and would be available to answer questions from the shareholders pertaining to audit matters and the auditor's report.

5.4 Poll Voting and Remote Participation

In line with Paragraph 8.29A of the MMLR, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

5.5 Engagement with Shareholders

The AGM is the primary open platform for shareholders to raise questions on the Group's performance. As active participation from the shareholders is greatly encouraged, the Board strives to answer as many questions as possible with concise answers during the AGM.

In 2021, the Company has conducted the 27th AGM on a fully virtual basis through live-streaming and online remote voting. Shareholders were allowed to submit their questions electronically through the online platform provided or used the query box to transmit questions to the Board of Directors during the live streaming of the 27th AGM.

Corporate Governance Overview Statement (cont'd)

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

PRINCIPLE C: PART 1 – COMMUNICATION WITH STAKEHOLDER (CONT'D)

5.5 Engagement with Shareholders (cont'd)

The 28th AGM to be held on 14 June 2023 and the notice is dated 28 April 2023. The Notice of AGM contains details of resolutions to be approved by the shareholders with explanatory notes. In line with the recommendation of MCCG, the notice of 28th AGM was issued to the shareholders 28 days prior to the AGM date.

Shareholders were also given opportunities to pose any questions pertaining to the financial and non-financial matters as well as the long-term strategies of SNC Group during the AGM.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG as well as the relevant MMLR for the financial year ended 31 December 2022. Any practices in the MCCG which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

This Statement is made in accordance with the resolution of the Board dated 25 April 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements prepared for each financial year to give a true and accurate view of the state of the Group and the Company of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

- i) Overseeing the overall conduct of the Company's business and that of the Group;
- ii) Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
- iii) Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
- iv) Adopting suitable accounting policies and apply them consistently;
- v) Making judgments and estimates that are reasonable and prudent; and
- vi) Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act 2016 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2022, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE (“AC”)

The AC comprises the following members:-

Names	Designation	Directorship
Kong June Hon	Chairman	Independent Non-Executive Director
Teh Kok Liang (appointed on 27 October 2022)	Member	Non-Independent Non-Executive Director
Cheong Yee Peng (appointed on 25 April 2023)	Member	Independent Non-Executive Director
Past member: Abd Rauf Bin Abd Rahim (Resigned on 25 April 2023)		Independent Non-Executive Director

The composition of the AC is in compliance with Paragraphs 15.09 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 Non-Executive Directors. None of them 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 AC Chairman, Kong June Hon, is a Chartered Accountant of the Malaysian Institute of Accountants. The AC possesses a wide range of necessary skills to discharge its duties and is financially literate and able to understand matters under the purview of the AC including the financial reporting process.

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 www.sncbhd.com.my.

Meetings and Attendance of AC Members

The AC held six (6) meetings during the financial year ended 31 December 2022. The Executive Chairman, Group Finance Manager and representatives of the External and Internal Auditors were invited to attend AC meetings when required, in order to facilitate direct communications in respect of 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:-

Names	Attendance*
Kong June Hon (Chairman)	6/6
Teh Kok Liang (appointed 27 October 2022)	2/2
Abd Rauf Bin Abd Rahim (resigned on 25 April 2023)	6/6
Cheong Yee Peng (appointed on 25 April 2023)	–

* The AC Meetings were held on 22 February 2022, 25 April 2022, 25 May 2022, 23 August 2022, 30 November 2022 and 24 February 2023 respectively.

Audit Committee Report (cont'd)

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC

During the financial year ended 31 December 2022, 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 the Executive Chairman during the financial year to encourage a greater exchange of free and honest views between both parties.

A summary of the work of the AC in the discharge of its functions and duties for the financial year ended 31 December 2022 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 announcement to Bursa Securities;
- 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
24 February 2023	• Fourth quarter results for the financial year ended 31 December 2022
30 November 2022	• Third quarter results for the financial year ended 30 September 2022
23 August 2022	• Second quarter results for the financial year ended 30 June 2022
25 May 2022	• First quarter results for the financial year ended 31 March 2022
25 April 2022	• Audited Financial Statements for the financial year ended 31 December 2021
22 February 2022	• Fourth quarter results for the financial year ended 31 December 2021

2. External Audit

- a) Reviewed the Report on Significant Audit Findings for the financial year ended 31 December 2022, which included the External Auditors' significant audit findings and observations, 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 31 December 2022 and areas for concern raised by the External Auditors;
- c) Reviewed the Outline of Audit Plan for the financial year ended 31 December 2022 presented by the External Auditors, which included the external auditors' audit approach and methodology, audit timetable, significant audit areas, reporting and deliverables, summary of new Malaysian Financial Reporting Standard ("MFRS") and amendments to MFRS and fees;
- d) Conducted annual assessment on the performance and effectiveness of the external auditors for the financial year ended 31 December 2022, and having satisfied itself of the expertise, capacity and independence of the external auditors, recommended to the Board to re-appoint Messrs. UHY as the external auditors of the Group for the ensuing financial year of 31 December 2023;

Audit Committee Report (cont'd)

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC (CONT'D)

2. External Audit (cont'd)

- e) Assessed the suitability, objectivity, independence and performance of the External Auditors;
- f) Assessed the performance of the Internal Auditors;
- g) Reviewed and evaluated the adequacy and effectiveness of the Group's accounting policies, procedures and system of internal controls; and
- h) Reviewed the Terms of Reference of the AC.

During the financial year, the AC had a private discussion with the External Auditor, without the presence of the Executive Chairman and Management of the Company to discuss issues that arose from the external audit.

3. Internal Audit

- a) Reviewed and approved the Internal Audit Services Proposal for the financial year ended 31 December 2022 and the internal audit fees; and
- b) Reviewed one (1) Internal Auditor's Report for the financial year ended 31 December 2022, which includes internal audit findings and the Management responses to rectify and improve the system of internal control.

4. Recurrent Related Party Transactions ("RRPTs")

- a) Reviewed the RRPTs of a revenue or trading nature for inclusion in the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for recurrent transactions for the Board's approval;
- b) Reviewed the procedures and guidelines for RRPTs to make sure that the Group has adequate controls to monitor, track and identify the said transactions to ensure that they are conducted at arm's length and on normal commercial terms not detrimental to the interests of minority shareholders; and
- c) Reviewed the RRPTs on a quarterly basis to ascertain that the procedures and guidelines established to monitor such transactions have been complied with and to ensure that they are within the mandate obtained.

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 and Statement on Risk Management and Internal Control for disclosure in the 2022 Annual Report; and
- c) Reviewed the following annual evaluation forms:-
 - i) Audit Committee Members' Peer Performance Evaluation Form;
 - ii) External Auditors Performance and Independence Evaluation Form; and
 - iii) Internal Audit Function Evaluation Form.

Audit Committee Report (cont'd)

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Company's internal audit function, which is outsourced to an independent professional consulting firm, Indah Corporate Governance Sdn. Bhd. which reports to the AC and assists the AC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

A summary of work of the internal audit function for the financial year ended 31 December 2022 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 reviews on the operations of Len Cheong industries Sdn. Bhd., a wholly-owned subsidiary of the Company which focused on Human Resource and Payroll Management in accordance with the approved audit plan; and
- (c) Based on the audit reviews carried out, reported the results of the audit reviews to the AC in the AC held on 25 May 2022. The reports highlighted internal control weaknesses identified and corresponding recommendations for improvements.

An internal audit report was issued during the financial year. The internal audits conducted did not detect any weakness which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report 2022.

The internal audit fee approved for undertaking the above review is RM4,800.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2021 (“the Code”) sets out the principle that the Board of Directors of a listed company should establish a sound risk management framework and internal control system to safeguard shareholders’ investment and assets of the Group.

The Statement on Risk Management and Internal Control by the Board on the Group is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Principles and Recommendations relating to risk management and internal controls provided in the Code and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD’S RESPONSIBILITY

The Board recognises the importance of a sound risk management framework and internal control system in safeguarding shareholders’ investment and assets of the Group. As such, it acknowledges its responsibility in ensuring that such a framework and system is maintained and reviewing its adequacy and effectiveness.

Considering the inherent limitations in any system of risk management and internal control, the system currently established in the Group and Company is intended to manage risks, keeping risks contained within an acceptable level, rather than aiming to eliminate it completely. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an ongoing process of identifying, evaluating, managing, and monitoring the significant risks to which it, its assets and its businesses are exposed. The process is reviewed regularly by the Board, assisted by recommendations from the Audit Committee, the internal auditors, and the external auditors, to ensure that the process and the relevant systems remain up-to-date and effective. Management is held accountable by the Board for implementing and enforcing the agreed control systems across the Group.

RISK MANAGEMENT FRAMEWORK

The Group adopts a Risk Management Framework to develop a strong enterprise-wide risk management system. The framework spells out the Group’s principles and strategies established to drive the risk culture to consistently practice risk management system at all levels of the Group.

This forms the basis of communication and guide from the Board level down through senior management and finally to all other levels of employees on the risk management methodology to identify, describe, measure, mitigate and report the risks in areas of the Group’s business activities that requires further development or enhancement.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

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 and Senior Management’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 on in a timely manner.

There is a comprehensive budgeting system that requires preparation of the annual budget by all major business units. The annual budget which contains financial, operating targets and performance indicators are reviewed and approved by the Executive Directors together with the Senior Management before being presented to the Board. The budgets are further reviewed and revised, if necessary, during the middle of the year to reflect changes in operating conditions affecting the Group.

Statement on Risk Management and Internal Control (cont'd)

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONT'D)

Internal Control (cont'd)

Issues relating to the business operations are highlighted to the Board's attention during Board meetings. The Audit Committee reviews internal control matters and update 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:

- Quarterly review of the financial performance of the Group by the Board and the Audit Committee.
- Defined organisation structure and delegation of responsibilities, Policies, Procedures and Standard Operating Procedures which are systematically documented, revised 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.
- A structured recruitment process, a performance appraisal system and a wide variety of training and development programs are in place to maintain staff competency; and Code of conduct was communicated to all employees of the Group.

Internal Audit

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to an external consultant, Indah Corporate Governance Sdn. Bhd., 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 an annual audit plan approved by the Audit Committee.

The internal audit function adopts a risk-based approach and prepares its audit plans based on key risks identified. The internal audit provides an assessment of the adequacy and integrity of the Group's system of internal controls, as well as recommendations, if any, for the improvement of the control policies and procedures. The results of the internal audit assessments are reported periodically to the Audit Committee.

The internal audit reports are reviewed by the Audit Committee and forwarded to the Senior Management so that recommended corrective actions could be implemented. The Senior Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are made within the required time frame.

A total of RM4,800 was spent on internal audit activities for financial year ended 31 December 2022.

Review by the Board

The Board's review of risk management and internal control effectiveness is based on information from:

- Senior Management within the organisation responsible for the development and maintenance of the risk management and internal control system; and
- The work by the internal audit function which submits reports to the Audit Committee 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 Group's business environment.

The Board and Senior Management will continue to take measures to strengthen the risk and control environment and monitor the risk and internal controls framework.

Statement on Risk Management and Internal Control (cont'd)

Review by the Board (cont'd)

The Board also received assurance from the Executive Chairman that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group.

Review of this Statement by the External Auditors

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report 2022. The external auditors have confirmed to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor factually inaccurate.

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 satisfied that the risk management and internal control system was satisfactory and has not resulted in any material loss, contingency or uncertainty. The Board has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control system.

The above statement is made in accordance with a resolution of the Board dated 25 April 2023.

STATEMENT ON CORPORATE SUSTAINABILITY

Corporate Sustainability is the idea that corporations owe a duty to those groups and individuals that they can affect, i.e., their stakeholders, and to society at large, to conduct its business and operations in a sustainable manner by delivering economic, social and environmental benefits. The Group recognises the importance of sustainability and its increasing impact to the business.

By being a good corporate citizen, the Group aims to achieve the future sustainability of our business in a responsible way. This report provides disclosures in line with the requirements of the Bursa Malaysia Securities Berhad Sustainability Reporting Guide ("Bursa Sustainability Guide") and the Malaysian Code on Corporate Governance of Securities Commission Malaysia.

Community

The Group believes that the support and encouragement given to the employees of the companies for involvement in the community activities would benefit both the community and the Group as a whole.

Workplace

The Group have made its effort to provide good quality work, safety and health environment to our employees. Production layout and workflow are organised in a proper manner to ensure optimum workers' movement, safety and sustainable work rate. The Group continues to adhere to the industry safety and health policy in order to ensure that a safe and healthy working environment is provided to the employees of the Group at all times.

Our business thrives on the passion and performance of our people and by ensuring a safe, engaging and innovative environment we empower our employees to achieve their full potential. This is reflected in the workplace issues deemed most important across the Group. Raising the bar on employee wellbeing, development opportunities and diversity gives us the edge in an increasingly competitive recruitment environment.

Therefore, the Group places high emphasis on its development and encourages the employees to improve themselves through trainings and seminars at all levels. Apart from that, the Group considers health and safety management to be equally as important as other management functions. It is the management's responsibility to provide the framework to promote, stimulate and encourage the highest standard of safety and health at work. All employees, visitors including sub-contractors and workers must ensure that the Group's safety and health regulations are complied with and work towards achieving a healthy and safe working environment.

Towards this, the occupational safety and health committee carries out various activities throughout the year including fire drills, maintenance of fire-fighting equipment and electrical installations, regular training of the in-house fire-fighting squad and security team, organizing activities and training of workers in areas such as first aid, safety training on handling of machinery and forklift. In addition, the emergency response team and standard procedures are in place to deal with any untoward incidents.

Environment

As a major wood-based furniture manufacturer, the Group believes in the sustainable use of environmentally friendly material and continues to promote environmentally-conscious work practices in order to reduce environmental impact, enhance energy efficiency and to promote recycling wherever possible.

The Group observes the requirements of relevant environmental laws and regulations as well as establishing objectives and targets in regards to reducing and recycling of waste, developing of environmental friendly products and services as well as purchasing environmental friendly materials, items and commodities. One of our initiatives was using environment friendly packaging materials to pack our products for some customers, e.g replacing strapping belt with hot melt glue to seal boxes, reducing use of plastic bags by substituting with PE sheet, single facer carton paper. We also practise rainwater harvesting for our factory cleaning purposes, etc.

As for the construction and industry side, air quality is an important issue as dust from these operations can contribute to air pollution if not carefully controlled. We ensure close monitoring on dust levels and erect protective fencing around factories and construction workplace in compliance with environmental laws and regulations.

Statement on Corporate Sustainability (cont'd)

Environment (cont'd)

Since publishing sustainability management of the Group in annual report in 2016, the Company has ensured that related sustainability trainings had been arranged for key employees. Training requests were approved at the Board as well as Management level.

Product safety, quality assurance and customer service

Our main raw material used in producing furniture to our customer is Rubberwood. Rubberwood is the most ecologically friendly lumber used in today's Malaysia furniture industry. Matured rubber tree harvesting and rubber tree replanting programme is actively promoted by our local government and partially financed by Rubber Research Institute of Malaysia (RRIM).

The Group maintains its commitment to its policy of satisfying customers by conducting its business with integrity and providing them with quality products. In regards to this, the Group continuously emphasises quality and customer focus that reflects the Group's commitment towards its customers.

Market Place

The Group believes in conducting business fairly, impartially and in full compliance with all laws and regulations. Honesty and integrity forms the base of all our relationships, including those with customers, vendors, sub-contractors, the business community at large and among employees. The Group is committed to produce quality products to customers and ensure minimal disruption in supplying the goods to the customers.

We also support local business and suppliers for a vast majority of materials used in our products.

Stakeholder Engagement

Our stakeholders are our main priorities. Listening to stakeholders is important in our journey towards the sustainability of our business growth. Thus, engaging with the key stakeholders regularly enable us to understand their needs and expectations, identify gaps and enable us to make informed assessments and formulate strategies incorporating their views and inputs in our business decisions and the preparation of this report.

On the operational level, the respective Business Divisions engage directly with their customers and suppliers, in view of the diversity and complexity of the different business nature.

Meanwhile, at the Group level issues relating to Shareholders and Investors, employees, government and regulators, media, community & bankers are being addressed for consistency and reliability through various channels such as Annual General Meetings, press releases, quarterly financial reports, circulars, corporate website, meetings, industry related events and so forth.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION PROCEEDS

The Company has not implemented any corporate proposal during the financial year ended 31 December 2022.

On 20 February 2023, the Company obtained its shareholders' approval for the proposed placement of new ordinary shares in SNC of up to 20% of SNC's total number of issued shares ("Proposed Placement") and as at the date of this Statement, the Company has yet to complete the entire Proposed Placement.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid to the firm or corporation affiliated with the External Auditors by the Company and the Group for the financial year ended 31 December 2022 are as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	28,000	80,000
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	5,000	5,000

3. MATERIAL CONTRACTS OR LOANS INVOLVING THE INTERESTS OF THE DIRECTORS, THE CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

There were no material contracts or loans between the Company and its subsidiary that involve the interests of the Directors, the Chief Executive who is not a director or Major Shareholders.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPTS")

On 14 June 2022, the Company obtained approval from the shareholders of the Company to enter into RRPT of a revenue or trading nature with persons who are considered to be a "Related Party" as defined in Chapter 10 of the Main Market Listing Requirements.

The details of the RRPTs entered by the Group during the financial year ended 31 December 2022 are reviewed by Audit Committee on a quarterly basis.

5. EMPLOYEES SHARES OPTION SCHEME ("ESOS")

On 4 August 2022, 9,018,825 ESOS option has been offered to the eligible employees of the Company and its subsidiaries at RM0.37 per share.

Movement of the number of share options and the weighted average exercise prices are as follows: -

Date of Offer	Exercise Price (RM)	Number of options over Ordinary Shares				At 31.12.2022 ('000)
		At 1.1.2022 ('000)	Granted ('000)	Exercised ('000)	Lapsed ('000)	
04.08.2022	0.37	-	9,018,825	-	-	9,018,825

Please refer to page 58 and page 102 of the Annual Report 2022 for further details on the ESOS.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SAND NISKO CAPITAL BERHAD

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sand Nisko Capital Berhad, which comprise statements of financial position as at 31 December 2022 of the Group and of the Company, and 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 63 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, 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 Requirements

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 Matter

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.

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

Key Audit Matter	How we addressed the key audit matters
<p><u>Revenue and cost recognition on construction contracts</u></p> <p>Refer to Note 2(c), 3(o), 8 and 18 to the financial statements.</p> <p>The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.</p>	<p>Our audit procedures in relation to management's revenue and cost recognition on construction contracts include:</p> <ul style="list-style-type: none"> • Challenged the assumptions in deriving at the estimates of construction contract. This includes comparing the estimated costs to supporting documentation such as approved budgets, quotations, contracts and variation orders with sub-contractors. • Agreed samples of costs incurred to date to relevant documents such as sub-contractor claim certificates, verified by the Group's internal quantity surveyor. • Assessed management's workings on the computation of percentage-of-completion.

Independent Auditors' Report (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.

Independent Auditors' Report (cont'd)

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Other Matter

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

UHY

Firm Number: AF 1411
Chartered Accountants

TIO SHIN YOUNG

Approved Number: 03355/02/2024 J
Chartered Accountant

KUALA LUMPUR
25 April 2023

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year	(18,438,811)	(12,456,831)

RESERVES AND PROVISIONS

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

DIVIDENDS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the ordinary share capital of the Company was increased from 231,660,000 units to 231,725,500 units by way of issuance of additional 65,500 shares in two (2) tranches pursuant to conversion of warrants 2021/2024 during the first quarter ended 31 March 2022.

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

There was no issuance of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of and options pursuant to bonus issue of Warrants B.

WARRANTS B

The Warrants B were constituted under the Deed Poll dated 16 December 2021.

As at 31 December 2022, the total number of warrants B that remained unexercised were 115,764,499.

The details of the Warrants B are disclosed in Note 28 to the financial statements.

Directors' Report (cont'd)

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 11 March 2021, the Company's shareholders approved the establishment on an ESOS. The ESOS was implemented on 18 June 2021 for a period of five (5) years and will expire on 17 June 2025.

The salient feature of the ESOS are disclosure in Note 13(b) to the financial statements.

DIRECTORS

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

Dato' Goh Soo Wee *	(Appointed on 28 February 2022)
Dato' Sri Yeong Joo Hock *	(Appointed on 11 October 2022)
Dato' Chong Mun Phing	(Appointed on 25 April 2023)
Datin Sri Chu Kim Guek	(Ceased on 8 March 2022)
Dato' Sri (Dr) Sow Chin Chuan *#	(Ceased on 26 May 2022)
Abd Rauf Bin Abd Rahim	(Ceased on 25 April 2023)
Edward Sow Yuen Seng *	(Ceased on 8 March 2022)
Emily Sow Mei Chet *#	(Ceased on 14 June 2022)
Kong June Hon	
Cheong Yee Peng	(Appointed on 25 April 2023)
Lee Ping Wei *	(Appointed on 28 February 2022 and ceased on 11 October 2022)
Song Peng Wei	(Appointed on 17 April 2023)
Teh Kok Liang *	(Appointed on 28 February 2022)

* Director of the Company and its subsidiary companies.

Directors which ceased as director of the Company during the financial year but only held office in the subsidiary companies.

The directors who held office in the subsidiary companies (excluding directors who are also directors of the Company) during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Yeong Kee Teck	(Appointed on 26 May 2022 and ceased on 17 January 2023)
Edmund Sow Yong Ming	(Ceased on 12 August 2022)
Eric Sow Yong Shing	(Ceased on 12 August 2022)
Eugene Sow Chuan Sheng	(Ceased on 11 October 2022)
Hamdan Bin Mohammed	(Ceased on 12 August 2022)

DIRECTORS' INTERESTS

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

Interests in the Company	Number of ordinary shares			At 31.12.2022
	At 01.01.2022	Addition	Disposal	
Direct interests:				
Kong June Hon	396,000	–	–	396,000
Dato' Goh Soo Wee	–	1,290,000	–	1,290,000
Dato' Sri Yeong Joo Hock	–	3,239,000	–	3,239,000

* Deemed interest by virtue of shares held by spouse or children.

Directors' Report (cont'd)

DIRECTORS' INTEREST (CONT'D)

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

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than those shown below) by reason of a contract made by the Company or a related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Remuneration of Directors are as follows:

	Group 2022 RM	Company 2022 RM
Executive director		
Salaries, fees and other emoluments	520,645	520,645
Defined contribution plans	51,948	51,948
Social contribution plans	1,349	1,349
	573,942	573,942
Non-Executive director		
Salaries, fees and other emoluments	582,374	499,374
Defined contribution plans	87,040	77,080
Social contribution plans	2,116	1,217
	671,530	577,671
	1,245,472	1,151,613

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

INDEMNITY AND INSURANCE COSTS

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

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were bad debts written off and adequate allowance had been made for doubtful debts and;
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the result of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (cont'd)

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

SUBSEQUENT EVENTS

The subsequent event is disclosed in Note 30 to the financial statements.

AUDITORS

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

The details of auditors' remuneration of the Group and of the Company during the financial year are RM80,000 and RM28,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 April 2023.

DATO' GOH SOO WEE

TEH KOK LIANG

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 April 2023.

DATO' GOH SOO WEE

TEH KOK LIANG

KUALA LUMPUR

STATUTORY DECLARATION

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

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

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 25 April 2023.)

DATO' GOH SOO WEE

Before me,

COMMISSIONER FOR OATHS

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	16,673,961	18,897,118	26,340	4,766
Right-of-use assets	5	3,328,855	2,608,392	315,716	–
Investment in subsidiary companies	6	–	–	12,769,608	21,120,829
		20,002,816	21,505,510	13,111,664	21,125,595
Current assets					
Inventories	7	5,099,748	3,765,637	–	–
Contract assets	8	3,615	12,080,280	–	–
Trade receivables	9	5,781,508	9,542,575	–	–
Other receivables	10	198,227	4,709,079	1,650	1,000
Amount due from subsidiary companies	11	–	–	15,089,869	18,440,859
Tax recoverable		159,781	68,831	3,087	1,587
Bank balances		554,311	2,602,386	285,603	6,086
		11,797,190	32,768,788	15,380,209	18,449,532
Total assets		31,800,006	54,274,298	28,491,873	39,575,127
EQUITY					
Share Capital	12	20,056,028	20,024,916	20,056,028	20,024,916
Reserves	13	(1,646,131)	16,792,680	2,803,979	15,260,810
Total equity		18,409,897	36,817,596	22,860,007	35,285,726
LIABILITIES					
Non-current liabilities					
Lease liabilities	14	2,097,397	1,836,541	65,540	–
Deferred tax liabilities	15	1,558,487	1,739,974	–	–
		3,655,884	3,576,515	65,540	–
Current liabilities					
Trade payables	16	4,908,530	11,677,405	–	–
Other payables	17	3,576,191	1,531,861	3,020,342	122,992
Amount due to subsidiary companies	11	–	–	2,203,375	4,166,409
Amount due to director	11	89,871	–	87,371	–
Lease liabilities	14	1,159,633	670,921	255,238	–
		9,734,225	13,880,187	5,566,326	4,289,401
Total liabilities		13,390,109	17,456,702	5,631,866	4,289,401
Total equity and liabilities		31,800,006	54,274,298	28,491,873	39,575,127

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

**STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	18	27,902,545	57,475,701	348,000	505,050
Cost of sales		(30,722,480)	(50,509,849)	-	-
Gross (loss)/profit		(2,819,935)	6,965,852	348,000	505,050
Other income		138,590	917,784	30,156	113,255
Distribution and administrative expenses		(15,788,164)	(6,379,969)	(12,821,326)	(1,907,155)
Finance cost		(153,542)	(105,872)	(13,661)	-
(Loss)/Profit before tax	19	(18,623,051)	1,397,795	(12,456,831)	(1,288,850)
Taxation	20	184,240	29,143	-	-
(Loss)/Profit for the financial year, representing total comprehensive (loss)/ income for the financial year		(18,438,811)	1,426,938	(12,456,831)	(1,288,850)
(Loss)/Earnings per share					
Basic (loss)/earnings per share (sen)	21	(7.96)	1.19		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to Owners of the Company					Total equity RM
	Non-distributable			Distributable		
	Share capital	Employee share option scheme ("ESOS") reserves	Revaluation reserve	Retained earnings/ (Accumulated) Losses)		
Note	RM	RM	RM	RM		
Group						
At 1 January 2021		11,284,213	–	5,743,408	9,622,334	26,649,955
Profit for the financial year		–	–	–	1,426,938	1,426,938
Transactions with owners:						
Issue of shares pursuant to private placements	12	4,530,629	–	–	–	4,530,629
Issue of shares pursuant to ESOS	13	–	812,394	–	–	812,394
Issue of shares pursuant to exercise of ESOS	13	4,210,074	(812,394)	–	–	3,397,680
At 31 December 2021		20,024,916	–	5,743,408	11,049,272	36,817,596
At 1 January 2022		20,024,916	–	5,743,408	11,049,272	36,817,596
Loss for the financial year		–	–	–	(18,438,811)	(18,438,811)
Transactions with owners:						
Issuance of shares pursuant to exercise of warrants		31,112	–	–	–	31,112
Realisation of revaluation surplus upon depreciation		–	–	(364,738)	364,738	–
At 31 December 2022		20,056,028	–	5,378,670	(7,024,801)	18,409,897

Statements of Changes In Equity (cont'd)

	Note	Non-distributable		Distributable	
		Share capital RM	Employee share option scheme ("ESOS") reserves RM	Retained earnings RM	Total equity RM
Company					
At 1 January 2021		11,284,213	–	16,549,660	27,833,873
Transactions with owners:					
Issue of shares pursuant to private placements	12	4,530,629	–	–	4,530,629
Issue of shares pursuant to ESOS	13	–	812,394	–	812,394
Issue of shares pursuant to exercise of ESOS	13	4,210,074	(812,394)	–	3,397,680
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	(1,288,850)	(1,288,850)
At 31 December 2021		20,024,916	–	15,260,810	35,285,726
At 1 January 2022		20,024,916	–	15,260,810	35,285,726
Transactions with owners:					
Issued of shares pursuant to Exercise of warrant		31,112	–	–	31,112
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	(12,456,831)	(12,456,831)
At 31 December 2022		20,056,028	–	2,803,979	22,860,007

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows used in operating activities				
(Loss)/profit before tax	(18,623,051)	1,397,795	(12,456,831)	(1,288,850)
Adjustments for:				
Depreciation of				
-Property, plant and equipment	1,019,822	636,593	3,937	1,300
-Right-of-use assets	1,045,945	528,997	189,430	-
Finance cost	153,542	105,872	13,661	
(Gain)/loss on disposal of:				
-Right-of-use assets	62,953	-	-	-
-A subsidiary company	(169)	-	384,152	-
Gain on unrealized foreign exchanges	-	20,205	-	-
Interest income	(12,072)	(86,448)	-	(2,255)
Impairment loss on:				
-Property, plant and equipment	-	138,670	-	-
-Investment in subsidiary companies	-	-	6,673,130	-
-Other receivables	-	328,535	-	-
Inventories written down value	2,018,397	123,840	-	-
Reversal of:				
-Impairment loss on other receivable	-	(663,299)	-	-
-Inventories written down value	-	(1,453,932)	-	-
Written off of				
-Property, plant and equipment	1,232,244	75,697	-	-
-Inventories	-	1,453,932	-	-
-Other receivables	1,000,000	-	-	-
Operating (loss)/profit before working capital changes	(12,102,389)	2,606,457	(5,192,521)	(1,289,805)
Change in working capital:				
Inventories	(10,902,380)	(2,840,513)	-	-
Contract assets	11,983,501	(10,624,103)	-	-
Receivables	5,081,918	2,959,197	(650)	-
Payables	(1,232,992)	6,149,557	2,897,350	18,657
	4,930,047	(4,355,862)	2,896,700	18,657
Cash used in operations	(7,172,342)	(1,749,405)	(2,295,821)	(1,271,148)
Interest received	12,072	86,448	-	2,255
Interest paid	(153,542)	(105,872)	(13,661)	-
Tax paid	(89,497)	(110,228)	(1,500)	(1,500)
Net cash used in operating activities	(7,403,309)	(1,879,057)	(2,310,982)	(1,270,393)

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

Statements of Cash Flows (cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from (used in) investing activities				
Additions of:				
-Property, plant and equipment	(28,909)	(8,044,144)	(25,511)	-
-Right-of-use assets	-	(23,519)	-	-
-Investment in subsidiary companies	-	-	(100)	(1,500,000)
Net changes in:				
-Amount due from subsidiary companies	-	-	3,450,990	(8,250,939)
Proceeds from disposal of	-	-	-	-
-Right-of-use assets	217,077	-	-	-
-Investment in a subsidiary company	-	-	1,294,039	-
Net cash inflows from disposal of a subsidiary company	1,102,253	-	-	-
Net cash from/(used in) investing activities	1,290,421	(8,067,663)	4,719,418	(9,750,939)
Cash flows from/(used in) financing activities				
Proceeds from:				
Issuance of shares	-	4,530,629	31,112	4,530,629
Exercise of ESOS	-	4,210,074	-	4,210,074
Exercise of warrants	31,112	-	-	-
Net changes in:				
Amount due to subsidiary companies	-	-	(2,063,034)	2,068,175
Amount due to director	5,330,571	-	87,371	-
Repayment of lease liabilities	(1,296,870)	(629,054)	(184,368)	-
Net cash from/(used in) financing activities	4,064,813	8,111,649	(2,128,919)	10,808,878
Net (decrease)/increase in cash and cash equivalents	(2,048,075)	(1,835,071)	279,517	(212,454)
Cash and cash equivalents at the beginning of the financial year	2,602,386	4,437,457	6,086	218,540
Cash and cash equivalents at the end of the financial year	554,311	2,602,386	285,603	6,086
Cash and cash equivalents at the end of the financial year comprises:				
Bank balance	554,311	2,602,386	285,603	6,086

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at Ground Floor Office 1, Tower 8 Avenue 5, The Horizon Phase 2, Bangsar South City, Jalan Kerinchi, 59200 Kuala Lumpur.

The registered office of the Company is located at No.2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

The principal activities of the Company consist of provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

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

Adoption of amended standards

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

Amendments to MFRS 3	Reference of the Conceptual Framework
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2023
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Annual Improvements to MFRSs Standards 2018 - 2020:	
Amendments to MFRS 1	
Amendments to MFRS 9	
Amendments to MFRS 16	
Amendments to MFRS 141	

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

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

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

Judgement (Cont'd)

Determining the lease term of contracts with renewal options - the Group and the Company as lessee

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

The Group and the Company apply judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group and the Company included the renewal period as part of the lease term for such leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. The Group and the Company typically exercise its option to renew for those leases with renewal option.

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

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

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

Key sources of estimation uncertainty

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

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

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

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

Revaluation of property, plant and equipment

The Group carries its land and buildings at revalued amount, being its fair value at the date of revaluation less accumulated depreciation and impairment loss with changes in fair value being recognised in other comprehensive income. It measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

Impairment of property, plant and equipment

The Group assesses whether there is any indication that property, plant and equipment are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

The key assumptions used to determine the recoverable amount is disclosed in Note 4.

Impairment of investment in subsidiary companies

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

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 6.

Inventories valuation

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

Determination of transaction prices

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

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

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

Revenue from construction contracts

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

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

The details of construction contracts are disclosed in Notes 8 and 18.

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement is used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 8.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

Employee share options

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payments scheme are disclosed in Note 13.

Income taxes

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

The Group and the Company recognised liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES

- (a) Basis of consolidation

- (i) Subsidiary companies

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

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

(iii) Disposal of subsidiary companies

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

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

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translations and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for land and buildings which are stated at fair value less accumulated depreciation and accumulated impairment loss. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (Cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives.

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

Long term leasehold land	50 - 54 years
Buildings	30 years
Plant and machinery	10 - 13 years
Motor vehicles	5 - 10 years
Furniture, fittings and equipment	10 - 25 years

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation (Cont'd)

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

(d) Leases

As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment. The Group's ROU asset consists of leasehold land (included in property, plant and equipment), premises and motor vehicles as disclosed in Notes 4 and 5 respectively.

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases (Cont'd)

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

(e) Financial assets

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

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

Financial asset categories and subsequent measurement

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

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

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets designated at amortised cost comprise trade and other receivables, amount due from subsidiary company and bank balances.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial assets (Cont'd)

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

Debt instruments

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

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

For debt security is not designated as at fair value through profit or loss, interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

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

Equity instruments

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

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

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

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

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

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

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

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment as disclosed in Note 3(l)(ii) on impairment of financial assets.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial assets (Cont'd)

(iii) Financial assets at fair value through profit or loss ("FVTPL") (Cont'd)

Regular way purchase or sale of financial assets

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

Derecognition

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

(f) Financial liabilities

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

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

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

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

Define for financial liabilities at FVTPL

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

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

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

(ii) Financial liabilities at amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

The Group's and Company's financial liabilities designated at amortised cost comprise trade and other payables, amount due to subsidiary company and director and lease liabilities.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial liabilities (Cont'd)

(ii) Financial liabilities at amortised cost (Cont'd)

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

(g) Offsetting of financial instruments

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

(h) Inventories

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

(i) Other inventories

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads are stated on a first-in-first-out.

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

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expense in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

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

(i) Construction contracts

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

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Construction contracts (Cont'd)

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

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

(j) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(l) Impairment of assets

(i) Non-financial assets

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

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of assets (Cont'd)

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

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

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

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

(ii) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

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

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

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

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

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

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

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

(m) Share capital

Ordinary Shares

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

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

(n) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits (Cont'd)

(iii) Share-based payments

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original terms, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from construction contracts

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

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue recognition (Cont'd)

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

(a) Revenue from construction contracts (Cont'd)

There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

(b) Sales of goods - wholesale

The Group manufactures and sells furniture in the wholesale market. Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Following delivery of the goods to the wholesaler's specific location, the wholesaler has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence and loss in relation to the goods.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Under the Group's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 30 to 90 days, which is consistent with market practice.

(ii) Rental income

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

(iii) Interest income

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

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Borrowing costs (Cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(q) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

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

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents comprise cash and bank balances, deposits with licensed banks and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdrafts, if any, are deducted.

Notes to the Financial Statements
(cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

	← At valuation →		← At cost →				Total RM
	Long term leasehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Furnitures, and fittings, and equipment RM	Capital work-in- progress RM	
Group							
2022							
Cost/Valuation							
At 1 January 2022	5,037,250	5,962,750	803,600	18,389,514	6,499	1,232,244	31,431,857
Additions	-	-	10,500	-	18,409	-	28,909
Written off	-	-	-	-	-	(1,232,244)	(1,232,244)
At 31 December 2022	5,037,250	5,962,750	814,100	18,389,514	24,908	-	30,228,522
Representing by:							
At cost	-	-	814,100	18,389,514	24,908	-	19,228,522
At valuation	5,037,250	5,962,750	-	-	-	-	11,000,000
At 31 December 2022	5,037,250	5,962,750	814,100	18,389,514	24,908	-	30,228,522
Accumulated depreciation							
At 1 January 2022	254,335	336,961	80,360	10,696,123	1,733	-	11,369,512
Charge for the financial year	103,099	192,549	40,880	680,000	3,294	-	1,019,822
At 31 December 2022	357,434	529,510	121,240	11,376,123	5,027	-	12,389,334
Accumulated impairment							
At 1 January 2022 / 31 December 2022	-	-	-	1,165,227	-	-	1,165,227
Carrying amount							
At 31 December 2022	4,679,816	5,433,240	692,860	5,848,164	19,881	-	16,673,961

Notes to the Financial Statements
(cont'd)

	← At valuation →				← At cost →			
	Long term leasehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furnitures, fittings, and equipment RM	Capital work-in-progress RM	Total RM
Group 2021								
Cost/Valuation								
At 1 January 2021	5,037,250	5,962,750	803,600	11,989,361	164,205	82,066	-	24,039,232
Additions	-	-	-	6,811,900	-	-	1,232,244	8,044,144
Disposal	-	-	-	(411,747)	(164,205)	(75,567)	-	(651,519)
At 31 December 2021	5,037,250	5,962,750	803,600	18,389,514	-	6,499	1,232,244	31,431,857
Representing by:								
At cost	-	-	803,600	18,389,514	-	6,499	1,232,244	20,431,857
At valuation	5,037,250	5,962,750	-	-	-	-	-	11,000,000
At 31 December 2021	5,037,250	5,962,750	803,600	18,389,514	-	6,499	1,232,244	31,431,857
Accumulated depreciation								
At 1 January 2021	103,099	192,549	40,180	10,804,372	101,661	66,880	-	11,308,741
Charge for the financial year	151,236	144,412	40,180	296,204	995	3,566	-	636,593
Disposal	-	-	-	(404,453)	(102,656)	(68,713)	-	(575,822)
At 31 December 2021	254,335	336,961	80,360	10,696,123	-	1,733	-	11,369,512
Accumulated impairment								
At 1 January 2021	-	-	-	1,026,557	-	-	-	1,026,557
Charge for the financial year	-	-	-	138,670	-	-	-	138,670
At 31 December 2021	-	-	-	1,165,227	-	-	-	1,165,227
Carrying amount								
At 31 December 2021	4,782,915	5,625,789	723,240	6,528,164	-	4,766	1,232,244	18,897,118

Notes to the Financial Statements (cont'd)

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

	Office equipment RM
Company	
2022	
Cost	
At 1 January 2022	6,499
Additions	25,511
<hr/>	
At 31 December 2022	32,010
Accumulated depreciation	
At 1 January 2022	1,733
Charge for the financial year	3,937
<hr/>	
As of 31 December 2022	5,670
<hr/>	
Carrying amount	
At 31 December 2022	26,340
<hr/>	
2021	
Cost	
At 1 January 2021/ 31 December 2021	6,499
<hr/>	
Accumulated depreciation	
At 1 January 2021	433
Charge for the financial year	1,300
<hr/>	
As of 31 December 2021	1,733
<hr/>	
Carrying amount	
At 31 December 2021	4,766

(a) Revaluation of land and buildings

The land and buildings of the Group are valued at revalued amount, being its fair value at the date of revaluation less accumulated depreciation and impairment loss based on market values determined by relevant independent qualified valuers and indicative market value of similar properties in the vicinity on a price per square foot basis. The independent professionally qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value measurements of the land and buildings are based on the highest and best use, which does not differ from their actual use. The fair values are within level 2 of the fair value hierarchy.

The fair values have been derived using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

Notes to the Financial Statements (cont'd)

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

(a) Revaluation of land and buildings (Cont'd)

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

Had the revalued leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying amount would have been included in the financial statements at the end of the financial year are as follows:

	2022	Group	2021
	RM		RM
Long term leasehold land	1,722,862		1,761,147
Buildings	498,257		631,230

(b) Leasehold land

The remaining leasehold term of the leasehold land are 46 - 63 years (2021: 47 - 64 years).

(c) Right-of-use assets

Included in the net carrying amount of long-term leasehold land is right-of-use assets amounted to RM4,679,816 (2021: RM4,782,915).

(d) Impairment losses recognised in the year

In previous financial year, the Group carried out a review of the recoverable amount of its manufacturing plant and equipment and the review led to the recognition of impairment loss of RM138,670. The impairment losses have been included in the line-item distribution and administrative expenses in the statements of profit or loss and other comprehensive income.

During the financial year, the recoverable amount of manufacturing plant and equipment was reviewed. Based on management assessment, there is no change to the recoverable amount.

(e) Written off of capital work-in-progress

On 1 March 2022, the Group's wholly-owned subsidiaries, Len Cheong Industries Sdn. Bhd. mutually terminated the joint venture agreement "JVA" with Integrated Biogranix Ventures Sdn. Bhd. due to the uncertainty of market conditions.

Pursuant to clause 5.3 of the JVA, Integrated Biogranix Ventures Sdn. Bhd. is entitled to charge LCI for all the costs, charges and expenses incurred in connection with the termination of the JVA and with the condition that the deposit of RM1,000,000 is non-refundable. Upon the termination of the JVA, the parties shall be fully discharged all duties, covenant, and liabilities and shall not have any claim against each other.

The termination of JVA is deemed effective on 1 March 2022, all relevant expenditure inclusive of termination-related expenditures are recognised in profit or loss as incurred and capital work-in-progress were written off during the financial year.

Notes to the Financial Statements (cont'd)

5. RIGHT-OF-USE ASSETS

	Premises RM	Motor vehicles RM	Total RM
Group			
2022			
Cost			
At 1 January 2022	3,111,842	342,156	3,453,998
Additions	2,046,438	-	2,046,438
Disposal	-	(342,156)	(342,156)
At 31 December 2022	5,158,280	-	5,158,280
Accumulated depreciation			
At 1 January 2022	783,480	62,126	845,606
Charge for the financial year	1,045,945	-	1,045,945
Disposal	-	(62,126)	(62,126)
At 31 December 2022	1,829,425	-	1,829,425
Carrying amount			
At 31 December 2022	3,328,855	-	3,328,855
2021			
Cost			
At 1 January 2021	1,873,728	129,637	2,003,365
Additions	1,238,114	212,519	1,450,633
At 31 December 2021	3,111,842	342,156	3,453,998
Accumulated depreciation			
At 1 January 2021	312,288	4,321	316,609
Charge for the financial year	471,192	57,805	528,997
At 31 December 2021	783,480	62,126	845,606
Carrying amount			
At 31 December 2021	2,328,362	280,030	2,608,392
Company			
Cost			
At 1 January 2022			-
Additions			505,146
At 31 December 2022			505,146
Accumulated depreciation			
At 1 January 2022			-
Charge for the financial year			189,430
As of 31 December 2022			189,430
Carrying amount			
At 31 December 2022			315,716

Notes to the Financial Statements (cont'd)

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

(a) Purchase of right-of-use assets

The aggregate cost for the right-of-use assets of the Group and Company during the financial year are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Aggregate costs	2,046,438	212,519	505,146	-
Lease arrangement	(2,046,438)	(189,000)	(505,146)	-
Cash payment	-	23,519	-	-

(b) The carrying amount of right-of-use assets of the Group includes motor vehicle registered in the name of the following party who hold in them in trust for the Group:

	Group	
	2022 RM	2021 RM
Eugene Sow Chuan Sheng	-	99,389

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2022 RM	2021 RM
In Malaysia		
Unquoted shares, at cost	30,373,000	28,873,000
At 1 January		
(Disposal)/addition equity interest in a subsidiary company	(1,678,191)	1,500,000
Incorporation of a new subsidiary	100	-
Less: Accumulated impairment losses	(15,925,301)	(9,252,171)
At 31 December	12,769,608	21,120,829

Movements in impairment on investment in subsidiary companies is as follows:

	Company	
	2022 RM	2021 RM
At 1 January	9,252,171	9,252,171
Impairment loss recognised	6,673,130	-
At 31 December	15,925,301	9,252,171

The Company conducted a review of the recoverable amounts of its investment in subsidiary companies at the end of the reporting date. As a result, an impairment loss of RM6,673,130 (2021: Nil) was recognised on cost of investment in three (3) subsidiary companies (2021: Nil) during the financial year when the carrying amount of such investments exceeded its recoverable amount.

Notes to the Financial Statements (cont'd)

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of Company	Place of business / Country of incorporation	Effective interest (%)		Principal activities
		2022	2021	
Len Cheong Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading in furniture renting and operating of self-owned or leased property
Len Cheong Industries Sdn. Bhd.	Malaysia	100	100	Trading of logs and sawn timber, processing of wood products and CIDB G7 construction, management and construction related services
Len Cheong Resources Sdn. Bhd. (Disposed on 1 March 2022)	Malaysia	100	100	Carrying on the business of real property and on housing development
SNC First Sdn. Bhd.	Malaysia	100	100	Dormant
SNC Bio Green Sdn. Bhd.	Malaysia	100	–	Dormant

All the subsidiary companies are audited by Messrs. UHY.

(a) Disposal of a subsidiary company

On 1 March 2022, the Company had disposed off the entire equity interest of Len Cheong Resources Sdn. Bhd. for a cash consideration of RM1,294,039.

Notes to the Financial Statements (cont'd)

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The disposal of the Subsidiary has the following financial effects on the Group's and the Company's financial statements:

Group	2022 RM
Inventories	7,549,872
Contract asset	93,165
Trade receivable	470,000
Other receivable	1,720,000
Cash at bank	191,786
Tax recoverable	1,300
Trade payables	(3,478,473)
Other payables	(13,080)
Amount owing to director	(5,240,700)
Less: Proceeds from disposed	(1,294,039)
<hr/>	
Gain on disposal of a subsidiary disposed	(169)
<hr/>	
Proceeds from disposed	1,294,039
Less: Cash and cash equivalents disposed off	(191,786)
<hr/>	
Net cash inflows from disposal of a subsidiary company	1,102,253
<hr/>	
Company	
Carrying amount of investment in a subsidiary company	1,678,191
Less: Proceeds from disposed	(1,294,039)
<hr/>	
Loss on disposal of a subsidiary company	384,152
<hr/>	

The disposal did not have a significant impact to the financial results of the Group.

The loss on disposal of subsidiary has been recognized in the Group's and the Company's profit or loss and other comprehensive income under "Distribution and administrative expenses" line item.

7. INVENTORIES

	2022 RM	Group 2021 RM
At cost/net realisable value		
Raw materials	605,482	2,308,280
Work-in-progress	4,494,266	1,165,425
Finished goods	-	291,932
<hr/>		
	5,099,748	3,765,637
<hr/>		
Recognised in profit or loss:		
Inventories recognised as cost of sales	9,127,156	12,696,387
Inventories written down value	2,018,397	123,840
Inventories written off	-	1,453,932
Reversal of inventories written down value	-	(1,453,932)
<hr/>		

Notes to the Financial Statements (cont'd)

8. CONTRACT ASSETS

	Note	2022 RM	Group 2021 RM
Contract assets			
- Construction contracts	(a)	3,615	10,288,724
- Property development activities	(b)	-	1,791,556
		3,615	12,080,280
Presented as:			
Contract assets		3,615	12,080,280

(a) Construction contracts

	2022 RM	Group 2021 RM
Contract cost incurred to-date	102,874,918	81,363,037
Attributable (loss)/profits recognised to-date	(2,806,597)	3,179,625
	100,068,321	84,542,662
Less: Progress billings	(100,064,706)	(74,253,938)
	3,615	10,288,724
Presented as:		
Contract assets	3,615	10,288,724

Included in progress billings is retention sums of RM3,223,633 (2021: RM3,623,351).

(b) Property development activities

	2022 RM	Group 2021 RM
At 1 January	1,791,556	-
Additions during the financial year	5,758,316	1,791,556
Disposal of a subsidiary company	(7,549,872)	-
At 31 December	-	1,791,556
Presented as:		
Contract assets	-	1,791,556

The contract assets represent the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

Notes to the Financial Statements (cont'd)

9. TRADE RECEIVABLES

	2022 RM	Group 2021 RM
Trade receivables		
- Third parties	2,557,875	3,874,512
- Amount due from a company in which certain Directors have interest	-	2,044,712
- Retention sum	3,223,633	3,623,351
Trade receivables	5,781,508	9,542,575

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2021: 30 to 90 days) term. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	2022 RM	Group 2021 RM
Neither past due nor impaired	5,781,508	8,789,757
Past due less than 3 months but not impaired	-	148,610
Past due more than 3 months but not impaired	-	604,208
Total past due but not impaired	-	752,818
	5,781,508	9,542,575

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

As at 31 December 2022, trade receivables of RM Nil (2021: RM752,818) were past due but not impaired. These related to a number of independent customers from whom there is no recent history of default.

10. OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	15,824	1,189,354	-	-
Less: Accumulated impairment losses	-	(328,535)	-	-
	15,824	860,819	-	-
Deposits	181,930	3,848,260	1,260	1,000
Prepayments	473	-	390	-
	198,227	4,709,079	1,650	1,000

Notes to the Financial Statements (cont'd)

10. OTHER RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses are as follows:

	2022 RM	Group 2021 RM
At 1 January	328,535	663,299
Impairment losses recognised	–	328,535
Written off	(328,535)	(663,299)
At 31 December	–	328,535

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

During the financial year, a deposit amounting to RM1,000,000 was forfeited due to termination of the joint venture agreement entered by a wholly owned subsidiaries of the Company, Len Cheong Industries Sdn. Bhd. as disclosed in Note 4(e).

11. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES AND AMOUNT DUE TO DIRECTOR

This amount due from/(to) subsidiary companies are non-trade in nature, unsecured, interest free and repayable on demand.

This amount due to director are non-trade in nature, unsecured, interest free and repayable on demand.

12. SHARE CAPITAL

	Group and Company		Amount	
	2022 Units	2021 Units	2022 RM	2021 RM
Ordinary shares issued and fully paid shares:				
At 1 January	231,660,000	85,800,000	20,024,916	11,284,213
Issuance of shares pursuant to private placement	–	17,160,000	–	4,530,629
Issuance of shares pursuant to exercise of ESOS	–	12,870,000	–	4,210,074
Issuance of shares pursuant to exercise of warrants	65,500	–	31,112	–
Share split involving a subdivision of every 1 existing ordinary shares into 2 shares	–	115,830,000	–	–
At 31 December	231,725,500	231,660,000	20,056,028	20,024,916

Notes to the Financial Statements (cont'd)

12. SHARE CAPITAL (CONT'D)

During the financial year

The ordinary share capital of the Company was increased from 231,660,000 units to 231,725,500 units by way of issuance of additional 65,500 ordinary shares pursuant to the exercise of warrants.

In previous financial year

The ordinary share capital of the Company was increased from 85,800,000 units to 231,660,000 units by way of issuance of new ordinary shares pursuant to the following:

- (i) Private place of 17,160,000 new ordinary shares of RM0.264 each; and
- (ii) 12,870,000 options exercised under Employment Share Option Scheme ("ESOS") at an exercise price of RM0.264 each.
- (iii) Share split of 115,830,000 new ordinary shares involving a subdivision of every 1 existing ordinary share into 2 shares.

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

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

13. RESERVES

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable					
Revaluation reserve	(a)	5,378,670	5,743,408	–	–
ESOS reserves	(b)	–	–	–	–
Distributable					
Retained earnings	(c)	(7,024,801)	11,049,272	2,803,979	15,260,810
		(1,646,131)	16,792,680	2,803,979	15,260,810

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

(a) Revaluation reserve

The revaluation reserve represents increases in the fair value of leasehold land and buildings and decrease to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

(b) ESOS reserves

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options. Share options reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

Notes to the Financial Statements (cont'd)

13. RESERVES (CONT'D)

(b) ESOS reserves (Cont'd)

At an Extraordinary General Meeting held on 11 March 2021, the Company's shareholders approved the establishment on an ESOS. The ESOS was implemented on 18 June 2021 for a period of five (5) years and will expire on 17 June 2025.

The salient feature of the ESOS are as follows:

- (i) The total number of new shares which may be issued and allotted under the ESOS shall not, at any point of time during the duration of the ESOS, exceed 15% of the Company's total issued share capital;
- (ii) The eligible employee(s) do not participate in the deliberation of discussion in respect of their own allocation;
- (iii) Not more than 70% of the shares under the ESOS will be granted to the directors and senior management. In addition, not more than 10% of the shares under the ESOS will be granted to any individual staff;
- (iv) The ESOS shall be in force for a period of 5 years and extendable for another 10 years from the effective date; and
- (v) The option price may be at discount of not more than 10% from 5 days weighted market price of the underlying shares preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher.

Movement in the number of share options and weighted average exercise prices ("WAEP") are as follows:

	2021	
	Weighted Number of share options	average exercised price RM
Group		
At 1 January	–	
Granted during the financial year	12,870,000	
Exercised during the financial year	(12,870,000)	0.0631
At 31 December	–	
Options exercisable at 31 December	–	

In the previous financial year, 12,870,000 share options were exercised. The weighted average share price at the date of exercise for the year was RM0.0631.

There was no share option being exercised during the financial year.

(c) Retained earnings

The entire retained earnings of the Company are available for distribution as single-tier dividends.

Notes to the Financial Statements (cont'd)

14. LEASE LIABILITIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cost				
At beginning of the financial year	2,507,462	1,709,402	-	-
Additions	2,046,438	1,427,114	505,146	-
Accretion of interest	153,542	105,872	13,661	-
Payments				
-Interest	(153,542)	(105,872)	(13,661)	-
-Principal	(1,296,870)	(629,054)	(184,368)	-
At end of financial year	3,257,030	2,507,462	320,778	-
Minimum lease liabilities repayments				
Within 1 year	1,266,038	753,861	264,038	-
Later than 1 year and not later than 2 years	1,068,010	749,938	66,010	-
Later than 2 years and not later than 5 years	1,117,140	1,199,415	-	-
	3,451,188	2,703,214	330,048	-
Less: Future finance charges	(194,158)	(195,752)	(9,270)	-
	3,257,030	2,507,462	320,778	-
Analysed by:				
Non-current	2,097,397	1,836,541	65,540	-
Current	1,159,633	670,921	255,238	-
	3,257,030	2,507,462	320,778	-
Rates of interest charged per annum:				
			Group and Company	
			2022	2021
			%	%
Lease liabilities owing to non-financial institutions			3.63-4.3	3.63

Notes to the Financial Statements (cont'd)

14. LEASE LIABILITIES (CONT'D)

(a) The following are the amounts recognised in profit or loss:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Depreciation of right-of-use assets	1,045,945	528,997	189,430	–
Interest on lease liabilities	153,542	105,872	13,661	–
	1,199,487	634,869	203,091	–

(b) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM1,296,870 (2021: RM734,926).

15. DEFERRED TAX LIABILITIES

	Group	
	2022 RM	2021 RM
At 1 January	1,739,974	1,814,977
Relating to crystallisation of reserve deferred tax liability on revaluation	(58,224)	(58,224)
Recognised in profit or loss	8,408	740,944
Underprovision in prior year	(131,671)	(757,723)
At 31 December	1,558,487	1,739,974

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2022 RM	2021 RM
Deferred tax liabilities	3,374,798	3,021,612
Deferred tax assets	(1,816,311)	(1,281,638)
	1,558,487	1,739,974

Notes to the Financial Statements (cont'd)

15. DEFERRED TAX LIABILITIES (CONT'D)

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

Group	Accelerated capital allowances RM	Revaluation of assets RM	Total RM
Deferred tax liabilities			
At 1 January 2022	1,264,859	1,756,753	3,021,612
Recognised in profit or loss	707,317	-	707,317
Relating to crystallisation of reserve			
deferred tax liability on revaluation	-	(58,224)	(58,224)
Overprovision in prior year	(300,107)	4,200	(295,907)
At 31 December 2022	1,672,069	1,702,729	3,374,798
At 1 January 2021	1,324,242	1,814,977	3,139,219
Recognised in profit or loss	686,170	-	686,170
Relating to crystallisation of reserve			
deferred tax liability on revaluation	-	(58,224)	(58,224)
Overprovision in prior year	(745,553)	-	(745,553)
At 31 December 2021	1,264,859	1,756,753	3,021,612
	Unutilised tax losses and capital allowances RM	Others RM	Total RM
Deferred tax assets			
At 1 January 2022	(1,275,124)	(6,514)	(1,281,638)
Recognised in profit or loss	(550,613)	(148,296)	(698,909)
Overprovision in prior year	711,127	(546,891)	164,236
At 31 December 2022	(1,114,610)	(701,701)	(1,816,311)
At 1 January 2021	(1,317,728)	(6,514)	(1,324,242)
Recognised in profit or loss	(167,219)	-	(167,219)
Underprovision in prior year	209,823	-	209,823
At 31 December 2021	(1,275,124)	(6,514)	(1,281,638)

The amounts of temporary differences for which no deferred tax assets have been recognised are as follows:

	2022 RM	Group 2021 RM
Unutilised capital allowance	16,735	9,431
Unutilised tax losses	7,509,501	293,421
	7,526,236	302,852

Notes to the Financial Statements (cont'd)

15. DEFERRED TAX LIABILITIES (CONT'D)

Pursuant to Section 8 of the Finance Act 2022 (Act833), the amendments to Section 44(5F) Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. This amendment is deemed to have effect from the year of assessment 2019 and subsequent years of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2031).

	2022	Group	2021
	RM		RM
Utilised tax losses			
Years of assessment:			
- 2028	293,421		293,421
- 2031	7,216,080		-
	7,509,501		293,421

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

16. TRADE PAYABLES

	2022	Group	2021
	RM		RM
Trade payables			
- Third parties	2,455,775		5,977,917
- Retention sum	2,049,709		2,819,635
- Amount due to companies in which certain Directors have interest	403,046		2,879,853
	4,908,530		11,677,405

Credit terms of trade payables of the Group ranged from 30 to 150 days (2021: 30 to 150 days). Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements (cont'd)

17. OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables	119,515	63,222	73,277	47,661
Deposits received	380,000	1,277,184	-	-
Accruals	3,076,676	191,455	2,947,065	75,331
	3,576,191	1,531,861	3,020,342	122,992

Included in the deposits of the Group is an amount of RM380,000 (2021: RM1,277,184) being deposits received to secure sales contract.

Included in the other payables of the Group is an amount of RM Nil (2021: RM385) due to Director of the Company is unsecured, interest free and repayable on demand.

18. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>At point in time</u>				
- Rendering of service	-	-	348,000	505,050
- Furniture manufacturing and trading	11,477,731	12,784,112	-	-
- Rental of building with comprehensive services	810,000	999,000	-	-
	12,287,731	13,783,112	348,000	505,050
<u>Over the time</u>				
- Construction contract revenue	15,614,814	43,692,589	-	-
	27,902,545	57,475,701	348,000	505,050

Notes to the Financial Statements (cont'd)

18. REVENUE (CONT'D)

Breakdown of the Group's revenue from contract with customers:

2022	Furniture manufacturing and trading RM	Rental of building with comprehensive services RM	Construction RM	Total RM
Major goods and services:				
Sales of goods	11,477,731	-	-	11,477,731
Construction contract revenue	-	-	15,614,814	15,614,814
Rental of building with comprehensive services	-	810,000	-	810,000
Total revenue from contract with customers	11,477,731	810,000	15,614,814	27,902,545
Geographical market:				
Malaysia	4,401,948	810,000	15,614,814	20,826,762
United States	537,341	-	-	537,341
Europe	2,179,592	-	-	2,179,592
Asia Pacific	4,266,183	-	-	4,266,183
Middle East	92,667	-	-	92,667
Total revenue from contract with customers	11,477,731	810,000	15,614,814	27,902,545
Timing of revenue recognition:				
At a point in time	11,477,731	810,000	-	12,287,731
Overtime	-	-	15,614,814	15,614,814
Total revenue from contract with customers	11,477,731	810,000	15,614,814	27,902,545
2021				
Major goods and services:				
Sales of goods	12,784,112	-	-	12,784,112
Construction contract revenue	-	-	43,692,589	43,692,589
Rental of building with comprehensive services	-	999,000	-	999,000
Total revenue from contract with customers	12,784,112	999,000	43,692,589	57,475,701
Geographical market:				
Malaysia	4,524,360	999,000	43,692,589	49,215,949
United States	558,918	-	-	558,918
Central/North/South America	351,716	-	-	351,716
United Kingdom	1,178,852	-	-	1,178,852
Europe	938,319	-	-	938,319
Asia Pacific	5,055,270	-	-	5,055,270
Middle East	176,677	-	-	176,677
Total revenue from contract with customers	12,784,112	999,000	43,692,589	57,475,701

Notes to the Financial Statements (cont'd)

18. REVENUE (CONT'D)

Breakdown of the Group's revenue from contract with customers: (Cont'd)

	Furniture manufacturing and trading RM	Rental of building with comprehensive services RM	Construction RM	Total RM
2021				
Timing of revenue recognition:				
At a point in time	12,784,112	999,000	–	13,783,112
Overtime	–	–	43,692,589	43,692,589
<hr/>				
Total revenue from contract with customers	12,784,112	999,000	43,692,589	57,475,701

19. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items:

	2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
Auditors' remuneration				
- Statutory audits				
- Current year	80,000	61,000	28,000	20,000
- Non-audit services	–	5,000	–	5,000
Depreciation of				
- Property, plant and equipment	1,019,822	636,593	3,937	1,300
- Right-of-use assets	1,045,945	528,997	189,430	–
Finance cost	153,542	105,872	13,661	–
(Gain)/loss on disposal of:				
- Right-of-use assets	62,953	–	–	–
- A subsidiary company	(169)	–	384,152	–
Gain on unrealized foreign exchanges	–	20,205	–	–
Interest income	(12,072)	(86,448)	–	(2,255)
Impairment loss on:				
- Property, plant and equipment	–	138,670	–	–
- Investment in subsidiary companies	–	–	6,673,130	–
- Other receivables	–	328,535	–	–
Inventories written down value	2,018,397	123,840	–	–
Reversal of:				
- Impairment loss on other receivable	–	(663,299)	–	–
- Inventories written down value	–	(1,453,932)	–	–
Written off of:				
- Property, plant and equipment	1,232,244	75,697	–	–
- Inventories	–	1,453,932	–	–
- Other receivables	1,000,000	–	–	–
Non-executive Directors' remuneration				
- fee	33,374	26,320	33,374	19,120

Notes to the Financial Statements (cont'd)

20. TAXATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Tax income recognised in profit or loss				
Current tax				
- Current year provision	-	22,800	-	-
- (Over)/Underprovision in prior year	(2,753)	23,060	-	-
	(2,753)	45,860	-	-
Deferred tax (Note 15)				
- Current year provision	8,408	740,944	-	-
- Overprovision in prior year	(131,671)	(757,723)	-	-
Relating to crystallisation of deferred tax liability on revaluation reserve	(58,224)	(58,224)	-	-
	(181,487)	(75,003)	-	-
	(184,240)	(29,143)	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year.

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before tax	(18,623,051)	1,397,795	(12,456,831)	(1,288,850)
At Malaysian statutory tax rate of 24% (2021: 24%)	(4,469,532)	335,471	(2,989,639)	(309,324)
Expenses not deductible for tax purposes	2,754,457	246,718	2,380,481	92,131
Income not subject to tax	(10,129)	(179,063)	-	-
Deferred tax assets not recognised during the financial year	1,733,612	302,394	609,158	217,193
Relating to crystallisation of deferred tax liability on revaluation reserve	(58,224)	-	-	-
Overprovision of deferred tax in prior years	(131,671)	(757,723)	-	-
(Over)/Underprovision of current tax in prior years	(2,753)	23,060	-	-
	(184,240)	(29,143)	-	-

The Group has estimated unutilised tax losses and unutilised capital allowances of RM7,509,501 (2021: RM293,421) and RM16,735 (2021: RM 9,431) respectively available for carried forward to set-off against future taxable profit. The said amounts are subject to approval by the tax authorities.

Notes to the Financial Statements (cont'd)

21. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	2022	Group
	RM	2021
		RM
(Loss)/Profit attributable to owners of the Company	(18,438,811)	1,426,938
	Units	Units
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	231,660,000	85,800,000
Effect of private placement	–	12,035,507
Effect of ESOS	–	5,402,852
Effect of share splitting	–	16,819,151
Effect of exercise of Warrants	56,652	–
Weighted average number of ordinary shares at 31 December	231,716,652	120,057,510
Basic (loss)/earnings per share (sen)	(7.96)	1.19

(b) Diluted loss/(earnings) per share

Diluted loss per share is calculated based on the adjusted consolidated loss for the financial year attributable to the owners of the company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares.

There are no effects on the diluted loss per share as Warrants have a dilutive effect only when the average market price of ordinary share during the financial year exceeds the exercise price of the Warrants.

22. STAFF COSTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Salaries, wages and other emoluments	3,485,239	810,983	1,431,117	68,657
Defined contribution plans	412,922	176,733	283,211	72,418
Social contribution plans	21,662	10,862	7,485	1,751
Share-based payment	–	812,394	–	812,394
	3,919,823	1,810,972	1,721,813	955,220

Notes to the Financial Statements (cont'd)

22. STAFF COSTS (CONT'D)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive Directors				
Salaries and other emoluments	520,645	684,000	520,645	444,000
Defined contribution plans	51,948	115,920	51,948	70,320
Social contribution plans	1,349	2,995	1,349	1,809
Share-based payment	-	332,457	-	332,457
	573,942	1,135,372	573,942	848,586

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below detail changes in the liability of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM	Financing cash flow RM	New lease liabilities RM	Disposal of a Subsidiary company	At 31 December RM
Group					
2022					
Lease liabilities (Note 14)	2,507,462	(1,296,870)	2,046,438	-	3,257,030
Amount due to director	-	5,330,571	-	(5,240,700)	89,871
2021					
Lease liabilities (Note 14)	1,709,402	(629,054)	1,427,114	-	2,507,462
Company					
2022					
Lease liabilities (Note 14)	-	(184,368)	505,146	-	320,778
Amount due to director	-	87,371	-	-	87,371
Amount due to subsidiary companies	4,166,409	(2,063,034)	-	-	2,103,375
2021					
Amount due to subsidiary companies	2,098,234	2,068,175	-	-	4,166,409

Notes to the Financial Statements (cont'd)

24. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 9, 11, 16 and 17, the significant related party transactions of the Group is as follows:

	2022 RM	Group 2021 RM
Transactions with companies in which certain Directors have interest:		
- Construction revenue	12,937,507	43,648,193
- Sale of goods	4,430,536	1,798,782
- Purchase of goods	6,588,162	478,988

(c) Compensation of key management personnel

Remuneration of Directors are as follows:

	2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
Salaries, fees and other emoluments	1,103,019	684,000	1,020,019	444,000
Defined contribution plans	139,988	115,920	129,028	70,320
Social contribution plans	3,465	2,995	2,566	1,809
Share-based payment	-	332,457	-	332,457
	1,246,472	1,135,372	1,151,613	848,586

Notes to the Financial Statements (cont'd)

25. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Manufacturing and trading of furniture	Manufacturing and trading in furniture
Rental income	Rental received
Construction	Building construction and engineering works

Other non-reportable segments comprise operations related to investment holding, property development. None of these segments met the qualitative thresholds for reporting segments in year 2022 and 2021.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

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

Notes to the Financial Statements
(cont'd)

25. SEGMENT INFORMATION (CONT'D)

Group	Furniture manufacturing and trading RM	Rental RM	Construction RM	Others RM	Adjustments and Eliminations RM	Consolidated RM
2022						
Revenue						
External customers	11,477,731	810,000	15,614,814	-	-	27,902,545
Inter-segment	-	-	-	348,000	(348,000)	-
Total revenue	11,477,731	810,000	15,614,814	348,000	(348,000)	27,902,545
Results						
Segment results	(2,104,884)	-	(10,576,676)	(12,446,088)	7,026,619	(18,101,029)
Finance cost	(129,247)	-	(10,635)	(13,660)	-	(153,542)
Taxation	(218,472)	-	34,232	-	-	(184,240)
Segment (loss)/profit	(2,452,603)	-	(10,553,079)	(12,459,748)	7,026,619	(18,438,811)
Segment assets and liabilities						
Segment assets	22,688,499	-	6,795,446	14,600,106	(12,284,045)	31,800,006
Segment liabilities	(20,203,034)	-	(2,764,576)	(14,700,107)	24,277,608	(13,390,109)
Other information						
Depreciation of property, plant and equipment	1,015,885	-	-	3,937	-	1,019,822
Depreciation of right-of-use assets	856,515	-	-	189,430	-	1,045,945
Other non-cash items	8,592,830	-	2,742,770	35,276	(7,057,451)	4,313,425

Notes to the Financial Statements
(cont'd)

25. SEGMENT INFORMATION (CONT'D)

Group	Furniture manufacturing and trading RM	Rental RM	Construction RM	Others RM	Adjustments and Eliminations RM	Consolidated RM
2021						
Revenue						
External customers	11,062,346	999,000	43,692,589	-	-	55,753,935
Inter-segment	1,721,766	-	-	505,050	(505,050)	1,721,766
Total revenue	12,784,112	999,000	43,692,589	505,050	(505,050)	57,475,701
Results						
Segment results	2,044,225	-	752,906	(1,288,850)	(4,614)	1,503,667
Finance cost	(105,872)	-	-	-	-	(105,872)
Taxation	31,019	-	(1,876)	-	-	29,143
Segment profit/(loss)	1,969,372	-	751,030	(1,288,850)	(4,614)	1,426,938
Segment assets and liabilities						
Segment assets	26,577,609	-	27,866,271	38,881,849	(39,051,431)	54,274,298
Segment liabilities	(21,639,541)	-	(11,988,282)	(1,600,736)	17,771,857	(17,456,702)
Other information						
Depreciation of property, plant and equipment	619,797	-	15,496	1,300	-	636,593
Depreciation of right-of-use assets	471,192	-	57,805	-	-	528,997
Other non-cash items	611,250	-	-	-	-	611,250

Notes to the Financial Statements (cont'd)

25. SEGMENT INFORMATION (CONT'D)

Adjustments and eliminations

Inter-segment revenues and balances are eliminated on consolidation.

Other non-cash items consist of the following items as presented in the respective notes to the financial statements:

	2022	Group	2021
Loss on disposal of right-of-use asset	62,953		–
Impairment loss on property, plant and equipment	–		138,670
Impairment loss on other receivables	–		328,535
Inventories written off	–		1,453,932
Inventories written down value	2,018,397		123,840
Gain on disposal of investment in subsidiary	(169)		–
Other receivable written off	1,000,000		–
Property, plant and equipment written off	1,232,244		–
Reversal of inventories written off	–		(1,453,932)
Unrealised gain on foreign exchanges	–		20,205
	4,313,425		611,250

Geographical information

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

	Revenue		Non-Current Assets	
	2022 RM	2021 RM	2022 RM	2021 RM
Group				
Malaysia	20,826,762	49,215,949	20,002,816	21,505,509
United States	537,341	558,918	–	–
Central/North/South America	–	351,716	–	–
United Kingdom	–	1,178,852	–	–
Europe	2,179,592	938,319	–	–
Asia Pacific	4,266,183	5,055,270	–	–
Middle East	92,667	176,677	–	–
Africa	–	–	–	–
	27,902,545	57,475,701	20,002,816	21,505,509

Non-current assets for this purpose consist of property, plant and equipment and right-of-use assets.

Major customers

Revenue from one major customer amount to RM12,937,507 (2021: RM43,648,193), arising from sales in construction segment (2021: construction segment).

Notes to the Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At Amortised Cost	
	2022 RM	2021 RM
Group		
Financial assets		
Trade receivables	5,781,508	9,542,575
Other receivables (excluded prepayments)	197,754	4,709,079
Bank balances	554,311	2,602,386
	6,533,573	16,854,040
Financial liabilities		
Trade payables	4,908,530	11,677,405
Other payables	3,576,191	1,531,861
Amount due to director	89,871	–
Lease liabilities	3,257,030	–
	11,831,622	13,209,266
Company		
Financial assets		
Other receivables (excluded prepayments)	1,260	1,000
Amount due from subsidiary companies	14,989,869	18,440,859
Bank balances	285,603	6,086
	15,276,732	18,447,945
Financial liabilities		
Other payables	3,020,342	122,992
Amount due to subsidiary companies	2,103,375	4,166,409
Amount due to director	87,371	–
Lease liabilities	320,778	–
	5,531,866	4,289,401

Notes to the Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group is exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process. The Group has not active engaged in the trading of financial assets for speculative purposes nor does it write options. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to its subsidiary companies. There are no significant changes as compared to prior periods.

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

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

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

The gross carrying amounts of credit impaired receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk. There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period.

Notes to the Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Credit risk (Cont'd)

Credit risk concentration

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profiles of the Group's trade receivables at the end of financial year are as follows:

	2022		2021	
	RM	% of total	RM	% of total
Group				
Malaysia	5,781,508	100%	8,664,936	91%
Other countries	-	-	887,639	9%
	5,781,508	100%	9,552,575	100%

At end of financial year, the highest percentage of concentration of the Group's net trade receivables was 100% in Malaysia. The customer base in this geographical area comprises a few large customers.

(ii) Liquidity risk

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

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

Notes to the Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (Cont'd)

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

	On demand or within 1 year RM	2 to 5 years RM	1 to 2 years RM	Total RM	Total carrying amount RM
Group					
2022					
Financial liabilities					
Trade payables	4,908,530	–	–	4,908,530	4,908,530
Other payables	3,576,191	–	–	3,576,191	3,576,191
Lease liabilities	1,159,633	1,005,623	1,091,774	3,257,030	3,257,030
Amount due to director	89,871	–	–	89,871	89,871
	9,734,225	1,005,623	1,091,774	11,831,622	11,831,622
2021					
Financial liabilities					
Trade payables	11,677,405	–	–	11,677,405	11,677,405
Other payables	1,531,861	–	–	1,531,861	1,531,861
Lease liabilities	753,861	749,938	1,199,415	2,703,214	2,507,462
	13,963,127	749,938	1,199,415	15,912,480	15,716,728

Notes to the Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (Cont'd)

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

	On demand or within 1 year RM	2 to 5 years RM	1 to 2 years RM	Total RM	Total carrying amount RM
Company					
2022					
Financial liabilities					
Other payables	3,020,342	–	–	3,020,342	3,020,342
Lease liabilities	255,238	65,540	–	320,778	320,778
Amount due to subsidiary companies	2,103,375	–	–	2,103,375	2,103,375
Amount due to director	87,371	–	–	87,371	87,371
	5,466,326	65,540	–	5,531,866	5,531,866
2021					
Financial liabilities					
Other payables	122,992	–	–	122,992	122,992
Amount due to subsidiary companies	4,166,409	–	–	4,166,409	4,166,409
	4,289,401	–	–	4,289,401	4,289,401

(iii) Market risk

(i) Foreign currency risk

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

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

Notes to the Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

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

	Denominated in USD RM
Group	
2022	
Bank balances	475
	475
2021	
Trade receivables	70,746
Bank balances	165,178
	235,924

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the USD exchange rates against RM, with all other variables held constant.

	Change in currency rate RM	2022 Effect on loss before tax RM	2021 Effect on loss before tax RM
Group			
USD	strengthened 5% (2021: 5%)	24	11,796
	weakened 5% (2021: 5%)	(24)	(11,796)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of change in market risk.

The Group and the Company are not exposed to any interest rate risk as the Group and the Company have no variable rate financial instruments.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long terms deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

Notes to the Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents approximate their fair value due to the relatively short-term nature of these financial instruments and/or insignificant impact of discounting.

27. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	2022	Group
	RM	2021
		RM
Trade and other payables	8,484,721	13,209,266
Lease liabilities	3,257,030	2,507,462
Less: Bank balances	(554,311)	(2,602,386)
Net debt	11,187,440	13,114,342
Total equity	18,409,897	36,817,596
Gearing ratio (times)	0.61	0.36

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

The Group and the Company is not subject to any externally imposed capital requirements.

28. WARRANTS

Warrants B

On 16 December 2021, the Company issued 115,829,999 units of Warrants B pursuant to the bonus issue of warrants on the basis of 1 warrant for every 2 existing ordinary shares held by the shareholders.

Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 16 December 2021 up to the date of expiry on 15 December 2024, at an exercise price of RM0.475 each or such adjusted price in accordance with the provisions in the Deed Poll.

As at the reporting date, the total number of warrants that remain unexercised are 115,764,499. (2021: 115,829,999)

Notes to the Financial Statements (cont'd)

29. MATERIAL LITIGATION

Sand Nisko Capital Berhad (Formerly known as Len Cheong Holding Berhad) ("SNC" or "the Company") Notice Pursuant To Section 465(1)(E) Read Together With Section 466(1)(A) of the Companies Act 2016 by Mr Loh Siow Chan @ Loo Su Cheong ("LSC") against SNC.

On 18 July 2017, the Company received a notice from LSC to claim alleged debt amounting to RM4,652,951.22 ("Alleged Debt") by way of guarantee to Len Cheong Furniture Sdn Bhd ("LCF").

Pursuant to this claim, the shareholders of SNC have approved on 18 August 2020 a resolution authorizing the Company:-

- (i) to dispute the Alleged Debt amounting to RM4,652,951.22 by way of guarantee to LCF;
- (ii) to revoke DCR 2004 on the mode of settlement of the Alleged Debt approved by Board of Directors of SNC on 7 January 2004;
- (iii) to authorise the Board to appoint a firm of solicitors to take relevant and necessary actions in all related matters.

The Company has on 4 April 2022 filed a Writ of Summons and Statement of Claim against the executor of the estate of LSC ("the Defendant") vide Seremban High Court Suit No. NA-22NCVC-20-04/2022 for inter alia, the following relief:-

- (i) A declaration that the transactions with regard to the Purported Loan provided by LSC to the Company is illegal, invalid, null and void;
- (ii) A declaration that the Resolution of the Company dated 7 January 2004 is revoked and of no effect;
- (iii) A declaration that the sum of RM5,952,951.22 is not due and owing by the Company to LSC;
- (iv) An order that the estate of LSC pays the sum of RM 1,743,748.06 to the Company, being the amounts previously paid to LSC by the Company based on the Impugned Resolution;
- (v) Damages to be assessed;
- (vi) Interest;
- (vii) Costs; and
- (viii) Further or other relief as the Court deems fit and proper.

The Writ of Summons and Statement of Claim was served on the solicitors for the Defendant, Messrs Dennis Nik & Wong ("DNW") on 14 April 2022.

During case management on the 23 May 2022, the defendant had filed the striking out application instead of their defence. However, the Court had directed for the defendant to file their defence and for the Plaintiff to file the reply to the Defendant's striking out application.

The Defendant has filed an application to strike out the Plaintiff's Writ and Statement of Claim. The parties have filed their respective affidavits and written submissions. The hearing is fixed on 24 August 2022 at Seremban High Court. During the hearing on 24 August 2022, the Seremban High Court has made an Order to allow the Defendant's application to strike out the Writ of Summons and Statement of Claim dated 4 April 2022 with costs.

The Company has filed an appeal via the Notice of Appeal dated 29 September 2022, against the decision of the Seremban High Court dated 24 August 2022 that allowed the Defendant's application to strike out the Writ of Summons and Statement of Claim dated 4 April 2022.

Notes to the Financial Statements (cont'd)

29. MATERIAL LITIGATION (CONT'D)

The hearing date of the motion regarding application for extension of time to file the Notice of Appeal is fixed on 20 February 2023. The Court has fixed the case management on 17 March 2023 to monitor the settlement, if both parties can settle this matter and file a notice of discontinuance before then, the case management which fixed on 17 March 2023 will be vacated.

The Company has on 30 September 2022 served with a winding-up petition dated 30 September 2022 by Loh Chee Keong (suing as the Executor of the Estate of LSC). The hearing is fixed on 17 May 2023 at Kuala Lumpur High Court.

Both parties are anticipated to finalise the final term for settlement of the above matters and likely to execute a settlement arrangement of RM2,500,000 (included in other payables) if there are no major changes.

Save for the above, the Group is not engaged in any other material litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries as at the date of this report.

30. SUBSEQUENT EVENTS

- (a) On 5 December 2022, the Company announced that it proposes to undertake private placement exercise of up to 71,301,700 new ordinary shares, representing up to 20% of the total number of issued shares of the Company at an issue price to be determined later ("Proposed Placement"). Bursa Securities had, vice its letter dated 19 January 2023, approved the listing and quotation of up to 71,301,700 placement shares to be issued pursuant to the Proposed Placement. As of the date of report, the Proposed Placement has not been completed.
- (b) On 17 February 2023, the Company had entered into a Shares Sale Agreement ("SSA") with Glory Evo Sdn. Bhd. ("GESB" or the "Vendor") to undertake the proposed acquisition of 400,000 ordinary shares in Perumahan Tasik Idaman Sdn Bhd ("PTISB"), representing 100% of the equity interest in PTISB, from the Vendor for a total cash purchase consideration of RM1,500,000.00. The acquisition was completed on 11 April 2023, as a result, PTISB become a wholly-owned subsidiary of the Company.
- (c) On 22 February 2023, the Company had entered into a Share Sale Agreement ("SSA") with Madam Chum Mun Ching and Mr Koh Soo Teng for the purpose of acquiring 100 ordinary shares, representing 100% of the total issued ordinary shares in TT Park Property Sdn. Bhd. ("TT Park") for a total cash consideration of RM80,000.00 Upon completion of the proposed acquisition, TT Park will become a wholly-owned subsidiary of the Company.
- (d) On 15 Mar 2023, the registered office of the Company changed to B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
- (e) On 11 April 2023, the Company listed on additional 2,850,000 units of shares following the exercise of warrants B by shareholding of the Company at the exercise price of RM0.4750 per share.

31. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2023.

LIST OF PROPERTIES

	Address	Description/ Existing Use	Approx. Size	Tenure/Age of Building	Carrying Amount 31.12.2022	Date of Revaluation / Acquisition
1	<p><u>LEN CHEONG MANUFACTURING SDN BHD</u> PT 140 (Plot 96), HSM 5190 96 Senawang Industrial Area 70450 Seremban Negeri Sembilan</p> <p>Plot 97, HSM 845, Plot 98, HSM 846 Plot 99, HSM 5076 97 – 99, Senawang Industrial Area 70450 Seremban Negeri Sembilan</p>	<p>Intermediate detached factory with double- storey office</p> <p>Sawmill</p>	<p>Land Area 19,653 sqm</p> <p>Built-up Area 10,198 sqm</p>	<p>Leasehold 99 years - expires on 17.06.2074</p> <p>Leasehold 99 years – expires on 10.11.2069</p>	RM10,113,056	31.12.2019
TOTAL CARRYING AMOUNT OF PROPERTIES					RM10,113,056	

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

SHARE CAPITAL

Total Number of Issued Shares	:	231,725,500 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2023

(As per Records of Depositors)

Size of Holding	No. of shareholders	%	No. of Shares Held	%
Less than 100	7	0.39	169	0.00
100 - 1,000	116	6.48	49,996	0.02
1,001 - 10,000	1,162	64.95	4,737,911	2.04
10,001 – 100,000	382	21.35	12,574,900	5.43
100,001 to 5% of shares	120	6.71	136,094,724	58.73
5% and above	2	0.11	78,267,800	33.78
Total	1,789	100.00	231,725,500	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2023

(As per Register of Substantial Shareholders)

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows: -

No.	Name of Substantial Shareholder	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1	Mayapada Capital Sdn Bhd	64,089,200	27.66	–	–
2	Biotrend Estate Sdn Bhd	32,411,600	13.99	–	–
3	Dato' Sri (DR) Sow Chin Chuan	12,255,100	5.29	11,587,600*	5.00
4	Biotrend Resources Sdn Bhd	10,084,400	4.35	32,411,600^	13.99
5	Datin Sri Chu Kim Guek	2,534,400	1.09	21,308,300*	9.20
6	Emily Sow Mei Chet	2,534,400	1.09	21,308,300*	9.20
7	Edward Sow Yuen Seng	2,534,400	1.09	21,308,300*	9.20
8	Eric Sow Yong Shing	2,234,400	0.96	21,608,300*	9.32
9	Dato' Goh Soo Wee	1,290,000	0.56	64,089,200#	27.66
10	Edmund Sow Yong Ming	900,000	0.39	22,942,700*	9.90
11	Eugene Sow Chuan Sheng	850,000	0.37	22,992,700*	9.92
12	Teh Kok Liang	–	–	64,089,200#	27.66
13	Nazari Bin Adzim	–	–	42,496,000^^	18.34
14	Chin Wan Ling	–	–	42,496,000^^	18.34
15	Fong Hui Fong	–	–	42,496,000^^	18.34

Notes:

(*) Deemed Interest by virtue of the direct shareholdings held by his/her family members pursuant to Section 59(11)(c) of the Act.

(#) Deemed Interest by virtue of his direct shareholding in Mayapada Capital Sdn. Bhd. pursuant to Section 8 of the Act.

(^) Deemed Interest by virtue of its direct shareholding in Biotrend Estate Sdn. Bhd. pursuant to Section 8 of the Act.

(^^) Deemed Interest by virtue of his/her direct shareholding in Biotrend Resources Sdn. Bhd., the holding company of Biotrend Estate Sdn. Bhd. pursuant to Section 8 of the Act.

Analysis of Shareholdings (cont'd)

DIRECTORS' INTERESTS IN SHARES AS AT 31 MARCH 2023

(As per Register of Directors' Shareholdings)

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows: -

No.	Name of Director	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1	Dato' Goh Soo Wee	1,290,000	0.56	64,089,200#	27.66
2	Teh Kok Liang	-	-	64,089,200#	27.66
3	Abd Rauf Bin Abd Rahim	-	-	-	-
4	Dato' Sri Yeong Joo Hock	3,239,900	1.40	-	-
5	Kong June Hon	396,000	0.17	-	-

Note:

(#) Deemed Interest by virtue of his direct shareholding in Mayapada Capital Sdn. Bhd. pursuant to Section 8 of the Act.

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 MARCH 2023)

No.	Name of Shareholders	No. of Shares	%
1.	HONG SENG CAPITAL SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MAYAPADA CAPITAL SDN. BHD.	64,089,200	27.66
2.	BIOTREND ESTATE SDN. BHD.	14,178,600	6.12
3.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEH ANN NA (7000383)	8,277,700	3.57
4.	BIOTREND ESTATE SDN. BHD.	8,133,000	3.51
5.	BIOTREND ESTATE SDN. BHD.	6,000,000	2.59
6.	BIOTREND RESOURCES SDN. BHD.	5,965,100	2.57
7.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM SHIOU GHAY (M01)	4,809,100	2.08
8.	GROWN MINING & ENGINEERING SDN. BHD.	4,772,900	2.06
9.	BIOTREND ESTATE SDN. BHD.	4,000,000	1.73
10.	GOLDPEACE CORPORATION SDN. BHD.	3,736,400	1.61
11.	DATO' KHIU FU SIANG	3,700,000	1.60
12.	WISTA SEHATI TRADING (M) SDN. BHD.	3,302,000	1.42
13.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEONG JOO HOCK (MY4466)	3,207,100	1.38
14.	GROWN MINING & ENGINEERING SDN. BHD.	3,110,000	1.34
15.	PINGGIR JATI SDN. BHD.	2,911,200	1.26

Analysis of Shareholdings (cont'd)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 MARCH 2023) (CONT'D)

No.	Name of Shareholders	No. of Shares	%
16.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SOW CHIN CHUAN	2,837,400	1.22
17.	BIOTREND RESOURCES SDN. BHD.	2,804,800	1.21
18.	CHU KIM GUEK	2,534,400	1.09
19.	OUTSTANDING ENTREPRENEURS SDN. BHD.	2,500,000	1.08
20.	CHENG SOK HUANG	2,483,600	1.07
21.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SOW CHIN CHUAN	2,354,600	1.02
22.	ERIC SOW YONG SHING	2,234,400	0.96
23.	GOLDPEACE CORPORATION SDN. BHD.	2,135,000	0.92
24.	BIMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOLDPEACE CORPORATION SDN. BHD. (MGNM43001)	2,000,000	0.86
25.	GOLDPEACE CORPORATION SDN. BHD.	1,918,900	0.83
26.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SOW CHIN CHUAN (MY2412)	1,858,600	0.80
27.	LIM KAH CHUAN	1,623,600	0.70
28.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EDWARD SOW YUEN SENG	1,600,000	0.69
29.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EMILY SOW MEI CHET	1,600,000	0.69
30.	GROWN MINING & ENGINEERING SDN. BHD.	1,555,300	0.67
	TOTAL	172,232,900	74.33

ANALYSIS OF WARRANT B HOLDINGS AS AT 31 MARCH 2023

ANALYSIS OF WARRANT B HOLDINGS AS AT 31 MARCH 2023

No of Warrants 2021/2024 Issued	:	115,764,499 warrants
No. of Warrants Holders	:	1,680
Exercise Price	:	RM0.4750
Maturity Date	:	9 December 2024

DISTRIBUTION OF WARRANT B HOLDINGS AS AT 31 MARCH 2023

Size of Holding	No. of Warrants Holders	% of Warrants Holders	No. of Warrants	% of Warrants
Less than 100	102	6.07	4,841	0.00
100 - 1,000	551	32.80	474,402	0.41
1,001 - 10,000	772	45.95	2,822,734	2.44
10,001 - 100,000	174	10.36	6,499,059	5.61
100,001 to < 5% of shares	78	4.64	69,745,163	60.25
5% and above	3	0.18	36,218,300	31.29
Total	1,680	100.00	115,764,499	100.00

DIRECTORS' WARRANT B HOLDINGS

The particulars of Directors' Warrant B Holdings in the Company are as follows:

No.	Name of Director	No. of Warrants held		No. of Warrants held	
		Direct	%	Indirect	%
1	Dato' Goh Soo Wee	–	–	15,000,000#	12.96
2	Teh Kok Liang	–	–	15,000,000#	12.96
3	Dato' Sri Yeong Joo Hock	2,500,000	2.16	–	–
4	Abd Rauf Bin Abd Rahim	–	–	–	–
5	Kong June Hon	–	–	–	–

Note:

(#) Deemed Interest by virtue of his direct shareholding in Mayapada Capital Sdn. Bhd. pursuant to Section 8 of the Act.

Analysis of Warrant B Holdings (cont'd)

LIST OF TOP 30 LARGEST WARRANT B HOLDINGS (ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 MARCH 2023)

No.	Name of Warrants Holders	No. of Warrants Held	% of Warrants Held
1.	HONG SENG CAPITAL SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MAYAPADA CAPITAL SDN. BHD.	15,000,000	12.96
2.	OUTSTANDING ENTREPRENEURS SDN. BHD.	15,000,000	12.96
3.	BIOTREND ESTATE SDN. BHD.	6,218,300	5.37
4.	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEOW WOUI HUAT (STA 2)	5,434,300	4.69
5.	LEE HEEN MING	5,000,000	4.32
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KOK LEONG (7006519)	4,596,200	3.97
7.	BIOTREND ESTATE SDN. BHD.	4,000,000	3.45
8.	GOLDPEACE CORPORATION SDN. BHD.	3,804,450	3.29
9.	BIOTREND ESTATE SDN. BHD.	3,000,000	2.59
10.	TAN KOK SEONG	2,530,200	2.19
11.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEONG JOO HOCK (MY4466)	2,500,000	2.16
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM SING YEE (7006506)	2,177,600	1.88
13.	BIOTREND ESTATE SDN. BHD.	2,000,000	1.73
14.	KOK CHEE AUN	2,000,000	1.73
15.	TAN KOK LEONG	1,764,200	1.52
16.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM SHIOU GHAY (M01)	1,500,000	1.30
17.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SWISS HOTEL SDN BHD	1,481,050	1.28
18.	GOLDPEACE CORPORATION SDN. BHD.	1,417,800	1.22
19.	GROWN MINING & ENGINEERING SDN. BHD.	1,300,000	1.12
20.	CHU KIM GUEK	1,267,200	1.09
21.	ERIC SOW YONG SHING	1,267,200	1.09
22.	CHENG SOK HUANG	1,241,800	1.07
23.	SWISS HOTEL SDN. BHD.	1,057,100	0.91
24.	LIM CHUN GAP	1,000,000	0.86
25.	LIM KAH CHUAN	811,800	0.70
26.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EDWARD SOW YUEN SENG	800,000	0.69
27.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EDWARD SOW YUEN SENG	800,000	0.69
28.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EMILY SOW MEI CHET	800,000	0.69
29.	GOLDPEACE CORPORATION SDN. BHD.	776,250	0.67
30.	ONG AI HOON	650,000	0.56
	TOTAL	91,221,650	78.80%

SAND NISKO CAPITAL BERHAD 199501010609 (339810-A)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under Companies Act, 2016)

FORM OF PROXY

No. of Shares held	
CDS Account No.	

*I/We _____ [Full Name in Block Letters]

*NRIC/Passport/Company Registration No. _____ of _____

_____ [Full Address]

_____ [Email Address], _____ [Contact No.]

being a member(s) of SAND NISKO CAPITAL BERHAD, hereby appoint

Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
*NRIC/Passport No.		
Full Address		
Contact No.		
*and/or		
Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
*NRIC/Passport No.		
Full Address		
Contact No.		
		100%

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Twenty-Eighth (28th) Annual General Meeting of the Company to be held at Studio 1, Level 3, Pullman Kuala Lumpur Bangsar, No. 1, Jalan Pantai Jaya, Tower 3, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Wednesday, 14 June 2023 at 10.00 a.m. or at any adjournment thereof to vote as indicated below:

ORDINARY BUSINESS	RESOLUTIONS	FOR	AGAINST
To approve the payment of Directors' fees and other benefits payable of up to RM300,000 for the period commencing from 15 June 2023 until the conclusion of the next AGM of the Company in year 2024	Ordinary Resolution 1		
Re-election of Mr Teh Kok Liang as a Director of the Company	Ordinary Resolution 2		
Re-election of Dato' Sri Yeong Joo Hock as a Director of the Company	Ordinary Resolution 3		
Re-election of Mr Song Peng Wei as a Director of the Company	Ordinary Resolution 4		
Re-election of Dato' Chong Mun Phing as a Director of the Company	Ordinary Resolution 5		
Re-election of Madam Cheong Yee Peng as a Director of the Company	Ordinary Resolution 6		
To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration	Ordinary Resolution 7		
SPECIAL BUSINESS			
Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 8		
Proposed Renewal of Shareholders' Mandate	Ordinary Resolution 9		
Proposed Renewal of Share Buy-Back Authority	Ordinary Resolution 10		
Proposed Change of Name of Company	Special Resolution 1		

(Please indicate with an "X" how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as *he/she may think fit.)

* Strike out whichever not applicable.

Signed this _____ day of _____ 2023

Signature (If shareholder is a Corporation, this form should be executed under common seal)



Notes:

1. For the purpose of determining a member who shall be entitled to attend and vote at the 28th Annual General Meeting ("AGM"), the Company shall be requesting the Record of Depositors as at 7 June 2023. Only a depositor whose name appears on the Record of Depositors as at 7 June 2023 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
2. A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be, represented by each proxy. There shall be no restriction as to the qualification of the proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one 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.
5. Where a member or the authorised nominee or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the share registrar of the Company, Aldpro Corporate Services Sdn. Bhd. at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur at not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
7. If the appointer is a corporation, the Form of Proxy shall be executed under its common seal or under the hand of its officer or attorney duly authorised.
8. If this Form of Proxy is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.

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AFFIX
STAMP

The Share Registrar of
SAND NISKO CAPITAL BERHAD
[Registration No. 199501010609 (339810-A)]
c/o Aldpro Corporate Services Sdn. Bhd.
B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur

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TOWER 8 AVENUE 5, THE HORIZON PHASE 2,
BANGSAR SOUTH CITY, JALAN KERINCHI,
59200 KUALA LUMPUR

info@sncbhd.com.my

www.sncbhd.com.my